

Start of Transcript

Gordon Cairns: I think we're all good. Good morning, ladies and gentlemen, for those of you who don't know me, my name is Gordon Cairns, and I'm the Chairman of Woolworths Group. Before we start today's meeting, I'd like to introduce Auntie Donna Ingram, an elder and cultural representative for the local Aboriginal community in Sydney to deliver the welcome to country.

Donna has worked in Aboriginal affairs, government, and community organisations in Sydney for past 35 years. She doesn't look that old, and is involved in several community consultation groups, especially in regard to women's issues, and NAIDOC in Redfern Inner City area. Please welcome Donna.

Dona Ingram: Thank you for that. Good morning, ladies and gentlemen, it's my great pleasure to be here with permission from my elders to offer you welcome to country for the Woolworths Group Limited AGM 2018. It gives me pride to represent my community in this important cultural protocol, it shows respect for and recognition to the unique position of Aboriginal and Torres Strait Islander people in Australian culture and history.

We are gathered on the traditional land of the Gadigal who are one of 29 clans of the Eora nation which is bordered by the Hawkesbury, the Georges and the Nepean rivers. I'm an Aboriginal woman who proudly identifies with the Wiradjuri nation through my family connections from a town called Corowa in Central West New South Wales. I was born on Gadigal land, and I've had the privilege to live, work, and raise my four children on this land for most of life.

My family has grown and I'm now a proud grandmother to [Aleah], Elijah, [Colella], and [Lakota]. My wish for my grandchildren is that they grow up happy and healthy in a society that offers them equal opportunities and education, employment and life in general free from racism and discrimination. I'd like to acknowledge the Gadigal, their spirits and ancestors who will always remain with the land mother earth, and thank them for their ongoing custodianship, and for allowing us to gather on their land for this important meeting.

I'm also very proud to be part of the oldest living culture in the world, the Aboriginal culture of Australia with our unique and distinct heritage, cultures and identities. I pay my respects to our elders both past and present, and we must never forget the sacrifices made by our leaders to create a better future for Aboriginal people. I do this as a

reminder and as a tribute to elders and those who have gone before us to fight for land rights, justice and equity for our communities.

I extend my respects to Aboriginal and Torres Strait Islander people, from all clans and nations present this morning. I also recognise our non-Aboriginal sisters and brothers who walk beside us to support communities and create opportunities for all. I now offer you a warm and sincere welcome to the land of the Gadigal of the Eora nation, wish you a safe stay on the land and safe travel from the land.

On behalf of my community and the Gadigal, I wish you a successful and productive day at this AGM to share your successes over the past year, focus areas for the year ahead, to further support your goal of having customers put always first across all your brands. In closing, we remember that this is, was, and always will be Aboriginal land, thanks everyone and have a great day.

Gordon Cairns: Thank you, Donna, and thank you very much for that welcome to country. I'd like to begin this AGM by welcoming my fellow shareholders both here, in Sydney, and via webcast. We appreciate the effort you have made to attend today. Before we move on I'd like to outline the emergency procedures for this venue.

The emergency exits for this room are marked behind me, and you see them here, and at the exits in front of me. Please take a moment to identify the emergency exits closest to you. In the event of an emergency one of two alarms may sound, the alert alarm is a warning beep, if this alarm sounds please stand by for further instructions. If the evacuation alarm sounds, a whooping alarm, all occupants will be directed by wardens to leave via the emergency exits. Everyone must follow directions by the ICC Sydney wardens. The assembly point is Tumbalong Park, once you exit the ICC Sydney building please head to your right in a southerly direction. This may change, so your wardens will guide you to the most appropriate evacuation point.

Now let me briefly introduce my colleagues on the stage today, their biographies are contained in the Annual Report, so I won't repeat them now. On my right and your left are Brad Banducci, Brad as you know is our Managing Director and Chief Executive Officer, you'll be hearing from him in a moment. Next to Brad is Jillian Broadbent, the chair of our Sustainability Committee. Next to Jillian is Michael Ullmer, Michael is standing for re-election at this meeting and he will address the meeting later today.

Next to Michael is Kathee Tesija. On my left and your right are Richard Dammery, our Chief Legal Officer and Company Secretary, next to Richard is Holly Kramer, the chair of

our People and Performance Committee. Next to Holly is Scott Perkins, the chair of our Audit, Risk Management and Compliance Committee. Next to Scott is Siobhan McKenna. Members of the Group, members of the Woolworths Group executive team are also with us today in the front row.

The directors have already spent some time before the meeting talking to our shareholders, we look forward to continuing those conversations after the meeting, as well as tasting some of our own brand products over lunch, which I can highly recommend to you.

Every year we receive a number of questions about individual customer service, product or store related matters, and I'd really encourage you to raise such matters at one of the customer service stations in the foyer, or with one of the Group executive team who are here at the front today. I also wish to acknowledge the attendance here today of Andrew Griffiths, the lead partner of our auditors Deloitte. Andrew is available to answer questions through me on the conduct of the audit and the preparation and content of the Auditor's Report. Now ladies and gentlemen let me turn to my Chairman's address.

It is customary on such occasions for the Chairman to comment on the financial performance of the business during the past year. I'd like to take a different approach and give you some of the insights into how management and the Board are building a great company, dedicated to bettering the lives of our customers and team, and that delivers over the long term for our shareholders.

I want to start with our people, because it's self-evident, if we have highly engaged inspired team members, we will deliver great service to our customers. In the last three years we have made enormous progress. Team advocacy measured as, I'd recommend Woolies as a place to work, has risen steadily, as well as recommending Woolworths as a place to shop. There are some very clear reasons why this is the case, the building blocks, if you will, of a highly motivated and engaged team.

Firstly, we need to ensure that everyone who works or shops with us goes home safely. Over the last five years our total recordable injury frequency rate, or TRIFR as it's affectionately known, has significantly declined, which is great progress. But we cannot rest on our laurels, and this must always remain a priority.

Secondly, mental wellbeing remains a serious issue that we need to do more to address. In order to improve our duty of care here we have initiated an I am here program, and a team assist program. We shall remain constantly vigilant on this issue.

Thirdly, we are making enormous progress in ensuring that our team members represent the communities that we serve. We have 32% of our general managers who are women, and with no salary or wage gap existing. We have 1,976 Indigenous team members with a fantastic retention rate of 74%. We have a Proud Network to support LGBTI inclusion with 1900 members and we were the first retailer in Australia to be awarded gold tier status in the AWEI. We are proud of this progress and committed to building on this momentum.

Now let me turn to the second area of focus, which is our ambition to be a great community partner. At a time when the community is losing trust in big business, I think it is important that Woolworths speaks up, and proudly displays its credentials.

We have 29 million customers who shop with us on a weekly basis. We understand the pressure on family budgets. Over the last three years we have invested more than \$1 billion in bringing down the prices of our products to make them more affordable. We have invested hundreds of millions in enabling customers to shop with us in a way that is convenient to them, either by visiting our stores, through home delivery, or through pick up. We are committed to making healthier easier for our customers by providing free fresh fruit for children in each of our supermarkets.

As a result of the above, our Voice of a Customer score, which is a survey of around 50,000 customers each month has improved dramatically in recent years.

But we also recognise that to be a good corporate citizen, we have to do a lot more. Probably our most visible and newsworthy initiative here was to remove single-use plastic bags across the Woolworths Group. Although our sales were impacted in the short term, as some of our customers switched to our competitors, we remained firm in our conviction that it was the right thing to do. Thankfully those customers agreed with us and have returned.

We also have a key role to play in reducing carbon emissions. We have committed to a 10% reduction in CO2 levels from the 2015 level and are currently sitting at a 13% reduction. This is as a result of a focus on more efficient lighting, refrigeration and air conditioning. You'll be interested to know, we are progressively putting solar panels on our supermarkets and distribution centres which will assist in further reductions.

We also are committed to achieving zero food waste to landfill. One of the ways for us to achieve this is through a food diversion program. In Quarter 1 of 2019 for example, we provided 3.2 million meals to food rescue through our partners OzHarvest, Foodbank and FareShare. 8.4 million kgs of food was diverted to farmers, through 642 of our stores who

are in a partnership program with the farmers.

Turning to our supply chain, we are committed to a sustainable supply chain, with 100% of our own brand tea and chocolate sourced sustainably. We have a resolution at today's meeting regarding the rights of people who work with our supplier partners.

In November 2017 we publicly committed to work collaboratively on a pre-qualification labour-hire program for our fresh food supply chain. We did that because we believe that protecting the rights of workers in our supply chain is absolutely the right thing to do.

We have worked diligently on a range of measures to achieve this over the past 12 months. In July 2018 we launched our Responsible Sourcing Policy and standards, which apply to all of our suppliers including our fresh food supply chains. We are developing further requirements for suppliers that operate in our fresh food supply chains and have been working collaboratively with the NUW and other industry stakeholders on this since December 2017.

To achieve the changes we believe are required will involve a collaborative approach from all stakeholders, including unions, growers, labour-hire providers and suppliers. We continue to talk to all of these stakeholders including the NUW. We will publicly report on the progress of our initiatives in next year's Sustainability Report. This will include disclosure on the complaints, audits, breaches and consequence in this area.

We believe we have made significant progress in the past 12 months, but we will continue working over the next year, and beyond, to put in place the right protections for workers within our supply chain. It is for this reason that we do not support the advisory resolution put to the AGM. But in the spirit of our ongoing discussion, we will allow questions on this topic, and share with you the proxy votes.

As the owner of the largest number of poker machines in Australia, we are also committed to harm minimisation. During the year we completed two external reviews into responsible gaming practices. The first was undertaken to compare ALH's current practice to international best practice, and the second was in relation to specific whistle-blower complaints. We have implemented a number of changes following these reviews.

As we move forward with our joint venture partners in ALH we are committed to better governance and better operational management, to ensure that we live up to our commitment to be Australia's most responsible operator of gaming machines.

Finally, in our commitment to give back to communities in which we operate, we invest 1%

of our earnings before interest and tax, 1%, on a rolling three-year average, on community partnerships and programs.

Let me bring my presentation to a conclusion by now addressing the final area, which is shareholder value.

2018 was a solid year. Our business is growing with sales of \$56.7 billion, which was up 3.4% from 2017. Our earnings before interest and tax, was up 9.5%, with return on funds employed of 24.1%, demonstrating that we are spending capital efficiently.

This solid performance was translated into a total dividend of \$1.03 per share, which was a 22.6% increase over the previous year. The total dividend included \$0.10 per share special dividend reflecting our improved financial position. The Board will continue to monitor the Group's financial position carefully, and as we've said, further consideration will be given to capital management where appropriate.

We recently announced the sale of Woolworths Petrol to the EG Group for \$1.725 billion and entered into a new commercial alliance. This is a positive result for the Group, our customers and our shareholders. We expect the deal to be completed early next year, subject to Foreign Investment Review Board approval. At that point we will consider all options for the proceeds, including capital management initiatives.

Finally, ladies and gentlemen, all of this could not have been achieved without the outstanding leadership of Brad and his team, the absolute dedication of our 201,522 team members, and the support of our Board colleagues, who continue to go absolutely above and beyond.

We are, as one, dedicated to our noble purpose of creating better experiences together that better people's lives, to deliver for our shareholders. I will now invite Brad to address the meeting. Thank you.

Brad Banducci: Thank you, Gordon, always a hard act to follow and good morning, everyone. At our last AGM, I spoke to you about our focus on transforming our business for our customers, our team, and the communities in which we operate, and in doing so, as Gordon talked about, deliver long-term sustainable growth for our shareholders.

Key to this is how we activate our Group purpose of creating better experiences together, and at the heart of that are our ways of working and our core values. Today, I wanted to give you an update on the progress we have made in the last year.

In [F16 - sic], we were focused on six key priorities which were largely unchanged from

the prior year. As we reflect on the last financial year, I am pleased to report that we have made good progress on each of these priorities

Our first and most important priority is to build a Customer 1st, Team 1st culture. Our new group purpose, ways-of-working and core values were activated across the Group in F18 with an increased focus on not only delivering results, but also on how they are delivered. Putting our customers and teams first resulted in improvement in our Voice of the Customer, Voice of the Team and Voice of the Supplier scores. A particular highlight was the improvement in supplier feedback and Woolworths Supermarkets being recognised with a number one ranking in the Food Retail Advantage buying survey.

As one of the largest employers in Australia, in fact from today, the largest employer in Australia, we have a responsibility to foster an inclusive, diverse and safe environment for our team. A number of initiatives to support our Team 1st culture includes the launch of our Woolworths Financial Wellbeing program with zero interest micro loans, our Refugee Employment program, and Resourcing for the Future program which supports Indigenous Australians.

We are also particularly proud of being the first retailer in Australia to commit to paying superannuation for up to 12 months for those on parental leave. This might sound like a small issue, but we have 5000 team members in any one year on parental leave.

Our second priority is to deliver connected, personalised and convenient shopping experiences for our customers. We continued to invest in digital and data as our customers increasingly want to shop us in multiple ways including in-store, online or via pick up making it essential that we deliver the best experience possible on every platform.

The rollout of pick up across the Group was a highlight in F18 with it now available in approximately 3000 sites, and it has been a material driver of our strong online growth. Woolworths Rewards also continues to grow with more than 11 million members. During the year we connected Woolworths Rewards to BWS and BIG W, which positively impacted sales in those businesses. Most recently, we announced that customers can now earn Woolworths Rewards points at 680 Caltex fuel sites across the country on fuel and convenience purchases.

In June of this year, we launched CountdownX to ensure Woolworths New Zealand remained at the forefront of the digital and data journey in New Zealand through leveraging the learnings from WooliesX in Australia.

Our Metro convenience food format continues to perform well with double-digit sales growth in F18. We opened a new store in Pitt Street Mall which I encourage you to have a look at, it's just up the road, as it incorporates a number of the key features from our Marrickville Supermarket renewal.

Our Drinks business has also worked hard on convenience with BWS expanding its On Demand offer, with plans to be in 500 stores by Christmas. We also acquired Jimmy Brings during the year and are expanding its footprint with the delivery service redefining what is possible with delivery within 30 minutes.

Since the start of F19 WooliesX has continued its focus on ultra-convenience for customers with an express delivery pilot in Sydney and Melbourne, the launch of a refreshed Woolworths app, and the trial of Scan & Go in our Double Bay supermarket. Heightened customer experiences and increased competition in this space will require further investment in F19 to keep pace with a rapidly evolving market.

Our third priority is to transform our Australian and New Zealand food businesses. While our customer scores have improved over the course of the year, we were temporarily impacted by the removal of single-use plastic bags which started on 20 June. Pleasingly, more recent customer scores have returned to levels prior to the removal of single-use plastic bags. Over 80% of our customers now regularly score us 6 or 7 out of 7 on Voice of the Customer.

Despite these scores, we know we can continue to create better experiences for our customers and that is why we have moved at the support office level to a Net Promoter Score measure, which is a tougher measure given it focuses on customer advocacy and not only captures shoppers that are satisfied but also those that are dissatisfied as we look to be consistently good at all of our fundamentals.

During the year, we delivered 80 stores in the Renewal format including 11 new stores and completed 54 upgrades, touching approximately 13% of our Woolworths supermarket fleet. In addition to Marrickville, which is our Renewal 3.0, we opened a new concept value store in Plumpton and a store focused on an ethnic range in Lakemba.

Learnings from the new store formats are already being incorporated into our latest stores including our new flagship in Ascot, Brisbane, and our store which we will open in Melbourne on Friday in Camberwell for our Melbourne shareholders.

We previously indicated that we needed to invest in New Zealand Food and the investment

has been recognised by our customers with a strong improvement in comparable sales growth during the year and Voice of the Customer scores.

We invested in three major areas being fruit and vegetables, digital and data and team hours with investment in digital and data to continue into F19. Natalie Davis, previously Woolworths Group Chief Customer Transformation Officer, has commenced as Managing Director of Woolworths New Zealand Food following the retirement of Dave Chambers in June.

Turning to our drinks business. We need to continue to evolve our drinks business to keep up with our customers escalating range, service and convenience needs. BWS and Dan Murphy's delivered solid sales growth in an increasingly competitive market in F18, however, EBIT growth in the second half was lower due to changes in mix and lower gross profit in Dan Murphy's.

Online is growing strongly and we will continue to invest in digital and data leveraging again the learnings from WooliesX. Steve Donohue has taken over as Managing Director of Endeavour Drinks following the retirement of Martin Smith.

Our fifth priority is to unlock value in our portfolio businesses, the turnaround of BIG W is progressing in line with plan and in F18 the business delivered strong item growth and the first positive year of sales growth since 2009. We lowered over 4500 prices and started to invest in the in-store experience. While gross margins improved in the second half, we reported a loss of \$110 million for F18. We expect losses to moderate in F19 but note that we remain early in the journey to turn BIG W around.

Two weeks ago, as Gordon mentioned, we announced the sale of the Woolworths Petrol business to the Euro Garages Group for \$1.725 billion. Woolworths customers will continue to have access to the popular \$0.04 per litre fuel discount across this network and continue to earn Woolworths Reward points on fuel and merchandise purchases, and also have access to Woolworths own brand food products in store. We expect the deal to complete early next calendar year.

Our ALH Hotels business had a strong year with growth across all areas of the business actually the strongest area of growth was in accommodation. We are committed, as Gordon mentioned again, to further improve responsible gaming practices in this business, and undertook a number of initiatives in this regard in F18.

On the final priority, we have been very clear that we believe that sustainable cost savings

across the Group can only come from improving our end-to-end processes, ensuring they are better for customers and simpler for store team. We made good progress on our productivity initiatives in Australian food during the year. One highlight was the rollout of 1Store which includes a new point of sale system. The rollout to all Woolworths supermarkets and attached BWS stores was completed on schedule by the end of June and was one of the biggest change management projects to date ever done at the Woolworths Group. I'm pleased to announce that we've finished the roll out of 1Store to the entire Group as of last week.

Going forward it will provide many benefits to our customers and store teams including a more intuitive POS and increased speed through the checkout. We also consolidated a number of productivity initiatives into our Simpler for Stores program and completed a series of detailed diagnostics with the implementation currently underway in the new financial year.

I hope you all got the chance to preview the features of our new automated Melbourne South Regional Distribution Centre in the video before the meeting, MSRDC as we call it. We completed the building and automation installation of the MSRDC during the year. We expect the DC to be up and running in the new calendar year but will make sure that we have plans in place to ensure that our customers in Victoria are not disrupted during the changeover.

In August, we announced our full year results. All businesses saw an increase in customer satisfaction and customer numbers during F18. This led to strong sales and EBIT growth and a significant reduction in net debt, even though we continue to invest in strategic initiatives focused on delivering sustainable growth into the future.

Group net profit after tax from continuing operations was up 12.9% and Group EBIT from continuing operations was up 9.5% with all businesses delivering higher EBIT than the prior year with the exception of New Zealand Food, which as I say we had committed to invest in. Our largest business, Australian Food EBIT increased by 9.6%. Our improved customer profile also allowed for an increase in the F18 total dividend to \$1.03, up 22.6% on last year which included a special dividend of \$0.10 per share that was paid to shareholders with the final dividend of \$0.50 last month.

F19 so far, at the beginning of the month we reported our sales for the first quarter of the F19 financial year with Group sales from continuing operations of \$14.9 billion, up 1.9% on the same quarter last year. It was a more challenging quarter for us with a slow start;

however, customer and brand metrics have remained strong and we are starting to build momentum as we go into the festive season.

Australian Food sales for the quarter were \$9.9 billion, an increase of 1.9% on the previous year. Comparable sales momentum improved materially in September compared to August leading to growth of 1.8% for the quarter.

Our priorities for F19 remain largely consistent with F18 and F17, and we see enormous opportunities to improve our business and are committed to working very hard as a team to deliver on these opportunities.

In Australian Food, we remain confident that we have strong plans in place to be consistently good at the fundamentals and to drive further shopping differentiation relative to our competitors. For Endeavour Drinks, it's all about continuing to evolve the experience, not only to offer more convenience for our customers, but also around delivering the right range in the right store and engaging our customers in those stores.

In New Zealand Food, we are continuing to invest in CountdownX to ensure our leadership in online and maintain sales momentum. We see significant opportunity to continue to improve the performance of BIG W as we enter the critical Christmas trading period.

In closing, I would like to take the opportunity to thank all of our team members for their hard work throughout the year. I also would like to extend my thanks, on behalf of management, to the Chairman and Board for their robust challenge and support.

Most importantly, today, I want to thank you, our shareholders, for your continued support and feedback and also assure you of our commitment to continue to improve our business. As I stand here today, we are 34 trading days to Christmas and I would like to encourage all of you and your families to pick Woolies for all of your Christmas shopping needs, and support the Woolworths Group businesses. We are indeed better together.

I will now hand back to the Chairman to continue the meeting. Thank you very much.

Gordon Cairns: Thanks very much, Brad, and thanks for the feedback from the Board performance. The agenda for today is set out on page 4 of your Notice of Meeting. Copies of the Notice of Meeting and our 2018 Annual and Sustainability Reports are available at the registration desk. The minutes of the 2017 AGM have been signed and are available for inspection by arrangement through our Company Secretary.

Only shareholders or their voting representatives may ask a question or make a comment during the meeting. All questions and comments should be directed to me. I would ask

that you do so with respect for the Board and the team members, and that respect will be mutually reinforced by us. This makes for a much nicer AGM.

Out of consideration for everyone here today, I ask that each speaker to limit their remarks to one question or comment. Please keep them relevant to the agenda item under consideration, and please try to be brief and concise so we can get to the food.

If you have more than one point to make, or a question to ask, please raise your initial point and then join the queue again for another turn if we have time. Because I want to give as many shareholders as possible an opportunity to put their questions to us.

Lunch is scheduled for 1:00pm in the foyer, however if we need to run over time, and I hope that we don't, we will continue the meeting.

We will vote on each resolution by way of a poll, I will call for a vote after there has been reasonable opportunity for discussion on each resolution. We'll use the electronic voting handsets to vote. Those of you who are entitled to vote, received a handset and a white plastic smartcard, and instructions on how to submit your vote when registering. If you've not already done so, please insert the smartcard into the slot at the top of the handset with the barcode at the bottom facing towards you. Everyone got that? Good.

Your name, if you recognise it, should now be displayed across the top of your screen on your handset. If it's any other name, you're in trouble. If you're voting and do not have a handset, or your name is not displayed on your handset, please raise your hand now and one of the assistants will help you. There's a gentleman here, and a lady here, and a gentleman here, so we'll get some help.

I'll continue talking while we get some help for you. After I open a poll on a particular resolution, your handset will activate and display the voting options. Select one to vote for, so that's one for, two to vote against, and three is you wish to abstain from voting on this resolution. One for, two against, three abstain.

Your selection and the word received will be displayed on the handset screen. Welcome to hi-tech AGMs. You can change your vote at any time while the poll is open. If you wish to cancel your vote and have no selection recorded press the X button. Any proxy holders should vote in the same manner by pressing one, two or three. This will cast any open votes you have available. Underlying directed votes will be cast automatically.

After each poll is opened, I will give you a short time to vote on the resolution, and I'll then close the poll. Once voting on an item has closed, I will show a slide with the

combination of votes cast in the room, and proxies received prior to the meeting. The final number of votes for and against each resolution will be made available to shareholders after the conclusion of the meeting, when we will release the poll results to the ASX.

I intend to vote undirected proxies held by me for all resolutions, with the exception of agenda item 6(a) and 6(b), where I intend to vote undirected proxies against, but I intend to allow discussion of and will show the proxy votes received for agenda item 6(b) even if agenda item 6(a) is not passed.

Michael [Sprute] from our share registry Link Market Services will act as returning officer for the poll. Link Market Services will count the votes under supervision from Deloitte, the Company's external auditor.

If you need to leave the meeting early, please go to the registration desk where staff from Link Market Services will help you to vote on any outstanding resolutions and collect your voting handset. There's no point in taking it home. I will now turn to the formal business of the meeting, and I will invite questions on each item of business in turn.

The first item of business is to receive the financial and other reports for the 2018 financial year. Are there any shareholders who would like to ask a question or make comment on those reports? I will also take general questions about the Company's performance at this time. Please see the attendant at the microphone nearest to you, and wait upon your call. I would also implore you to be very careful coming down the stairs, because there is a change in tread and it's quite dangerous in the dark.

Unidentified Company Representative: Mr. Chairman, I would like to introduce Tony Moore from the Alliance of Gambling Reform.

Tony Moore: (Alliance of Gambling Reform) Good morning, Mr Chairman, and lovely to be here. As you probably know the Alliance for Gambling Reform put to Crown Resorts last year at their AGM in 2017 that they needed to break out of their financials their full losses from all of their poker machines, which they did, and they revealed that \$715 million a year goes through their poker machines. Star Entertainment also does the same thing, they also report on their specific poker machine losses which were \$662 million last financial year. My question is how much exactly is lost through Woolworths' controlled poker machines.

Gordon Cairns: Tony, thank you for your question. Let me first of all start by saying that the Board is committed to presenting our accounts in a way that gives the fairest

representation that is most useful to our shareholders. We've been complimented by all of our investors on the level of transparency that we provide.

You'll be aware from the financial report that hotels are 3%, that's ALH, are 3% of our gross revenue at \$1.6 billion, and we don't believe that further disaggregation is neither necessary nor helpful.

Tony Moore: (Alliance of Gambling Reform) Actually in Victoria there is quite a lot of disclosure of your hotel losses already, and other companies are disclosing that, and indeed yourself, there's lots of other areas where you report on things that you're not required to, lots of other CSR indicators. Again, is there any chance that next financial year in the AGM we could see a breakout of just the total losses from controlled poker machines by Woolworths?

Gordon Cairn: I think it's fair to say the companies that you've outlined actually have a much higher percentage, 39% of their revenue for example, relative to 3% in the case of Hotels. It's probably more important that they do that. In our case, we have never ever had a question to go below the level of Hotels.

Tony Moore: (Alliance of Gambling Reform) Just one final follow-up on this, Woolies' 12,000 machines we suspect pull in more money than both Star Resorts and Crown Resorts combined across their four casinos. Although, yes, there's a proportion of revenue, in their casino business it's of course going to be a different proportion of their revenue. But in terms of absolute money turned over in Australia's gambling industry, Woolworths is by far the largest operator of gambling machines, and for that reason we'd like to very much to know what the answer to that question is.

Gordon Cairn: I respect your question, absolutely. I would also make a further point that pokie revenue in our hotels is actually a small part of our overall revenue.

Tony Moore: (Alliance of Gambling Reform) Last year you reported there was 40% of the Hotel revenue, is that right, 40% around, that was the poker machine revenue?

Gordon Cairn: No, that's not right. Thank you. We have another question.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Andrew Frazer from Mosman.

Andrew Frazer: (Shareholder) Mr Chairman, our 2017 corporate responsibility report states that in response to the Paris Agreement we will use science-based targets to assess the impacts of a two degree world and examine their applicability to our Group. This work will

be undertaken during the coming financial year, page 34. Can the Board confirm that the Group has made these assessments during financial year 2018 as indicated in the report and whether our current business strategy is aligned to a particular energy outlook? If so, which outlook and what policy scenario does it consider and what strategic responses are being implemented in response to these assessments?

Gordon Cairn: My goodness, I think that was one question bundled up into about four parts, so let me see whether I can do justice to your question.

Yes, we are committed, so that's the first answer to your question. Secondly, I've reported on our emissions reduction since 2015, which in my address I said was 13% so far, we've committed to a 15% reduction on 2015 levels, so I think we're well on the way. I think we've also, and correct me if I'm wrong here, I think we've also committed to the United Nations determination on carbon emissions which again will be public disclosed. Is there anything I've missed that you'd like to add to that?

Andrew Frazer: (Shareholder) Yes. Are you talking about the international energy agency's and the world energy outlook scenarios, is that what you're basing your figures on?

Gordon Cairns: I think actually we have committed to the Paris Accord.

Andrew Frazer: (Shareholder) It's the Paris Accord you're talking about?

Gordon Cairns: Yes.

Andrew Frazer: (Shareholder) I have another question too, may I ask it?

Gordon Cairns: I'll allow it as you're a Mosman resident. Mosman people are so polite.

Andrew Frazer: (Shareholder) This year Woolworths has expressed its support to the recommendations of a taskforce on climate related financial disclosures or TCFD, and states that disclosures will be completely aligned by 2020, that's page 12 of 2018 Annual Report. Is the Board willing to provide investors with a timeline setting out when each of the outstanding TCFD recommendations will be implemented into the reporting?

Gordon Cairns: Yes. Is that helpful?

Andrew Frazer: (Shareholder) Can you be a bit more specific, a timeline?

Gordon Cairns: Yes, definitely.

Andrew Frazer: (Shareholder) Thank you, Mr Chairman.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Kerry Tarrant.

Kerry Tarrant: (Australian Shareholders Association) Thank you for your address, and your address, Mr Banducci. It's certainly a more upbeat meeting than it was three years ago, and I'm sure everyone is in a lot more positive frame of mind. I represent the Australian Shareholders Association and 1,425 proxies, so my question is, my first question, I'll come back for the second, is it's clear from the Annual Report and also your address, Mr Banducci, that the technology investments have really been a key element in the productivity gains over the last one to three years at Woolworths, such as you mentioned the 1Store roll out, improved apps, and also coming up the state of the art distribution centre near Dandenong. A huge investment, an ongoing investment.

My question is, I'd be interested to know what new technologies and innovations are planned so that Woolworths can retain and extend its new-found competitiveness over the next three to five years? Also, will our experience in the core businesses, Woolworths' businesses change much in terms of efficiencies? I know that there are a few things that are on trial at the moment. Thank you.

Gordon Cairns: Kerry, that's far too - that's well beyond my paygrade, so I'm going to let Brad answer the technology questions, because quite frankly I'm useless.

Brad Banducci: I think all of us over 50 probably aren't very well qualified to comment, Gordon, and I'm in the same camp. Digital and data are changing everything in our businesses, Kerry, and in truth many of our investments we haven't yet realised the benefits of, and we've been investing very deliberately over the last two years. Some of them have come into fruition which is 1Store, but we still need to commission the MSRDC for example, and it will be a really important driver of benefit and productivity for us in F19, actually we're cost neutral in '18 at best.

We're investing materially, and our aspiration is to really lead in this area, because we think it changes everything to do with the business, it's not only whether you're going to shop at store, or go with home delivery, or on-demand, or pick up, but what your experience is in the store. Claire Peters is another Mosman resident if I may say, Claire, who shows, runs Woolworths Supermarkets, is very focus on how we use a lot of data to make sure that we make the right decisions of getting the right product into the store, and let the customer demographic in the area dictate what range we put into the store, making sure that we are staying stock on key lines. We still feel we are not quite where we want to be on in-stock positions and use learning of what selling to help us do the right

corrective actions in the store.

There's a lot of technology around safety that can really help us. If we get slips and trips, which is our number one issue in the store, there's ability to use video recognition to send alarms to the team, so that we can mop up proactively at risk the spills and slips in our store.

Compactors are a big opportunity for us, not only in an environmental sense, but again it's a health and safety issue for our team. There's lots of new technology there. We think it will change everything we do for the better, but we're very focused on making sure we do it partnership with our team, it's not at the expense at our team, it's there to enable our team. It's a real cultural journey that we're on in this regard.

Early days. What you are reflecting on in F18 are material investments that I would say to you we haven't yet managed to realise the benefits on, and we in the management team are very sensitive to the need for us to do that in F19 and F20 and beyond.

Gordon Cairns: Thanks, Kerry. Next question please from microphone one.

Unidentified Company Representative: Mr Chairman, I'd like to introduce [Doody Jah].

Doody Jah: (Shareholder) Thank you, Mr Chairman, and the Woolworths Board.

Congratulations on doing a god job. In regards to your petrol -

Gordon Cairns: Sorry, could you say that again?

Doody Jah: (Shareholder) Yes, sure. I said thank you, Mr Chairman, and thank you to the Woolworths Group for doing a very good job.

Gordon Cairns: Very good job, it's getting better.

Doody Jah: (Shareholder) Especially to Mr Banducci, Mr Cairns, and Ms McKenna whom I've known since the Network 10 days. In regards to your petrol business, your petrol business is profitable, just wanting to know why you wanted to sell it and especially with the price that Mr Banducci has sold it for, \$1.72 billion, why was the BP deal terminated?

Gordon Cairns: I think if you look at the result that we got with our alliance with Caltex, and then the sale of petrol business to the EG Group, we ended up in a better position than the BP deal. Not only that, but the BP deal was subject to ACCC approval, we now have certainty.

In addition to which we are a retailer of food and beverage, we are not a petrol retailer, and we actually think that petrol retailing is better handled by people who are petrol

retailers. You're probably familiar with the EG Group, they're the largest in the world in fuel, they've got 4700 sites across Europe and America, they employ over 28,000 people, and the 540 sites that we've sold to them, subject to FIRB approval, will add to their chain and improve their expertise. We think it's a good deal all round.

Doody Jah: (Shareholder) Okay, thank you.

Gordon Cairns: Thank you. I'll take Tony first, and then I'll come back to you, if I may?

Tony, before you ask the questions, I've been chided for my precision. I - you asked the question whether it was 40% of revenue. I said no it wasn't. I was correct, but the actual figure is 42%.

Tony Moore: (Alliance of Gambling Reform, Shareholder) In that case, I'll just follow up that last little bit then. That 42% figure would mean that if we look at how much is lost in Victorian poker machines in ALH venues, it seems out of kilter, and I suspect that 40% is after tax, so that 40%...

Gordon Cairns: No, that's 40% of sales - 42% of sales.

Tony Moore: (Alliance of Gambling Reform) 42% of sales - gambling sales?

Gordon Cairns: Yes.

Tony Moore: (Alliance of Gambling Reform) In that case, your New South Wales poker machine venues are bucking the trend. New South Wales pubs tend to take, per machine, quite a lot and the money that goes through the Victorian machines we know. We don't know how much goes through the rest of the country's machines for Woolworths Group for ALH.

Gordon Cairns: Mm-hm.

Tony Moore: (Alliance of Gambling Reform) So we can delve into that a little bit later if we had the full results, I guess.

My second question though is really around the revelations - the whistleblowing that came out this year. Just frankly horrifying stories of what management have been doing in ALH venues to target people who are very vulnerable and to extract as much money as possible from them.

I'm joined here today by three people who have wound up on the wrong end of the poker machine and who have been targeted by venue operators and whose lives have been devastated in ways that are hard for people like me to imagine.

Other organisations who have wound up in poker machine businesses as a by-product of their work - AFL clubs - most AFL clubs - bar one - had poker machines a few years ago. Now just over half of those AFL clubs have got out. Coles is trying to figure out a way to sell off their poker machine business. Woolworths has sold off its fuel business. Has the Board considered spinning off its poker machine business and getting out of what is a clearly toxic industry?

We're a family-friendly food business. Why are we involved in gambling so deeply, at 12,000 machines? Has the Board considered getting out of the poker machine business?

Gordon Cairns: Thank you for your very dignified question and the way that you put it.

Let me make a couple of observations, first of all. What happened in Queensland was totally unacceptable. We have apologised for that and we've made rectification, including dismissing the people who were involved. We also went through two independent inquiries - external, independent inquiries, to make sure that we were living up to our mandate to be the most responsible. Clearly, we had fallen short in some areas, and we've changed both the governance of the organisation - that's the Board - and the management in the organisation. So that's the first point I'd like to make.

The second is, not everyone agrees with you that we should exit. In fact, Andrew Wilkie, who I had conversations directly with, and Minister Costello - Reverend Costello - Tim Costello - both said, we share a common objective here, which is harm minimisation, and it's better having the poker machines owned by a responsible custodian, like Woolworths, who is committed to harm minimisation, than giving it to the cowboys. That will only increase harm.

So my commitment to you is, not that we should exit poker machines, but that we should continue to improve our standards to live up to our mandate.

Tony Moore: (Alliance of Gambling Reform, Shareholder) Which does invite the follow-up question, more specifically, what has been done...

Gordon Cairns: You're doing well, because you're on question number four - and you're not even a resident of Mossman.

Tony Moore: (Alliance of Gambling Reform) [Laughs] Not even a resident of Mossman. I guess it begs the question, what has been done? Because we were pleased to see that ALH finally gave up trying to put poker machines in the Commercial Hotel. That was great to see that. It's a beautiful poker machine pub - poker machine-free pub - that Woolworths

took and appealed to, to try and get machines in there. We're so glad that's finally dropped.

Gordon Cairns: Yes.

Tony Moore: (Alliance of Gambling Reform) But that just stops the problem getting worse. Poker machine venues run by ALH, by Woolworths, operate many of them at 20 hours a day, the absolute maximum, and the Productivity Commission was bright line clear - nothing good happens in a poker machine venue at three in the morning, and I can preempt the response that, oh, shift workers - they need somewhere to gamble at three in the morning - I'm pretty sure a lot of your food and grocery venues are not open at three in the morning, to serve a shift worker.

So I'm not seeing - we're not seeing evidence that there have actually been changes to reduce harm in ALH venues.

Gordon Cairns: I think that's a tad unfair. Not only that, I've spoken to a number of your colleagues and we have a very respectful conversation here, which is, this is a journey that we're on and that's a journey to reduce harm. The first stage of that journey was us withdrawing from the appeal - and that was a significant step on that journey.

Now, the second thing we said was that as a result of the inquiry, we introduced a national gaming code of conduct, to ensure that there was a consistent approach across all of our businesses, with a training program for gaming staff who are involved in customer care. That was the first thing.

The second thing is, we've enhanced our programs in customer engagement, to promote voluntary pre-commitment. We think that's an important step in harm minimisation. We have enhanced our privacy training and our procedures, to obviate a repeat of what happened in Queensland, which was a total infringement of people's privacy. And we've made it very clear that infringements will have significant consequences - and the way that we've done that is we've dismissed the people who were involved.

Now, it's a journey, so when we come back here next year, and you come back and ask me more questions, we'll have made further enhancements.

Tony Moore: (Alliance of Gambling Reform) I do look forward to seeing those further enhancements. We all do, and the more specific they can be...

Gordon Cairns: Is this another question?

Tony Moore: (Alliance of Gambling Reform) No, it's just a - it's a reassurance that yes, it's a journey, but I - evidence, clear evidence of that journey being proceeding - actually going ahead, is what we're after.

Gordon Cairns: Well, I think we've - I've given you clear evidence that we withdrew the appeal, and that's the first and very positive step, and let me tell you, a number of your colleagues have congratulated us on the fact that we've made that positive step.

Tony Moore: (Alliance of Gambling Reform) And we have too, and that is an excellent first step. Yes.

Gordon Cairns: Thank you.

Okay, number two.

Unidentified Company Representative: Mr Chairman, I'd like to introduce you to Brynn O'Brien from the Australasian Centre for Corporate Responsibility.

Gordon Cairns: Yes, I know Brynn very well. Brynn, welcome.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Thank you, Mr Chairman.

Gordon Cairns: Nice to see you at the Woolworths AGM as opposed to the Origin AGM.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Thank you, Mr Chairman. Good morning fellow shareholders. To follow up on Mr Frazer's question, we commend our Company's commitment to disclosing a science-based target for carbon emissions reductions in the next financial year. To what extent will senior executives be incentivised to achieve emissions reductions?

Gordon Cairns: I don't think you need to incentivise people to do the right thing.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Well, perhaps that's a conversation we can have another time, but there is plenty of evidence to suggest that performance incentives do work as an effective tool for companies and people within companies to reduce emissions.

Gordon Cairns: Well, I think the better question is, if we're not reducing emissions then we should be castigated publicly.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Well, we'll help you with that as well.

A very quick, related question...

Gordon Cairns: We don't need any help, by the way, Brynn. We don't need any help. I've got plenty of help.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Our Company is a member of the Business Council of Australia, and the Business Council have recently said that an economy-wide 45% emissions reduction target would be economy-wrecking.

Gordon Cairns: Mm-hm.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Does our Company agree with this analysis?

Gordon Cairns: I think it's fair to say that we don't agree with everything that the Business Council says. And as I've said to you at a previous meeting, we believe that where we don't agree, the best way to handle it is not to have a public debate on the issue, but actually to have those discussions in private, and I think that's the best way to change people's views, or to have an informed discussion, and I'd prefer to have the discussion with the Business Council in private.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) What has our Company done...

Gordon Cairns: This is a third question.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) What has our Company done then, to change that view within the Business Council?

Gordon Cairns: Well, it's private.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Well, ah...

Gordon Cairns: What would you like me to do? Tell you about the discussions I've had with Grant King? That wouldn't be right.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Well, what I think that investors are seeking comfort with - that my fellow shareholders are seeking comfort with is that the conversations that you're having in private translate effectively into action. What we've seen over the last decade in Australia is aggressive lobbying by the Business Council and others to undermine national policy on climate, national policy on emissions reductions - including the only effective measure we've ever had in this country

to reduce emissions, which was a carbon tax.

So, given the gravity of that - I appreciate that in AGMs we sometimes make light of these moments - but given the gravity of that destructive lobbying, investors are looking for more comfort...

Gordon Cairns: Yes.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) ...that those private conversations are translating into effective public action and we have not seen that so far.

Gordon Cairns: Yes, and - I don't want to trivialise this issue. I've got children, and those children are going to have to live in a carbon-polluted environment. So I see this as not only a personal responsibility, but everyone in Woolworths sees this as a social responsibility.

Now, I can tell you personally I was in favour of the carbon tax, and I told the Business Council that. I was in favour of the NEG, and I told the Business Council that.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) mmm.

Gordon Cairns: But sometimes you can't always get agreement, but we will continue to lobby to do the right thing. You have my assurance on that.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Thank you, Mr Chairman.

Brad Banducci: If I could just add one thing here, Gordon, which I think is very important, from a Woolworths perspective, versus a Business Council perspective - we're very focused at Woolworths on taking the right series of actions and being judged on those. If you look at F18 for us, sure, our carbon emissions were down by 13%. As importantly, our total cost of electricity was I think up only by 1%, and it was through our move to more sustainable energy sources and our better manage of demand of energy.

So we're very focused on proving that sustainability can actually achieve a better financial and customer outcome, and that to me is the key message and the way we can contribute.

It's one thing to say things behind closed doors, but it's another thing to deliver cost effective outcomes and ones that resonate with customers, and that's really where our focus is and that's the story we would like to build on in the next couple of years.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) We

certainly commend our Company for that, Mr Banducci, but there is a - there are two levels operating here. It is not possible for Woolworths acting alone to get effective policy on climate change. That is the role of industry associations and the combined voice that they present to government, so I just encourage you to reconsider that position of only having private conversations, and where the interests of Woolworths and Woolworths investors do differ with those of the lobby groups that represent it, to have that conversation in public, as we have seen BHP, Rio Tinto and other large, listed companies starting to do over the last 12 months. Thank you.

Gordon Cairns: Thank you. Thanks, Brynn. Yes. Microphone one.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Mr [Schwartz].

Mr Schwartz: (Shareholder) Thank you, Mr Chairman. Based on our 2018 sustainability report, and I quote, Woolworths Group is supportive of Australia's commitment under the Paris Agreement to limit global warming to 1.5 to two degrees Celsius...

Gordon Cairns: Yes.

Mr Schwartz: (Shareholder) ...above pre-industrial levels.

Gordon Cairns: Yes.

Mr Schwartz: (Shareholder) In addition, the 2017 corporate responsibility report states that Woolworths Group has registered two programs to help the Federal Government meet their 2030 climate change target by reducing carbon emissions. But how does the Board reconcile the misalignment of outcomes from the Paris Agreement to limit global warming to 1.5 to two degrees Celsius, and Australia's nationally determined contributions? For example, Australia's 2030 target is consistent with a three degrees or more global warming outcome.

Gordon Cairns: Maybe I might get someone who is an expert on climate change to answer that question, because quite frankly, I'm perplexed here. Woolworths have committed to the Paris Accord target. We are - I'll ask you to speak in a minute.

Mr Schwartz: (Shareholder) Thank you very much.

Gordon Cairns: And we're on track to deliver against that.

Jillian Broadbent: Yes, sorry. It's - I'll take that one. I think really that's a policy question. We're committed to a two-degree trajectory in terms of our emissions reduction, but in terms of Australia's carbon budget, that was something that's - that government policy

level and is not our place to maybe comment further on.

Mr Schwartz: (Shareholder) So we are aligned to...

Gordon Cairns: Paris.

Mr Schwartz: (Shareholder) ...1.5 to two degrees?

Jillian Broadbent: 1.5 to two degrees, absolutely, and the science-based target work that was mentioned earlier is in its own closing phases that we're looking at, at the moment and will be publishing that along that 1.5 to two degree trajectory.

Mr Schwartz: (Shareholder) Perfect. Thank you.

Gordon Cairns: Thanks very much for taking that question.

Yes. Microphone two.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Bruce Bennett from Hurstville.

Gordon Cairns: Oh, we're now doing it by region of Sydney, are we?

Bruce Bennett: (Shareholder) Oh, absolutely.

Gordon Cairns: Okay.

Bruce Bennett: (Shareholder) So we get three questions, don't we, Mr Chair?

Gordon Cairns: Oh no, you only get one - it doesn't matter where you're from - you only get one.

Bruce Bennett: (Shareholder) Mr Chairman...

Gordon Cairns: Maybe you should ask Brynn how you get five questions from one.

Bruce Bennett: (Shareholder) As a very longstanding shareholder of the Company, through many iterations and good and bad years, I'm really impressed with the efforts and the result that the Board and the management have achieved this year.

I just wanted to take up a point that Brad made about where we go in terms of our service delivery in the future, and I just wondered whether he might like to comment a little bit on things like Amazon Go. I enjoyed being in the Amazon Go store in Seattle, where we didn't have to have self-checkouts, because you were being checked out as you took the items off the shelf - and I'm just wondering whether that's in the mind of future - futuristic Woolworths that people may not have to wait in queues at checkouts because as they

[walk] out the door the credit card's automatically being scanned, and they get away a bit quicker. Thank you.

Gordon Cairns: Well, before I get Brad to answer the question, I'm disappointed that you live in Hurstville, because if you lived in Double Bay, you'd be able to go to our Double Bay store with your app, scan the products as you go round the store, and walk out. The technology that you saw in Seattle already exists here in Australia, and we're piloting it. So I would invite you, if you can make it on the way from beautiful Hurstville, to Double Bay, we have people there who will help you sign up and utilise 21st century technology.

Bruce Bennett: (Shareholder) Thank you.

Gordon Cairns: Brad, do you want to...

Brad Banducci: I'm going to get out of the geographics of Sydney, except to say, at a separate time you can explain you got into that store, given it's an Amazon employee store, so you are a very creative individual.

We're learning a lot about the application of technology as per the earlier question, and the real challenge for us is not whether that technology works or not, as Gordon alluded to, but making sure we provide all the right alternatives in the store. Some customers do appreciate the connection with the checkout operator, and really value that. Other customers quite like a scan-and-go type approach, which Gordon talked about in Double Bay, where you can see how much you're spending as you go to balance your budget. And then you get the real extreme convenience person who wants to just put it in the trolley, walk out the store, and they're charged for it.

So how we manage all three, given we've got 28 million customers, is our challenge, but the technologies are increasingly there. It's how we stitch them together to meet the needs of every community that's the challenge, and as I say, we are running and doing a lot of investments in this area, to make that happen.

So I think it's where the world is going. It's convenience, convenience, convenience in every possible way, given people's busy lives.

Gordon Cairns: Now, you're only allowed one question, even if you're from Hurstville. So you can come back, because I'm getting a lot of pressure from up here. I've ignored mikes three and four, so forgive me, but I'll come back to you. Microphone three.

Unidentified Company Representative: Mr Chairman I'd like to introduce Peter Gregory from Mount Colah.

Gordon Cairns: Peter, welcome.

Peter Gregory: (Shareholder) Thank you. Not from Mosman, I'm sorry, but from the beautiful bushland, Mount Colah.

Mr Chairman, I'd like to I guess to make a comment, if I will. There's a very traditional measure in retail of dollars per square metre as a measure of productivity.

Gordon Cairns: Correct.

Peter Gregory: (Shareholder) But as an organisation, we're going through a lot of change. Metro stores which are expanding, which I expect will mean less dollars per square metre, but more gross margin. The move towards a third-party arrangement with the servos. Increasing amount of online shopping, and a whole lot of other things that I know are happening, and I guess I'm just I guess raising the question as to whether that's still an appropriate measure for measuring productivity in the future?

Gordon Cairns: We absolutely do believe it's the case that - and all of our investors have commended us on using that as a metric of both productivity and capital management.

Brad Banducci: I should add, at this stage, and we're early on the journey on a Metro - it doesn't have low sales per square metre - it's actually a lot higher. The challenge for us is how we actually get the product into the space - so our sales to space ratio is - in Metro stores are particularly challenging, and which we're working very hard to fix. They tend to be sales per square metre accretive to the overall fleet.

Peter Gregory: (Shareholder) Okay, thanks.

Gordon Cairns: Thank you. Thanks, Peter. I'll take microphone four now, if I may?

Unidentified Company Representative: Mr Chairman, I'd like to introduce Mr [Kay] from Frankston, Victoria.

Gordon Cairns: Welcome, Mr Kay. You've come a long way.

Mr Kay: (Shareholder) Yes. Good morning, Mr Chairman. I'd like to bring a few issues to your attention. (1) The Woolworths Rewards program - it has come to my notice that not all members are getting emailed the offers. I for one was not emailed offers for 15 months until just recently.

Also, as regards the shareholder offers, why's it got to be alcohol all the time? Why not link it to the Woolworths Rewards program? Dan Murphy's and BWS, those could be merged and spun off into a separate company.

Campbell's Cash and Carry - I've raised this one with you before - why not look at that as a purchase? Because it might help growth in the Company?

And also, just a few months ago a work colleague of mine in Melbourne had a bad experience with some bread rolls. Her husband found metal in them. Now then I don't think that's appropriate, Mr Banducci, having metal in bread rolls, would you?

Gordon Cairns: Okay, Mr Kay. First of all, can I suggest that on the Rewards question you have, we've got people here from management who will be very capable of answering your questions on Rewards and particularly the fact that you didn't get email offers.

Your question on spinning off parts of our business - I don't think it's appropriate for me to speculate on that.

And finally - if you could let me finish - and finally, in terms of the friend of yours who's had a bad experience, clearly, we take these very seriously, and also, we'll have someone here from our supermarkets - Claire is here, who runs our supermarkets - she'd be very happy to talk to you afterwards and get more information on this.

Mr Kay: (Shareholder) Yes. I will have to leave early because I've got to be somewhere at one o'clock, so if I could have a word before then?

Brad Banducci: I think the team actually, for Rewards - and it's - I think what may have happened, and they're outside - is somehow you've - the contact - we've got very strong privacy restrictions, and something might have happened with the contact sequence on your card. They're in the foyer. They'll immediately be able to fix that. But we can also get a team member to talk to you about the bread rolls, which we take very, very seriously. We can do that whenever you - whenever it works.

Certainly the Rewards team, I think it's key that they can link it all up for you, and they're outside and will be able to do that immediately.

Mr Kay: (Shareholder) Okay. I'll be leaving say in about half an hour or so.

[Over speaking]

Gordon Cairns: There's an incentive to reduce the number of questions.

Brad Banducci: Yes, no problem. We'll make sure someone takes you out to the Rewards booth, if we can.

Gordon Cairns: Thanks, Mr Kay.

Brad Banducci: Thank you.

Gordon Cairns: Microphone one. We've got people lining up.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Doody Jah.

Gordon Cairns: Yes, welcome back, Doody.

Doody Jah: (Shareholder) Thank you, Mr Chairman. I'd just like to congratulate you again on your commitment to reduce your borrowings and your debt. I can see that in your current liabilities that the borrowings have increased, whereas long-term has decreased. Will you encourage shareholders to take up the dividend reinvestment plan once more, as one of the ways to improve your capital structure and make sure that the financial condition of Woolworths is strong and to reduce debt?

Gordon Cairns: Okay, well, let me reiterate a couple of things that I've said in past AGMs on our capital management.

First of all, we are absolutely committed to a solid investment grade rating with both S&P and Moody's and you'll have seen in June 2018 Moody's actually revised up our outlook to stable. Previously we'd been on negative watch. We've also - we continue to target a full dividend payout ratio of 70%, which should please shareholders. And finally, in 2018 we discontinued the DRP 1.5% discount applied to the final dividend for the foreseeable future, because, quite frankly our capital management has been successful, our debt has come down, and we're in a very strong position.

Doody Jah: (Shareholder) Okay. Thank you.

Gordon Cairns: Yes. Number one, and then I'll come back to four. Thank you.

Unidentified Company Representative: Mr Chairman, I would like to introduce Mr Schwartzer.

Mr Schwartzer: (Shareholder) Thank you Mr Chairman. On page 30, under sustainability and environment, we can see that our latest annual report identifies the long-term impacts of climate change as a material business risk. Is the Board satisfied that all potential material, climate-related financial risk to our performance and prospects have either been appropriately disclosed or resolved as non-material?

Gordon Cairns: The question I think that you're asking is, have we stress-tested the business against different scenarios for climate change and seen whether we have residual risk around those businesses? The answer to that question is, through our sustainability committee, we absolutely do that.

Mr Schwartz: (Shareholder) That was not quite the question. If you want me, I can repeat it?

Gordon Cairns: Please do. If I've misunderstood you.

Mr Schwartz: (Shareholder) We can see that our latest annual report identifies the long-term impacts of climate change as a material business risk.

Gordon Cairns: Yes.

Mr Schwartz: (Shareholder) Is the Board satisfied that all potential material, climate-related financial risk to our performance and prospects have either been appropriately disclosed or resolved as non-material?

Gordon Cairns: Yes. The answer to your question is yes. We feel that we have fulfilled our obligations to material disclosed risk.

Mr Schwartz: (Shareholder) Perfect. As a follow-up then, could I ask what has the Board done specifically to educate itself on climate risk in the last year?

Gordon Cairns: Yes, well, two of our Board are members of the Origin Board as well, where we spend a considerable amount of our time focused on climate change and climate risk, and we bring that knowledge to the table.

We also have a Group Sustainability Committee, which meets on a regular basis, which actually reviews that issue in detail.

Mr Schwartz: (Shareholder) Thank you very much.

Gordon Cairns: Okay. I'll do four, and then I'll do three. Thank you.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Mr [Cassim] from Randwick.

Gordon Cairns: Welcome, Mr Cassim.

Mr Cassim: (Shareholder) Good morning. Before I say anything, can I say I come from a more modest suburb, which is Randwick, and can I also say that there are people outside Mosman who are polite and perhaps more so, because of their modesty.

Gordon Cairns: [Laughs] Acknowledged.

Mr Cassim: (Shareholder) Thank you. I'd like to give credit to both you and Mr Banducci for turning Woolworths around from what was a very perilous situation, so thank you for doing all the good work and bringing it back to some degree of stability and improvement.

Gordon Cairns: Before I stand here and reflect in the glory, let me make it quite clear that there are 201,000 people who deserve the credit more than I do.

Mr Cassim: (Shareholder) No, that's fine. That was my next step - to give credit to everybody who has made it possible to do what you've done and produce the results that you have.

Gordon Cairns: Thank you.

Mr Cassim: (Shareholder) But there was one thing I was - I thought was missing.

Gordon Cairns: Oh dear.

Mr Cassim: (Shareholder) Woolworths is fine, but you made no mention of any of the suppliers, and one thing that continues to worry me is the repeated mentions, here and there, of the farmers not getting a fair go. Why is milk being sold for a dollar while the farmers continue to struggle? What exactly is the truth? What is the position? And why aren't the farmers who are the suppliers for the products that you sell in your - right throughout Australia - getting a fair deal?

Gordon Cairns: Okay, let me address what I think is a really serious question, so thank you for raising it.

First of all, we are absolutely committed to working with our suppliers and I think it's fair to say, before Brad and I joined, that we didn't have the best relationship with our suppliers. In the last three years that has changed dramatically. We survey our suppliers on a regular basis, and we also participate in independent reports on our suppliers, and I'm delighted to say that we've gone from a perilous position with our suppliers to now being the number one.

And that's because we recognise that we can only do well if they do well.

Mr Cassim: (Shareholder) Exactly.

Gordon Cairns: So mutuality of benefit is a principle that we have in our supply chain.

Now let me move to the more vexatious issue of \$1 milk. This is a really, really complicated issue, and quite frankly, I stand here feeling that we get pilloried for something that actually is not down to us. Let me explain.

The ACCC have investigated this and Rod Sims has actually come out and made public his view - this is independent. He has said, even if Woolworths puts up the price of \$1 milk, there is no way that the processors need to pass that on to the suppliers at the farm gate,

and there's no way that they would. So all that would happen is if we increased the price of milk by \$0.10 or \$0.20 on the dollar milk, we would be accused by the farmers of profiteering, because it wouldn't get passed on to them, because there's a negotiated farm gate milk price.

Now, having said that, we could sit back and say, well, that's it - too bad. But actually, Brad and his team have been commended, because what we've tried to do is come with a solution. So you'll know in our stores now we have milk at \$2, but also milk at \$2.20. Of that additional \$0.20, \$0.10 goes back to the farmers. We have milk at \$3 and milk at \$3.30. Again, \$0.10 goes back to the farmers. And I think I'm right - I may get the number wrong, but I'll be approximately right - I think to date we've given about \$1.9 million back to the farmers.

Brad Banducci: Sorry, Gordon, it was...

Gordon Cairns: No, no - please.

Brad Banducci: Repeating my faux pas, but it's \$0.10 a litre, so it's - the whole \$0.20 goes back on the two litre and the whole \$0.30 - so it's - all the money goes back.

Gordon Cairns: Thank you for that.

Brad Banducci: \$1.8 million is absolutely right.

Gordon Cairns: Yes, great.

Now, we sat down with the ministers responsible, and we've said, look, rather than pillorying us, and claiming that the supermarkets are gouging the farmers, why don't we sit down collaboratively and solve this problem? Because we recognise that this is a problem for the farmers - particularly in Queensland. And we're committed to doing that, but it is an intractable and difficult problem and it doesn't just involve us. It involves the processors and it involves the farmers.

But you have the commitment of Brand and I that we are absolutely determined to work collaboratively - and we've said that to the minister.

Mr Cassim: (Shareholder) Well, why not involve the legislators? I mean they have some leverage which you haven't?

Gordon Cairns: Well, the ministers are actually responsible for that.

Mr Cassim: (Shareholder) No, no, I mean, take the initiative and say, okay, if he can't have direct leverage with the farmers and the suppliers, or whoever, well, talk to the

government and the legislators and each of those types in Federal Government.

Gordon Cairns: Well, Mr Cassim, I don't think it's appropriate for us to take up the AGM discussing how...

Mr Cassim: (Shareholder) No, no, that's fine.

Gordon Cairns: ...how we might progress this. You have my commitment.

Mr Cassim: (Shareholder) Yes, okay. That's fine.

Brad Banducci: I should just add, just in support of Gordon's point, the dairy farmer \$1 a litre milk is a very challenging emotional issue in Australia, and we are trying to work to solve, and have taken the practical steps as outlined, but it's really our major businesses in fresh are fruit and veg suppliers, where we generally go direct to the farmer and I would like to think from the surveys we get and everything we look at, that we pay a very fair price and we work very hard to take whole of crop from them.

And the second most important category we buy is Australian meat, and again, we actually secure the livestock directly ourselves and we again would like to think we pay very, very fair prices and everything we see says that's the case.

Milk is unusual for us, in that we don't, generally, outside of the small brand, called Farmer's Own, buy milk directly from farmers, because it has to be, of course, processed, given the nature of the product, and we buy from a processor.

So in 85% of our fresh business, we feel we're in a good place. It is this one challenging issue that we recognise, and we're very committed to trying to find the right solution.

Mr Cassim: (Shareholder) I know, I mean that's great. But can I just make a plea that Randwick used to be Franklin's once upon a time. Now, there's been some improvement. We have a new manager, new energy. She works feverishly on the ground, almost every hour that she's in the store. Why isn't there some renovation? Why isn't there a physical improvement? Not even a coat of paint, for example.

Brad Banducci: No, you've got a terrific memory. I started my life in Randwick, I should add, when I came to Australia. But we have plans for the store, so if we can get your name, we'll be delighted to take you through, hopefully in the next couple of months, when the store has been upgraded, which is the plan.

Mr Cassim: (Shareholder) Yes, okay.

Brad Banducci: It's a very high sales per square metre store, I might add, for one of our

previous colleagues, and we're committed to doing something to upgrade the store.

Mr Cassim: (Shareholder) No, I've seen - physically seen the transformation of the store from what it was to what it is. And [Chelsea 83:37], the local manager, I see - get to see her working away in the lanes, almost every day I'm there. She's doing a great job, bringing new energy to the store.

Gordon Cairns: Well, we'll be sure to pass on your best wishes to our store manager and tell her she's doing a great job.

Mr Cassim: (Shareholder) No, well, she is. And thank you for taking my question.

Gordon Cairns: Not at all. Thank you, Mr Cassim.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Max Perumal.

Gordon Cairns: Welcome, Max.

Max Perumal: (Shareholder) Thank you, Mr Chairman, and the Board, and also to the management and the team that does the front of - the serving and all the services that are provided in the stores. They're doing a grand job.

My question to you is, as a very large employer, and fairly distributed almost countrywide, in the report you do mention Indigenous staff, and you've got a new mix in there, Indigenous and refugee program recruits. It's only 1875, compared to 201,000. I think that's a bit shy, isn't it? And is there any effort being done to improve the numbers for Indigenous people? And I'd rather see the mix separated.

Gordon Cairns: Sure. One of the things...

Max Perumal: (Shareholder) Refugees that come into the Group, but maybe you should report them separately.

Gordon Cairns: One of the things, Max, we're committed to is that our team should represent the communities in which they operate, so clearly, we've got a huge opportunity to improve the number of Indigenous people we have in our stores - but we've only started. And the important thing is, in starting this program, what we didn't want to do is we didn't want to have tokenism, where we employ people and they leave, but we count them as a number.

So the more important metric I think is the retention rate, which means that people are actually being employed and getting training and development, which will assist them for the entirety of their lives. So that's the first thing I'd say.

The second thing is, as this program develops, clearly, we'll get better at doing it, and the numbers should increase. So that's the first thing.

The second thing is, you'll also be aware in our report that we have also started on a refugee program and we think that's equally important. But these are complex issues. These are complex issues, and again, let me reiterate, this is not tokenism. We are committed to representing the communities in which we retail.

Max Perumal: (Shareholder) Thank you. It's very important from an economics point of view, and a social point of view, because the more people in the disadvantaged communities are employed, it also provides them the opportunity to get out of disadvantage, but more importantly, it gives a role model for people to follow, so it uplifts the whole community.

Gordon Cairns: We couldn't agree more, and well said. Thank you.

Max Perumal: (Shareholder) Thank you.

Gordon Cairns: Thank you, sir. Number three.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Robert [Caterson] from Engadine.

Robert Caterson: (Shareholder) Chairman, I'd like to firstly congratulate you and the Board for - because I have not only Woolworths shares, but I've got shares in another 12 other companies, and it's refreshing to come to a meeting without any controversy, without any Royal Commissions going on, and it's refreshing to see the Company turning around from its old Masters days.

The comments that I also want to make is that we've got a CEO that wants to front the media when things are good and when things are bad - not just a media flunkey from our competitor - our major competitor. Now, that is quite refreshing.

It's quite refreshing to also hear that we've taken a lead on a lot of other environmental issues locally in our communities, such as plastic bags, diverting food to charitable organisations, and sure, there's a lot of macro things that are going on in the environment, and Paris Agreements and things like that, that are things that are beyond this Company's actual control, which is the control of government.

All I need to know from this meeting, that you will keep on concentrating on the core businesses of your Companies, you won't get distracted by half-hearted investments in

something that's non-core, and we continue on the same simple path of being ethical, being honest, and delivering to our customers what they need every day, and that's all my question is to the Board, please.

Gordon Cairns: Thank you, Robert, and I'm sure Brad will appreciate the remarks that you've made about his public appearances, and I couldn't agree with you more. You turn up in good times, but more importantly, you turn up in bad times.

In terms of the Royal Commission, I hope and pray you're right.

Robert Caterson: (Shareholder) No, no. We don't need the Royal Commission. Another industry's got that, right? But basically, there's been no dramas in this Company in - since the Masters days, and all I want to do is to make sure that this Board and the management concentrate on what it's doing now and do it well.

Gordon Cairns: I think I absolutely agree. If you look at our progress in the last three years, it's not about going out and spending money foolishly. It's about slimming down our business to focus on the essentials, and so I think, certainly while this Board's in place, you will see a very disciplined approach to that.

Finally, let me say, my firm belief is that the way that you make money for your shareholders is by doing the right thing.

Robert Caterson: (Shareholder) Mm. Also, finally, can all of us congratulate this Board on its hard work and what it's done for the last 12 months, please?

[Applause]

Gordon Cairns: This is a unique experience in my non-executive director career, and I hope we - the cameras have been able to take it, so I can show it to my children.

Number four, please.

Unidentified Company Representative: Mr Chairman, I'd like to introduce Robert, from Fairfield Heights.

Gordon Cairns: Welcome, Robert.

Robert: (Shareholder) Thank you, Mr Chairman. Related to some of the previous questions, so firstly, it's good to see that since previous meetings in Fairfield Heights, we now have a red cycle bin there and we even have a bench made of recycled plastic.

So I'd like to make a couple of suggestions regarding the Rewards program, which is that we all know it's really important we move towards a circular economy, and we all know

that one of the big problems we have, especially in recent news is the quality of recycle stuff that's put in council bins, so my suggestion would be, why not, if not permanently, at least on some occasions, offer customers extra points, like with the plastic bags, if they do the right thing and bring in verifiably better quality materials?

So instead of just bringing in stuff that gets dumped into the bin, and sometimes I've walked in there and seen paper and other things that I know is not plastic recycling. If there's a trained staff member, at least for a period of time, they could be receiving the stuff, put it into the bin, and actually then the customer gets some bonus points.

Likewise the bags. We did much better by not going down the path of the competitor, and actually offering some incentives to people to bring their own bags.

Brad Banducci: We still...

Robert: (Shareholder) We stopped that. We could bring that back around, for example, United Nations Earth Day in June, for example.

Gordon Cairns: Yes.

Robert: (Shareholder) The other suggestion related to the milk question, which is another opportunity we have with our Rewards program is to create connections between the producers of the products and we, the end consumers. So through the Rewards program, if I could see the farmers from whom I was buying the milk and see that they were actually getting the revenue from the extra money I might be paying, that might be an additional incentive and a way of increasing that bond and connection between the producer and the and it would highlight then, as you explained, Mr Chair, that there's only limits in what the - Woolworths as an organisation, can do for these sort of issues.

So they're the two things for the Rewards programs. Improve it, so we can connect with our suppliers, and help us move towards a circular economy by letting us get value for products we return.

Gordon Cairns: Thank you, Robert. Those are two excellent suggestions, and I could see Brad nodding his head, so we'll take those on notice.

Brad Banducci: No, thank you. And every store in Woolworths now has a [red cap] bin and then the recyclable benches are a particular passion of mine, so thank you for noticing them. Because it is about the circular economy of taking the stuff out of the red cap and through [replus] and turning them recyclable products.

The Rewards idea is a great one. We obviously did a small trial, which you picked upon, where we gave people extra points if they brought their own bag into store, as we transitioned out of single-use plastic bags, but I think, bringing it back at right times of year, like Earth Day is a really interesting idea, which we'll log.

And I do like the idea of getting the provenance back to dairy farmers, so thank you. Excellent ideas.

Gordon Cairns: Now, I'm conscious that we've had a fulsome discussion today, and time is moving on. I just want to check whether there's any more questions on this general area?

If not, I might actually thank everyone for their contribution to this discussion. And if we could move to the next item of business, and that's the director elections.

Agenda item 2 is the election of directors. This year Michael Ullmer and I are standing for re-election. When it comes to discussions on these resolutions, I will pass the chair to Jillian Broadbent, to chair the meeting.

You will be asked to vote on each candidate separately. Each candidate will have the opportunity to address you shortly. You should address - direct any questions about their candidacy to the Chair, Jillian. The candidates themselves will not answer any questions.

The Board believes that having diverse skills, backgrounds and experience amongst its directors is important for the effective governance of the Woolworths Group, and for robust decision-making processes. The Board follows a very structured process to assess the skills and experience of directors, both individually and collectively. This input is combined with the outcome of an annual external Board performance evaluation, when determining whether to support the re-election of existing directors.

Having followed that process, your directors, other than each candidate, in respect of their candidacy, recommended that shareholders vote for the re-election of Michael and myself.

So, I will start then with agenda item 2(a), the resolution relating to my re-election.

Before I pass the chair to Jillian Broadbent, I'd like to make a few comments about my candidacy.

Quite frankly, I can't believe that it's three years since I was first elected. How time has flown. But in those three years, I'm immensely proud of what we have been able to achieve. This job is not a job, it's an absolute privilege.

Woolworths is a much different place. We have appointed a great CEO in Brad, and he's

built a strong management team. By being obsessive about our customers, we've improved our customer satisfaction scores. We've invested more than a billion dollars to get our pricing competitive. We've upgraded our stores - maybe not Randwick - but we've upgraded our stores, and we've built new stores that are better places to shop.

Through WooliesX we're providing customers with alternative ways to shop with us. We've simplified our business by exiting Masters and selling petrol - obviously subject to FIRB and ACCC approval. And with a new vision and values, our team engagement scores are at an all-time high. We've worked with our suppliers to get the relationship right. And finally, we're delivering for you, our shareholders.

Now, I've played a small part within a great Board and management team, and so I'm here today to seek your - seek re-election. There's much still to be done, and I remain as passionate and committed as ever to our noble purpose - to better people's lives. I look forward to your support. Thank you.

Jillian Broadbent: Thank you, Gordon. As Gordon has said, your Board's recommendation - with Gordon abstaining - is that shareholders vote for the re-election of Gordon as a director. Are there any questions in relation to Gordon's candidacy?

Tony Moore: (Alliance of Gambling Reform, Shareholder) A question for Gordon. We do believe that you're sincere in your intent to work to reduce problem gambling in the ALH Group and we've had good intention from you to do that, but we are keen to see that if you're re-elected, that you'll work to a higher degree of transparency - and we've raised the issue about the total losses, but if we're working towards reducing gambling harm, let's try and actually assess how that's going.

There's a variety of ways that that could be done and passing of policies and improvement of governance are good first steps, but our interest is in preventing gambling harm and if the Group can - and under your leadership - can report more transparently, what exactly is being done and how much gambling harm is being reduced, that would certainly give us confidence and I look forward to that being part of your next term.

Jillian Broadbent: I take that as an endorsement. Gordon has started the journey and - as he mentioned - we can plan to continue it. Thank you.

Tony Moore: (Alliance of Gambling Reform, Shareholder) I guess the question is, is there a commitment from you, Gordon, to actually push for that higher degree of transparency from you?

Jillian Broadbent: I think he's already made that commitment in response to your earlier questions. Thank you.

Tony Moore: (Alliance of Gambling Reform, Shareholder) Cool.

Jillian Broadbent: Are there any other questions? Thank you, ladies and gentlemen. We will now vote on this resolution. The proxy position prior to this meeting is on the screen. The vote on this resolution is now open. Please use your electronic voting handsets. Press one to vote for, two to vote against, and three to abstain from voting.

I think everyone's had a chance to vote. I can see on the monitor in front of me that most of you have voted. I'll wait another couple of seconds. I think that's - I now declare the vote closed.

The final result is now displayed on the screen. This includes a combination of proxy votes and those votes here today. On that basis, the resolution has passed. Congratulations, Gordon.

[Applause]

I will move to agenda item 2(b), the resolution of - to re-elect Michael Ullmer as a director. As Gordon has said earlier, your Board's recommendation - with Michael abstaining - is that shareholders vote for his re-election. I will now invite Michael to address you directly and to make some brief remarks on his candidacy.

Michael Ullmer: Thank you, Jillian. When I offered myself for re-election three years ago, the Company was in a very different place and a number of you have referred to that today. At that time, I saw my duty as working with the team to get us back on the right track and restore shareholder value. There has been a lot to do but under the leadership of Gordon and Brad I believe that we have made enormous progress.

Of course, in today's world the job will never be done. However, the team are now driving forward with a clear and compelling strategy that is delivering sustainable competitive advantage in our supermarkets business. Some bold decisions have been taken on our portfolio and a number of these executed very effectively, and we have exciting work underway in our digital businesses.

I bring to the table my experience as a former senior executive in developing and implementing strategy, embedding the right culture, and driving change, and financial and risk management. I am also able to contribute on what I have seen over my seven years on the Board of Woolworths, which can provide valuable context to our decision making.

Woolworths is a wonderful company with great people, an incredible franchise, and a fantastic future. It would be an honour to be re-elected and we'll work hard to ensure that we deliver long term sustainable value to our shareholders, thank you.

Jillian Broadbent: Thank you, Michael. Are there any questions in relation to Michael's candidacy?

Peter Burger: (Shareholder) Good day, shareholder Peter Burger. What I am not sure of and I'd like an answer from Mr Ullmer. I congratulate Mr Ullmer on taking on the challenging position of Chairman of Lendlease and my question is whether he could outline to shareholders how he's going to apportion his time so that he can devote enough time to Woolworths as well as the increasingly challenging position of being Chairman of Lendlease?

Jillian Broadbent: The Board has already discussed that issue and with Michael taking on the chair of Lendlease we have reallocated his responsibility so he is no longer going to chair our Audit and Risk Committee and he's just a member of that committee. So we've lightened his load from the Woolworths side and I have every confidence he can handle the combination of the chair of that role and his somewhat reduced duties at Woolworths but the Board has discussed that in considerable detail.

Peter Burger: (Shareholder) Thank you.

Jillian Broadbent: Thank you ladies and gentlemen, we will now vote on this resolution. The proxy position prior to the meeting is shown now on the screen. Please press one to vote for, two to vote against, and three to abstain from voting. I can see on the monitor in front of me that most of you have voted. I will wait another couple of seconds for the last few votes and I now declare the vote closed. The final result has now displayed on the screen. The resolution has passed, congratulations, Michael.

Gordon Cairns: Thanks, Jillian, very expertly handled, and thank you for your endorsement for both Michael and I. I'll now move to the third item on the agenda, which is the adoption of the 2018 Remuneration Report. This is an advisory resolution that gives shareholders the opportunity to provide feedback on the Company's remuneration policies. 2018 was the second year of our new remuneration framework. The report sets out details of this framework and how the Group's performance was linked to what we paid the CEO and other key management personnel. I'd like to make a few comments before opening for discussion. In 2018 Woolworths delivered strong financial results and continued to

meet its targets for customer satisfaction after a solid improvement the year before.

Progress against the safety targets unfortunately has slowed, and this was reflected in a short-term incentive outcome that was slightly below target. None of the long-term incentive plans from prior years vested in 2018. This was because the performance hurdles for those plans were not met. As a Board we believe that management should only be rewarded for strong performance, which was not the case over the period of those long-term incentive grants.

Our existing remuneration framework was introduced in 2016 to focus on the first two years of our turnaround. We committed to a review whether the framework remained fit for purpose from 2019 and beyond and as the business pivots from a period of turnaround to transformation for 2019 we have proposed some changes to make our long-term incentive design more aligned to the market approach.

Further details are set out in the explanatory notes to the CEO's long-term incentive grant and in the Remuneration Report. I now open this resolution up for discussion. Are there any questions?

Unidentified Company Representative: I would like to introduce Kerry Tarrant.

Gordon Cairns: Welcome back Kerry.

Kerry Tarrant: (Australian Shareholders Association) Thank you very much.

Gordon Cairns: I hope it's not going to be a difficult question.

Kerry Tarrant: It's more a comment from Australian Shareholders Association. As I've remarked before, the Chair of the Remuneration Committee, Holly Kramer and her team, continue to provide excellent disclosure on all aspects of remuneration. It's an easy to read and understandable report, which I think all shareholders will be able to read fairly easily.

It complies with all but two of ASA's guidelines, one of which we have had ongoing discussions that we would like Woolworths to contemplate maybe going forward, is the fact that Woolworths considers long term incentives over three years rather than our preferred four or five. However, notwithstanding this, and in view of the fact that the remuneration outcomes are in line with shareholders and what shareholders are receiving and the share price, we will vote for this resolution, and also for the following resolution of the CEO's LTI grant.

That is all, it was just a comment and really a congratulation again to the team for putting together a very coherent and straightforward easy to understand report.

Gordon Cairns: Thank you very much, Kerry, it's always nice to get positive feedback.

Item number 3.

Unidentified Company Representative: Mr Chairman, I'd like to reintroduce Tony Moore.

Gordon Cairns: You're having a field day Tony.

Tony Moore: (Alliance of Gambling Reform, Shareholder) Well, just one extra question to Holly on the remuneration within the Hotels business.

Gordon Cairns: You keep saying that, one extra question, one extra question.

Tony Moore: (Alliance of Gambling Reform, Shareholder) Well this one is related to remuneration within ALH.

Gordon Cairns: Remuneration.

Tony Moore: (Alliance of Gambling Reform, Shareholder): So Holly, how much of the remuneration and incentives for managers within ALH is linked to gambling losses and profits, and what can you say to assure us that there aren't incentives in the remuneration for the Hotels business that are encouraging exploitation and really aggressive pursuit of people losing a lot on the machines?

Gordon Cairns: Yes, I'll take that question through the chair if I may and I don't think that's a relevant question for the Remuneration Report.

Tony Moore: (Alliance of Gambling Reform, Shareholder): But you own 75% of ALH, where are questions on remuneration and incentives for ALH to go?

Gordon Cairns: Yes, I think you can satisfy yourself that we don't reward our management in ALH for inappropriate practice.

Tony Moore: (Shareholder): Okay.

Gordon Cairns: Any other questions on the Remuneration Report? No, well if there are no more questions, I think Kerry was right, this was a first class remuneration report and the shareholders are delighted to receive it. So as set out in the Notice of Meeting, your Directors recommend that shareholders vote for the resolution to adopt the Remuneration Report.

I also intend to vote all open proxies I have for the resolution and we will now vote on this

resolution. The proxy position prior to the meeting is on the screen, please press one - you're now getting expert at this, please press one to vote for, two to vote against, or three to abstain from voting.

We're nearly there, 252 people voted the last time, we're now at 251, so somebody has either decided not to vote or left, 252, well done. I can see in the monitor in front that most of you have voted. I will wait another couple of seconds for the final few votes to be cast, I think we've done. I now declare the vote closed, thank you. The final result is now displayed on the screen. The resolution has passed, thank you, ladies and gentlemen.

The next item of business is to approve the grant of performance share rights to the CEO. The proposed financial year 2019 long term incentive grant to Brad is for a maximum of 140,194 performance share rights. I'd like to stress that Brad will only receive the maximum value of this award if our transformation targets are exceeded and can I repeat exceeded over the three-year period to financial year 2021.

Details of those performance hurdles and the other key terms of the performance share rights are set out in the Notice of Meeting. I set out in the Notice of Meeting the Directors other than Brad in view of his personal interest in the resolution recommend that shareholders vote for this resolution. I also intend to vote all open proxies I have for this resolution. Are there any questions or comments in relation to this resolution? You're back Doody, welcome, more congratulations.

Doody Jah: (Shareholder) Yes, well I'd like to say congratulations but anyway in regards to Mr Banducci's remuneration, in regards to the voice of the supplier, voice of the team, and voice of the customer, would those scores be included in the performance targets in the future? Also, what about the safety, would that be included as well, as you said, safety is important for the Woolworths Group?

Gordon Cairns: So let me refer you back to the Remuneration Report, Doody. The short-term incentive has five metrics. One of those is voice of the customer, one of those is safety, so that gets covered in the short-term incentive. The long-term incentive has three metrics, sales per square metre, return on capital employed, and relative total shareholder return.

We think those are the appropriate short-term measures and the appropriate long-term measures. The reason why we think they're appropriate because those of the drivers of both short term and long-term performance.

Doody Jah: (Shareholder) Okay, thank you.

Gordon Cairns: Thank you, microphone two.

Unidentified Company Representative: Mr Chairman, I'd like to introduce [Bruce Bennett].

Gordon Cairns: Bruce, welcome back.

Bruce Bennett: (Shareholder) My question was one that I didn't have a chance to mention before but it comes up this time. As a shopper from Hurstville, we have a real problem with getting baby formula and this seems to be an issue that most of the major chains have really struggled with. We have a large ethnic population in Hurstville and they seem to have very hungry babies, and yet our local people have great difficulty in buying their formula. I can't for the life of me understand if I had spent \$100 in or \$200 in Woolworths, I can't have a little token that entitles me to purchase a piece of baby formula.

Yet someone else who hasn't even bought anything but a whole trolley full of baby formula can walk out the door with not buying any other products in Woolworths. Can't we do something about this as part of our thing on - it's not particularly in relation to Brad's remuneration but it certainly is a clear problem that we've got there?

Gordon Cairns: I'm glad you clarified that for me because I was hoping you wouldn't put it on as remuneration targets.

Bruce Bennett: (Shareholder) Well, you'd do very well, there's an awful lot of baby formula going out the door.

Gordon Cairns: So let me tell you. You're highlighting what is a difficult problem for us. We've done two things. One is we've tried to increase supply from our suppliers so that you don't find that you're going into one of our stores and finding that they're out of stocks. The other thing, and this is - you'll appreciate this is difficult to enforce but we've said to our store staff that they should try and police a system where you're allowed no more than two tins.

But all that happens is that families will go round more than once. So if you'd like to meet our store management later, if you've got some constructive suggestions we're very open to constructive suggestions. Claire is sitting here in the front row and she's in charge of supermarkets so she'd be the best person to talk to. Thanks for that. That wasn't directly relevant to the Remuneration Report but it was an interesting conversation.

Okay, thank you ladies and gentlemen, we'll now vote on this resolution. The proxy position for this resolution prior to the meeting is shown now on the screen. Please press one to vote for, two to vote against, or three to abstain from voting. We've got to 252 in record time well done.

I can see in the monitor in front of me that most of you have voted, I don't think there's any need to wait for the final few votes to be cast. I now declare the vote closed. The final result is now displayed on the screen. The resolution has passed, thank you.

Yes, I think it's worth - yes.

[Applause]

The next item of business is to approve the grants of Woolworths' equity to Non-Executive Directors under the Non-Executive Director Equity Plan for the next three years. The company introduce the plan in January 2018 to further encourage and facilitate share ownership for Non-Executive Directors. Further details of the plan are set out in the Notice of Meeting.

This is fairly non-controversial so are there any questions or comments in relation to this resolution, simply designed so that we can own more shares? We fundamentally believe that if we own more shares then we will act in your shoes. Kerry are you about to stand up and congratulate us on this - no? Good, there you go, the more shares people own the better.

Just for information we've set a target here that Non-Executive Directors should own one times their base salary in Woolworths' shares and the Chairman should own two times his base salary in shares, and we think that sends an important message to shareholders. So if there are no questions thank you ladies and gentleman, we'll now vote on this resolution.

The proxy position prior to the meeting is shown there on the screen. Once again, please press one to vote for, two to vote against, and three to abstain from voting. Just a little short of the 252 mark, getting there, five people haven't voted yet, either that or they're getting tired.

Okay, I think some people are leaving so that's probably the reason why we got to 246 so I can see in the monitor in front of me most of you have voted, no need to wait longer I now declare the vote closed. The final result is now displayed on the screen and the resolution has passed, thank you very much.

I now move to agenda item 6A, a group of shareholders together holding approximately 0.0994% of the Company shares have requisitioned a special resolution to amend the Company's constitution. If that resolution is passed, propose that the Company takes certain steps relating to its fresh food supply chain.

The Board respects the rights of shareholders to express an opinion or to engage in dialogue with the Company. We further acknowledge the right of shareholders to requisition resolutions seeking to amend the constitution in this manner, although we believe that non-binding resolutions should be dealt with through a change in the law accompanied by an appropriate framework for companies to respond rather than through the AGM process.

On that basis, your Directors do not believe a change to the Company's constitution is in the best interests of the Company and we recommend that shareholders vote against the resolution to change the Company's constitution. I will shortly open this resolution for discussion. As it relates to the amendment of the constitution it requires support of 75% of votes cast. The Australian Centre for Corporate Responsibility has indicated in advance of the meeting that it would like to speak to the resolution. I now invite Katie Hepworth from ACCR to the nearest microphone.

Katie Hepworth: (ACCR) Hello, Mr Chairman. I was going to speak resolution 6A and 6B if that's okay.

Gordon Cairns: If you could hold your question on 6B I'd like to treat them separately.

Katie Hepworth: (ACCR) Okay. So as I said I represent the Australian Centre for Corporate Responsibility and the 100 shareholders who filed these resolutions. ACCR is an organisation that favours policies and risk management approaches that preserve the long-term interests of shareholders.

We are particularly concerned to ensure that companies fulfil the commitments that they have made to shareholders and to society, and that they have adequate processes in place to identify and respond proactively to emerging social and environmental risk. The first resolution that we have put today, Resolution 6A, seeks an amendment to our Company's constitution in order to strengthen these processes through facilitating the valid filing of advisory resolutions. Our Company would benefit from such a mechanism and I commend it to fellow shareholders.

Gordon Cairns: Thank you, Katie. We've had a long discussion on this issue with both our

proxy advisors and our major institutional shareholders and our view on this is quite clear, that if you would like these amendments, the best way to do that is to change the law and the [Corporate] Act, not to go to individual companies at their AGMs. So the Board has a different view from ACCR but we absolutely respect your position so thank you for that. I now invite questions from shareholders, Doody, you're on a roll.

Doody Jah: (Shareholder) Thank you, I am just wanting to ask a question to both - I think Katie and you, in regards to protecting supplier rights employees...

Gordon Cairns: Sorry Doody, we're on 6A which is the constitution. We'll come to 6B which is the suppliers in a moment.

Doody Jah: (Shareholder) Okay, sure.

Gordon Cairns: Thank you. Okay, thanks for that, we will now vote on this resolution. The proxy position prior to the meeting is on the screen. Please press one to vote for, two to vote against, and three to abstain from voting. I can see on the monitor in front of me that most of you have now voted. I don't think there's any need to wait for the final few votes to be cast, I think we're complete, I now declare the vote closed.

The final result is now displayed on the screen. The resolution has not been passed. This means that the advisory resolution on our fresh food supply chain will not be put to the meeting and I now declare the poll closed. However, in the interests of transparency we will allow discussions on agenda item 6B. This resolution is an advisory resolution proposed by the same group of shareholders who requisitioned the previous resolution to amend the Company's constitution.

Given that this amendment was not passed, agenda item 6B will not be put to the meeting for a vote but we welcome any shareholder discussion and feedback and I'll allow a reasonable opportunity for shareholders present today to ask questions on the subject of agenda item 6B. I've addressed the substance of these issues in my earlier address so I think it's appropriate and in order to not go back over old ground that I've already covered, so Katie.

Katie Hepworth: (ACCR, Spokesperson) Thank you Mr Chairman. I will speak briefly to resolution 6B and then I want to hand over to [Putrie Nassari] who will speak to her experience as a worker in one of the Woolworths supply farms. So resolution 6B firstly requests our Company to reach agreement with the National Union of Workers to introduce a labour higher pre-qualification program.

It secondly requests trade union involvement in worker rights education activities and grievance resolution procedures. It finally requests ongoing disclosure of progress against these items to shareholders. The objective of our resolution is to ensure that Woolworths fulfils the commitment that the Company made in 2017, to work with the NUW to implement a series of changes to Woolworths supply chain management strategies, designed to address the severe labour rights violations documented at Woolworths supply farms across Australia, and thereby mitigating a multitude of associated business and operational risks.

Mr Chairman, I listened to your comments about the progress that you have made in introducing new standards and policies. But we at ACCR have very real concerns that Woolworths does not understand the risks in their domestic food supply chain, and the policies and standards that it has recently implemented both failed to meet the 2017 commitment, and will have limited efficacy in ensuring compliance and dealing with the widespread labour violations and law breaking evidenced in our Company's domestic food supply chain.

Putrie will speak directly to the specific experiences that she and other workers in Woolworths supply chain farms have experienced but first I want to raise a few points that were raised in response to our resolution. Mr Chairman, in Woolworths' response to our resolution the Company states that requiring trade union involvement in grievance procedures and worker education would breach freedom of association. Yet through the Seasonal Worker Program and through the Bangladesh Accord that Woolworths is a signatory to Woolworth suppliers are required to include the union in training.

The Accord is widely held up as international best practice to mitigate labour rights violations particularly in supply chains with high levels of vulnerable workers and to ensure freedom of association. It is unclear therefore why Woolworths would make public statements that contravene the agreements and programs that it is already a signatory to. Secondly, why Woolworths would introduce weaker risk management practices in some sections of their supply chain by refusing to involve trade unions in worker education and grievance procedures.

This is particularly when the risks faced by workers in your fresh food supply chains are not dissimilar to those in the global apparel supply chain. Likewise, the risk of reputational damage and adverse media stories stemming from these labour violations is also similar. Just last week academics Bassina Farbenblum and Laurie Berg released their report *Wage*

Theft in Silence, which again details widespread wage theft and underpayments in the horticultural sector. Significantly they found that migrant workers who involve unions have superior outcomes when resolving these issues and recovering lost wages.

Gordon Cairns: Sorry Katie, can I ask do you have a question?

Katie Hepworth: (ACCR) It's a statement to the resolution, I'm getting to the question.

Gordon Cairns: Okay, thank you.

Katie Hepworth: (ACCR) Globally investors support the role of unions in addressing exploitation which this tripartite model has been shown to work. By contrast we see stories that call into question the ability of third-party audits to sufficiently mitigate risk associated with exploitation and law breaking.

Just in the last 12 months we've seen a case brought against Agri Labour, one of the first providers accredited under StaffSure for underpayments and severed safety breaches, including reports of workers bleeding from their open nose and ears, and being forced to work in extreme heat, despite being removed as approved employer under the Seasonal Worker Program they retain accredited status under StaffSure and continue to provide labour to Woolworths suppliers.

This case highlights significant shortcomings in the Woolworths approach to managing law breaking and exploitation by labour hire companies and suggests that Woolworths must do more to directly oversee labour hire provision in its domestic food supply chain. We are asking for no more than the transparency already provided by Woolworths in its global operations.

If this risk persists for our Company and our Company does not move to address the asymmetries between its global and domestic risk management practices as requested by the resolution and commit to implementing the commitments they made last year then we'll likely proceed with a further program of engagement next year. ACCR withdrew our 2017 resolution because of the commitments that Woolworths has made to work together with the NUW to address risks in their supply chain.

Woolworths must take steps to sufficiently implement these commitments and address risks in their supply chain. I commend this resolution to shareholders, now to the question.

Gordon Cairns: Thank you.

Katie Hepworth: (ACCR) So Woolworths has said that it is concerned that in fulfilling the commitments that it made in 2017 it could endanger the Company's risk relationship with key suppliers. International evidence has shown that if suppliers or openly resistant to workers joining and involving the union that this is a potential red flag for modern slavery, and that they are more likely to be in breach of a broader suite of labour rights.

Have domestic food suppliers in the Woolworths supply chain actively resisted the introduction of a formally binding tripartite model as seen in Woolworths' global apparel supply chain, and if so should this be a concern to shareholders regarding Woolworths risk management practices?

Gordon Cairns: Thank you. Let me respond to your question. It's all right, you can sit down, I may be a long time. So first of all, let me say that in this area here we absolutely welcome your involvement and I think it's fair to say since a year ago we have been working collaboratively with you on improving. I would also say that you don't need to encourage us to continue to do more.

However, I would say we are not perfect, and we are going to make mistakes and I'm sure you're about to show us one mistake that we've made and I can only apologise but we will not be perfect. The third thing I'd like to say is we welcome your involvement but we will not mandate a union to our supply chain suppliers. We will leave it up to them to see whether they believe in the benefits of that and furthermore we will not insist that a particular union is mandated but we welcome union involvement and we think that's fair and proper.

Finally, and I don't know how we can be any more transparent. We have already set up a program and it's in our sustainability report. We have committed to measurement and reporting in 12 months' time on that program and so when you come back here in 12 months' time you and the other members, the other shareholders here will be able to see the improvements that we've actually made. I don't know how I could be any clearer.

Katie Hepworth: (ACCR) Just one quick thing and then I will hand over to Putrie to talk about her experience. Just to make clear, the resolution mandates a principle of trade union involvement which is a principle that Woolworths already recognises and mandates to its suppliers in its apparel supply chain, and it is also one that is mandated in the Seasonal Worker Program. So we're just saying that all farm workers should be able to have that same access of the trade union to them in the supply chain but we've got some comments from Putrie here.

Gordon Cairns: Okay, thank you.

Putrie Nassari: (Farm worker) Thank you Katie, thank you Mr Chairman. Again, my name is Putrie, I want to tell my story, my experience. I've been working on a farm since August 2016. I started work in a fruit farm in New South Wales picking oranges and earned \$100 per week, around \$12.50 per hour working for eight hours a day and got paid cash handed by the contractor.

I left the job because of the low pay and moved to Victoria but I ended up on a vegetable farm that was even worse. The contractor paid me \$0.30 per bunch picking broccolini or \$15 an hour cutting vegetables and we've pushed to work sometimes very long hours, 21, 22 hours per day, at night shift even in very bad weather conditions. On top of that the contractor deducted transportation, accommodation, and I had experienced living in accommodation with 14 men, one small toilet, in order to work on the farm.

I was too scared to complain because the contractor controlled everything, even we had to ask permission to go out to buy groceries, and I also heard some of my friends the contractor holds their passport and if they want it back, they have to pay and work with them. Before I met the union and learnt about my rights, I was too scared to raise the issue even though I knew the way I was being treated was bad and wrong.

When I managed to run away from the contractor and work on a new farm that already had the union, we were able to speak and stand up to raise issues to the company whenever they came up and they would work with the union to fix the issue. Without the union I would never have had the courage to speak to the farm owner or the company about the fact that we were not being paid properly and I would not have the courage to be here today.

Many of my friends are still too scared to Speak Up because they know that if they join the union and make the complaints they will threaten and sacked by the contractor of the farm owner and lose their job. We knew that a Woolworth representative visit at my work place when I worked at one of your big suppliers. We know it because the company knew beforehand and would ask us to spend the day before to clean the whole packing shed and the QA will remind us to pack the perfect vegetables when the visitor passed by.

On the day the visitor would come the farmer and the contractor would send home all the undocumented and cash worker. The visitor walked through the factory with the boss but didn't speak with any of the workers. My friends tell me that this happened at their farms too. My expectation and all the farm workers hope that Woolworth will take serious action

and fix the problem. Get rid of unlicensed contractor, labour hire contractor who live off the workers should not be able to operate in Woolworths farms.

We want union to represent us the farm workers so that the farm workers voice was heard and they can stand up without any fear through NUW as our platform. I have two simple questions to the Chairman. How many other farm workers have been exploited just like I was in Woolworths farms and how do you know this? Second, what steps will you take to make sure Woolworths farmers know it is wrong to threaten workers and what action are you taking to protect workers when they join a union and speak out about exploitation, thank you?

[Applause]

Gordon Cairns: Putrie, first of all let me congratulate you for the courage in coming here today and for standing up to address the shareholders meeting and for telling us your story. No one in the room could listen to your story without feeling that you have been very badly treated and the unconscionable conduct of the farmers is absolutely unacceptable, not only to Woolworths but to any decent minded Australian.

So let me apologise first of all for what you've had to go through, no one should have to bear that. I'm glad that you pointed out that this is a Woolworths' supplier because now if you can meet with one of our people afterwards and give the name of the supplier, we will follow up on that because that behaviour is totally unacceptable.

Let me make another point which is clearly in your position you didn't know who you could speak to in order to explain your position and you clearly couldn't explain to your employer. So we've initiated a Speak Up program which will enable people like yourself to call a hotline and explain your position and then enable us to follow up.

Now that's not to obviate the union position because clearly the unions have a vital role to play in that. But we take our duty of care responsibly, even if it's one of our suppliers. So I would commend to you and your friends the Speak Up program as a valid way of you exercising your grievances.

Then finally, I'm very familiar with - because I used to work in a business where I'd go round and inspect stores and if they knew I was coming the floor would always be wet because they'd cleaned the floor and they'd made everything perfect. So the way you overcome that and the way we overcome it in our program now is for the highest risk areas like your employer in Victoria, we make unannounced visits.

That doesn't allow them to clean up before we come, and we put the highest risk category into the unannounced visits. So I'm very comfortable that with our Speak Up program, with our unannounced visits, with our risk adjusting our supplier base, and with a clear indication to our supplier base we will not tolerate this kind of behaviour. We will clean it up.

But this is a journey, this is a journey we are committed to and this is a journey where we're very happy to involve the NUW. Between us we should eradicate what you've had to go through.

Katie Hepworth: (ACCR) Thanks Mr Chairman, I'm glad to hear that we're still on a journey and that we'll be working together and that you will work with the NUW to fix the problems in the supply chain.

Gordon Cairns: You have my commitment on that.

Katie Hepworth: (ACCR) Yes, that's good otherwise we'll see each other next year I'm sure.

Gordon Cairns: Well hopefully we'll see each other next year because we'll be working together.

Katie Hepworth: (ACCR) Yes, that's good, either way. So I just wanted to get the point that you just mentioned about the unannounced audits and obviously Putrie shows that the current audit regime hasn't been working as does the StaffSure example that I mentioned before.

Looking at the responsible sourcing standards it just gives a list of the different audit programs. Can you show what will change in the new audit model and how you to propose to fix the issues that we've seen in the old model?

Gordon Cairns: I'd be happy to do that and I'm happy to explain to you here which is we take our supplier base and we look at them from a risk perspective. The lowest risk suppliers we rely on attestation that they're doing the right thing. The highest risk and that would be Putrie and other employers like her we say, as part of the supply contract with us we will inspect your premises on an unannounced and frequent basis, and we're happy to show you that model.

Katie Hepworth: (ACCR, Spokesperson) That would be great if we could just see that model, thank you.

Gordon Cairns: There's no harm in making it public. It is public, yes, so where is it public? I thought it was public in our sustainability report. It is, and it's on our website as well, there you go.

Unidentified Audience Member: (Shareholder) Good afternoon again, Mr Chairman and Board and fellow shareholders. I am just wanting to understand the resistance from the Company to [unclear] work. So we've spoken a lot today about things that have been in place for some time so that auditing models about the Speak Up line which I understand has been in place for some time.

But we've also heard a story about something that's worked and something that has worked for a worker in the Woolworths supplier chain, who is experiencing labour exploitation, is representation and the assurance that she has a community of other workers and a trade union behind her when raising grievances. So what is the resistance to formally implementing the things that have been asked for in the resolution, namely union involvement in worker briefings and in grievance mechanisms?

Gordon Cairns: Yes, so again let me repeat what I've said on this particular issue. We absolutely welcome the involvement of unions. They have a legitimate role to play in this but we're not going to mandate to our suppliers that actually the union have to be involved or that the union have to be there when we're having discussions. This should be left to them to decide provided that the important thing here is that they adhere to our standards, and we're reporting on those.

Unidentified Audience Member: (Shareholder) Yes, so I think that if you - it's an interesting question and an interesting risk management question because what we have actually seen - so in other parts of the Woolworths supply chain - sorry, in other kinds of - parts of its relationship with suppliers Woolworths will require suppliers to do certain things, will require suppliers to meet certain price points or comply with OH&S procedures and so on. So this seems to be a different approach in relation to trading involvement. So why wouldn't Woolworths require all workers in its supply chain or all suppliers to allow unions to brief workers?

Gordon Cairns: Yes, so let me just say within the spirit of the relationship that we have between us that it's been hugely constructive to date. Our commitment is to continue the dialogue and be equally constructive and I think that's a better place and a better forum to discuss these things rather than at the AGM.

Unidentified Audience Member: (Shareholder) Thank you, Mr Chairman.

Gordon Cairns: Thank you, so thank you for those questions and once again, Putrie, let me thank you for coming along. It's not easy to come along and address a bunch of suits sitting up here on the podium but I thought you handled it very well, and again let me commend your courage and let me apologise for the way you've been treated.

We will now show the proxy position for this advisory resolution on the screen. So ladies and gentlemen that concludes all the items of business in the Notice of Meeting, as I said earlier, the final numbers of votes for and against each resolution will be made available to shareholders after the conclusion of the meeting, when we release the poll results to the Australian Stock Exchange and post them on the Company's website.

I thank everyone for their attendance and participation here today. The meeting has been conducted in the spirit with which we set out it to be so thank you once again. I'd now like to invite all of you to join with me and my fellow Directors and the Senior Management in the foyer outside for some well-deserved refreshment.

Our food team are preparing some of our own brand products so please I would love you try some of the product samples before you leave and if you need something more to eat we also have sandwiches provided by this venue but they're not as good as our food. Before you leave you should also visit the displays in the foyer from a number of our businesses. The staff on those displays would love to talk to you about what they have to offer in their stores in general. Thank you all and I declare the meeting closed.

End of Transcript