

**Company:** Woolworths Group  
**Title:** Annual General Meeting 2020  
**Date:** 12 November 2020  
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## Start of Transcript

Voiceover: Welcome to the Woolworths Group Annual General Meeting 2020. Woolworths first opened its doors on 5 December 1924 and much has happened in the 98 years since, but what we've all been through in the last 12 months has been nothing short of extraordinary. Extraordinary not just in the events that have taken place, but importantly in how we've navigated through it all, helping and supporting our customers, our teams and our communities by living our purpose of creating better experiences together for a better tomorrow.

This time last year, much of Australia was experiencing a once in a lifetime drought, a drought that affected many farmers, communities and even our own team members living in regional parts of Australia. As a Group, we rallied together in supporting those farmers and communities so dramatically affected. We raised funds and assigned much needed food and we committed important logistical support to ensure that thousands of meal boxes and tens of thousands of hay bales got to where they needed to be. Our partnerships with the Salvation Army, Rural Aid, Lifeline and Foodbank through our program, STAND, have also helped fund living expenses, food, animal feed and importantly psychological assistance to some of the rural communities impacted.

2019 was also the year that ignited a bushfire season, the likes of which few had seen. It was all hands on deck to protect our homes, our communities and our wildlife. We supported our courageous emergency services personnel with in-store discounts and many of our regional stores took the initiative in helping their communities in any way they could. Our bushfire response also included pledging \$250,000 to animal welfare organisations nationally and distributing over 20 tonnes of fresh food to endangered wildlife. It wasn't until the end of summer of this year that the fires started to come under control, when we could breathe a collective sigh of relief, if only for a moment.

In February of 2020 reports of a new strain of virus started to appear around the world and as we all struggled for clarity and answers to ever increasing questions, panic buying in both Australia and New Zealand quickly took off in a way that caught us completely off-guard. We didn't anticipate the degree and speed with which we would need to reconfigure our businesses and our supply chain. It then became a question of how to respond to these challenges, but respond we did together as a team. We adapted, innovated, recalibrated and delivered in a way few would have believed possible. We became essential workers, going above and beyond to support our customers, communities and each other.

For our more vulnerable customers, we offered dedicated shopping hours and priority assistance and with the support of Australia Post and the DHL supply chain, we created and delivered over 23,000 basic boxes comprising of meals, snacks and essentials. COVID has certainly created a challenging period for the business, as it has for many businesses, but as a team we've met those challenges. As a special thank you for the incredible effort of our store team we gave out gift cards and company shares, launching the largest employee share ownership plan in Australia and New Zealand and we're delighted that many of our team members are now shareholders of Woolworths Group.

Despite the challenges we've faced this year, as a Group we've still remained focused on our sustainability initiatives. In just five years we've reduced carbon emissions across the Group by 24%. We've removed 730 tonnes of plastic from packaging in just three years and by diverting food waste we've provided over 20 million meals to those in need. We've also remained committed to reflecting the communities we serve and through our focus on diversity and inclusion, we're delighted to have had so many First Nations and refugee team members join us through our dedicated employment programs. All positive outcomes of the many steps we've made on our ongoing journey for a better tomorrow.

This extraordinary year has certainly tested our resilience and our resolve and will forever change the way we live and work. But importantly it's also highlighted what we're all capable of together, we're more agile, more efficient and most importantly more united than we've ever been and we'd like to thank our team, customers, communities and shareholders for your support. This has been a year where we have truly lived our purpose.

Unidentified Company Representative: We are genuinely committed to being a purpose-led business. We've had better experiences together for a better tomorrow and that's what we did.

Gordon Cairns: Good morning, ladies and gentlemen. My name is Gordon Cairns and I am the Chairman of Woolworths Group. Before we start today's meeting, I would like to acknowledge this week being NAIDOC Week, which gives us the opportunity to celebrate and honour the enduring contributions First Nations culture, communities and team members make to Woolworths Group and to Australia.

To welcome us onto this land today I would like to invite local Elder, Uncle Timothy Gray, to share a welcome to country with us. Uncle Tim is a cultural representative and recognised elder in Sydney. He works at Barangaroo as an Aboriginal cultural guide and sits on the board of Tribal Warrior Corporation and the Aboriginal and Torres Strait Islander Advisory Panel of the City of Sydney. Uncle Tim has also been a Woolworths team member. I'm now pleased to welcome Uncle Tim to deliver welcome to country.

Timothy Gray: Thank you, Chairman Gordon, and thank you for inviting me here today, especially during NAIDOC Week, thank you to members of the Board. Especially thank you to Naoimh for inviting me here. As Gordon mentioned, I was a member of Woolworths and a shout out to Mary from Metro groceries department. My name's Timothy Gray, I'm a Gumbaynggirr, Wiradjuri, Bidjigal man. I say my mother's tribe first because we're a matriarchal society and I just wanted to pay my respects to the land that we're gathering on here today and that is the land of the Darug. The Darug are the Sydney Basin mob, all the clans of the Sydney Basin are on Darug land, all the way from the coast right up into out here in the far west. So I'd like to welcome you all here today on Darug land and again, thank you very much for having me.

Gordon Cairns: Thank you very much, Uncle Tim, for that welcome to country. I'd like to begin by welcoming all my fellow shareholders, joining us today by webcast and by telephone from around Australia and overseas. In the current COVID-19 environment, the health and safety of our shareholders, our team members, their families and the broader community is our number 1 priority. As a result, Woolworths Group made the decision to hold this year's annual general meeting online. Whilst the Board and management team will not have the opportunity to meet with you in person this year, all shareholders, regardless of where you live, will be able to participate in this meeting. Now I know this is a different experience for you and I appreciate your support and patience as we proceed through the meeting.

I will now explain how the technology for the conduct of the meeting will operate. The notice of meeting sets out the business of the meeting and explanatory information about the resolutions. It is available on the AGM page of our website. If you're attending online, you can click on the downloads icon on the bottom right of your screen. Instructions to assist you to navigate the webcast and telephone, including how to vote, how to ask questions, are available in the how to participate information and the online AGM guide, available on the AGM page on our website. If you're having trouble using the online platform or the telephone, please check the guide or call 1300 368 664 within Australia, or +61 1300 368 664 if you're outside Australia. The help number is also listed in the guide and shown on your screen for those of you who are participating online.

If we experience a significant technological issue, or in the event we are required to evacuate the building that we are broadcasting from, I will adjourn the meeting for one hour and notify the proposed time to reconvene via the Australian Stock Exchange. Those of you participating online today will also receive the same message via the online platform. If the issue cannot be resolved within an hour we will notify shareholders via the Australian Stock Exchange and our website, that the meeting has been adjourned to another day and time.

Those of you participating online today will see a split screen, with the webcast on the left and the presentation slides on the right. You can view either window in full screen mode by clicking on the full screen icon on the right-hand side of each window.

Now to voting. To vote at today's meeting you need to be registered as a shareholder, now this includes body corporate representatives and attorneys, or as a proxy. You can vote by clicking on the voting card in the name of your holding on the bottom left-hand corner of the screen. You can vote for, against or abstain by using the voting buttons for each resolution. Once you've completed voting, select the submit vote button. Now if you change your mind, you can edit your voting card during the meeting. After discussion of each resolution, I will remind you that you can cast your vote on that resolution, as we would in a physical meeting. But if you wish, you can submit your vote at any time during the meeting and until I close the poll.

Shareholders and proxyholders can submit written questions during the meeting by clicking the ask a question icon at the bottom of your screen. Shareholders or proxyholders listening by telephone can submit questions by pressing star one on your handset. If you do have questions, I encourage you to submit them as soon as possible. A member of our internal communications team here at Woolworths Group will read aloud questions to the meeting, whether submitted online or by phone. I will deal with questions in accordance with the item of business that they refer to.

In the interests of giving all shareholders a fair opportunity to have their questions heard, can I ask shareholders to please limit your questions to two per item of business. If you've got more than one question please submit each question separately online. If you're asking your question as a representative of an organisation or group of shareholders, please include that information in your question. To allow me to get through the questions submitted and to give shareholders an opportunity to voice the largest range of questions, I have asked the moderator to take the following steps for the smooth function of the meeting.

First, if there are multiple questions that are substantially identical, one of these questions will be read and answered. This is consistent with the approach that we would take at a physical meeting. Secondly, if there are multiple questions on a specific topic that are very similar, those questions will be compiled and answered together wherever possible. If a question submitted is unclear, the team will respond to the shareholder using the online platform to clarify your question or ask the shareholder to resubmit. I understand that the online question functionality limits the length of questions to around a paragraph, so shareholders will need please to ask your question succinctly. We will obviously conduct the meeting in a responsible manner and ask that shareholders are respectful, as you have been in the past, when asking questions.

Every year we receive a number of questions about individual customer service, about product or store-related matters. If you submit a question as an individual customer or shareholder matter using the online platform, I have asked the team to inform you that the best way to get resolution of your matter is through our customer service channel or through the share registry. We will assist you to make contact via those channels. I note that we have received a number of questions in advance of the meeting and we will endeavour to address the key themes arising from those questions during today's meeting.

So now that we've dealt with the procedural matters, let me briefly introduce my colleagues on the stage today. On my right and on your left, Brad Banducci. Brad, as you know, is our Managing Director and Chief Executive Officer and you'll be hearing from Brad in a moment. Next to Brad 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. Scott is standing for re-election at this meeting and he will address the meeting later today.

On my left and your right are Marcin Firek, our Company Secretary and next to Marcin in Jillian Broadbent, the Chair of our sustainability committee. Unfortunately, due to travel restrictions, a number of our directors could not be with us in person today. Joining us by video conference today we have Michael Ullmer, Siobhan McKenna, Kathee Tesija and Jennifer Carr-Smith. Members of the Woolworths Group executive team are also with us in the room today.

I also wish to acknowledge the attendance 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. As we have a quorum, I now declare the meeting and the poll open.

So now, ladies and gentlemen, let me turn to my address as the Chairman and this year, given that we have a new format, I thought I would change the format for me as well and so much to the consternation of my colleagues and to the consternation of my wife, I don't have a script, I am actually going to talk to the slides. So today Brad will talk about the results. What I thought I'd do is I would - I can't cover everything today, so I thought I'd focus on six key issues.

First, the impact of COVID-19, not only on our customers but on our store staff. What that's meant for new ways of working, the salaried team member payment shortfall, which clearly is a question that has exercised all of us here and I know you as shareholders. The considerable effort that we make at Woolworths to the development of our talent. The issue of sustainability and you'll have seen our 2025 strategy document on sustainability, which I'm pleased to say has met with acclaim. And finally, the composition of the Board.

So if we go to the next slide, what has been the impact of COVID-19, particularly on our customers? Well, the first thing and you would know this as customers and shareholders, is there's been a huge acceleration in eCommerce and our digital traffic, eCommerce is growing at around 90%. Our digital experience is we're getting about 25 million of our customers engaging with us on a month.

Our in-store experience, we have had to significantly raise our in-store experience under the crisis. There's been a pressure on availability, clearly there have been some consternations about fruit and vegetables, they're not covered. People have demanded of us - and quite rightly so - that we have easier pickup and given the increase, the substantial increase in our volume, there has been pressure on queue wait time.

I'm delighted to say two things. First of all, you have been understanding as customers on this and our store staff have absolutely risen to the challenge, so that the net result of where we are today is we are in a better position than we were going into COVID-19. In terms of delivery now, we have had to satisfy the fact that our customers want to shop with us in a number of ways. So whether it's delivery now or crowd-sourced delivery, or contactless boot service, or our delivery unlimited subscription service, or our customer fulfilment centres, of which the most recent one that we've opened is at Carrum Downs in Victoria.

The other thing that COVID-19 - and this was already in train but has really concentrated our thinking - is how do we segment our stores, because clearly all customers are not the same and different customers want different things from their stores. And so we've been quite thoughtful in our store segmentation and we have divided our store segmentation now into three tiers, so that we can satisfy different customer needs. Those three tiers will be informed by demographics, average basket size and the needs of the customers.

And then finally, our brand, which we are particularly proud of, has a clear role in that segmentation process. It can provide a value proposition for those customers whose budgets are under significant pressure, it can provide a healthier proposition as we lead the charge towards healthier eating in Australia and not only that, we can lead the way in our environmental credentials with our own brand. So an exciting future, I'm confident, in terms of our own brand position within our stores.

So now let me move to new ways of working. Our priority, as I said earlier, has been the safety of our team and of our customers and it is absolutely incredible, incredible, the amount that we have achieved in a short period of time to ensure the safety of our team and of our customers. And I'd just like to call out a big thank you to our team, who are exhausted but resilient in terms of ensuring not only customer safety but their safety as well. It has also seen us embrace new ways of working, both remotely and office-based and I have to say that we have embraced that with enthusiasm, but with diligence and I talk personally, my productivity has improved enormously.

The only downside is that I have to call on my wife to bring me a cup of tea and a cup of coffee, because when I'm in a call I can't actually leave my desk to make a cup of tea or cup of coffee. And some of my colleagues who are on the calls have actually asked if she can go full-time and look after them as well.

I think it's fair to say that it has focused on our productivity and introducing new protocols and that's been apparent in our board meetings. We have embraced that and the technology - and I can talk firsthand - we've been able to do virtual tours of our facilities. So in two hours I and some of my colleagues were able to do a tour of our new Loganholme smart store just outside Brisbane and watched the robotics in action and then pivot immediately to a virtual tour of our customer fulfilment centre in Victoria. And I think that will inform, as we go forward, inform how we can actually be better as a board and as a management group in showcasing some of the initiatives that we've taken.

And then the final thing under new ways of working is the clear concern for Brad and his team and the Board has been the mental health of our staff and I'm delighted to say that in that we have been continuously improving. We started off with the I am Here initiative and now we're partnership with Sonder, to actually give the best possible service that we can to what I think will be an emerging and significant problem, not only in Australia but with our staff. And we are, I can assure you, huge assiduous in that area. One small indication of that is we appointed a chief medical officer to actually give us expert advice as to how we should handle this and we're also investigating an occupational psychologist, who could continue to give us more informed advice.

So if we could turn now to the salaried team member payment shortfall, let me say off the bat and we've said to already and Brad said it straightaway, there is nothing more appropriate that we can do than immediately apologise. This should never have happened. It's not sufficient to turn around and say this is complex. It is complex but we're a sophisticated retailer and so we apologised unreservedly.

Also we took our licks and that was voluntary and that is an absolute indication of the values of the Company, the CEO, the Chief People Officer and the executive leadership team voluntarily said no, no, we're accountable and in the case of the CEO and the CPO, gave up their short-term incentive, which by the way is not an insignificant amount of money. But importantly it's not the money that's important; it is the fact that we take our accountability seriously.

We did an independent investigation. That independent investigation was not pretty and demonstrated that there were failures at all levels in the organisation. But in life and in business it's not what happens, it's what you do about what happens and we have taken some significant next steps. First thing was remediation and we've been quite clear about how quickly we will remediate. We've been quite clear about the amount of remediation and I'm happy to comment on those. We have been quite clear about when we will have fully paid our obligation under the six years.

Just as importantly is to assure ourselves that this cannot happen again and we have a full court press on ensuring that that's the case. And also a report card, a dashboard that comes to the Board every month that shows the number of team members who have worked more than 45 hours, the number of team members who have had two consecutive shifts with less than 10 hours between them and the number of team members who are clocking on. And then the number of people that we have increased their salary to take account of the fact that they're working more than the standard hours.

And then finally and this is basically a plea, unfortunately this whole industrial relations process with the award has got out of control. There are 35 GRIA clauses, there are 200 rules and there are 14 awards in our system and to ensure that we are tracking that and doing the right thing puts an enormous pressure on our staff, in addition to their other roles. I'm not apologising for it, but just suggesting actually there might be a better and simpler way.

Let me now turn to talent development, this is a key priority for the Board. We have an executive who is dedicated to the process of talent development, starting with the people who report to the CEO, but working our way down. We have development programs in place for those people, which I know they are enormously enjoying and we are enjoying seeing the benefits of those.

Part of that development program is rotational development, where we take outstanding executives who've done a great job and say okay, so how can we stretch you, how can we challenge you, by putting you into a new and different role. And there are four great examples of that which I'd like to call out today, just by means of recognition.

So Claire Peters, who ran our supermarkets business over the last four years, you'll have seen what a fantastic job she's done. She is now taking on new and wider roles within the organisation, which we will benefit from and she will benefit from. Natalie Davis, having done a fantastic job in New Zealand, has come across the Australia to run our supermarkets business here and again, that will be bigger scale for Natalie to demonstrate the leadership qualities that she did in New Zealand.

David Walker, who would have thought that four years ago I could be standing up here and talking about the success of BIG W? I didn't and we're not declaring victory just yet, let me be clear, but the progress we've made there, in life you take the criticisms but you should also take a few moments to take the praise. And so I'd just like to call out that David did a great job with his team in BIG W and in recognition of that, we have appointed David to the Chief Risk Officer role reporting directly to Brad, which is another example of us taking accountability and remediation for what happened with our salary underpayment.

And then finally, every year we do an external board review to make sure that we are paying our people appropriately, in order to attract - sorry, let me go back, I missed out one person and I should have - forgive me, Guy, but Guy Brent, who did a fantastic job with BWS has now come across to look after our brand business. And this again will be a different development opportunity for Guy in an area that is hugely important to us as an organisation. So forgive me, Guy.

Now finally on remuneration, we want to make sure that we've got the right salary and the right structure to attract our people, to retain our people and to motivate our people. And in corporate Australia at the moment, this whole area of remuneration is under a significant microscope. There are lots of new remuneration structures out there in the marketplace and our criteria will be, as I've said here, to make sure that our remuneration system is fit for purpose, is attracting, retaining and motivating staff, and our feedback to date is it is achieving exactly that.

So now let me go to sustainability, which is the next item that I'd like to talk about here. Sustainability for us is not a nice to-do; it is absolutely intrinsic to our core purpose and why we're here. If we want a better tomorrow, then we have to be committed to sustainability. And not only is it important to us, but when I talk to our investors, whether that be BlackRock or Fidelity or AussieSuper, they absolutely reinforce to me and to Brad and to the management team that their decisions on where to invest will more and more be dictated by the sustainability agenda for the corporations.

In this, we believe that we should not sit back and wait for government to lead this, that we believe that business has the leadership role. Whether that leadership role be in diversity, where we have 36% of our senior management team women, with an agenda to get to 40%, we have 56% of my board colleagues who are women, which is exactly the right proportion and in terms of wage gap, which is a concern in the sustainability agenda, we have no statistically significant difference between what we pay women and what we pay men in like-for-like jobs.

Also you heard from welcome to country, I'm also particularly proud of our reconciliation program. We employ 4500 Aboriginal and Torres Strait Islanders, more importantly or as importantly, we have a 71% retention rate. 69% of our apprentices are Aboriginal or Torres Strait Islanders. A refugee employment program is up and running, we have 151 refugees working for us now, from 16 countries and again with a very high retention rate of 85%. This, I think, is a demonstration of Woolworths leading in an area that we think is absolutely fundamental to our sustainability program.

We have a sustainability committee, which Jillian has chaired passionately, passionately for her time on the sustainability committee. It is hugely important for her, you've seen her credentials and she's done a wonderful job with management in moving that sustainability agenda along significantly. There are some key issues in that which we've been focused on, which I thought I'd share with you.

Modern slavery, you've seen our statement on that. Climate change, our commitments there on climate change, which I'm happy to repeat if there are any questions on that, but they will be measured by the science-based targets. Our initiatives on plastic, clearly we are a major user and redeployer of plastics, whether it be the soft plastics that we collect or the plastics that are around our own brand. And for those of you who are not aware, we have partnered with TerraCycle from the UK and they have a loop system where you can actually have your bottles refilled at your home.

And then finally - and I said this earlier - our commitment to health, both the health of our customers and the health of our store staff and we measure this in a number of traditional ways, whether that's hours lost, or whether that's number of incidents or whether that's recordable frequency rate. And the good news is we are making progress on our commitment to zero harm in our environment.

So let me now - you've probably heard enough of me, let me go to the last chart which I get asked on, so what's the Board composition like and how effective does the Board work. Which again, our major shareholders are asking as they look around and go well, how much of the failure in some of corporate Australia is a function of board failure? And I have to say I feel wonderfully supported by my colleagues on the Board.

They make up the kind of skills that you would want on a company of our size and complexity. We've got retailers, we've got three retailers on the Board who actually know what they're talking about. We've got significant finance skills on the Board, we've got people who are experts on strategy and we've got people on the Board who have not only read the book but have written the book as well, when it comes to operations.

The most important relationship is that between the Chief Executive and the Chair and I can say quite unashamedly that we have a wonderful relationship. It is symbiotic, it is based on mutual trust and mutual respect. The culture of the Board, we absolutely endorse, the reason why we're here is our noble purpose. We do and all of us are committed to a better tomorrow.

We take a long-term view, which our shareholders would expect us to do, but doesn't always happen in corporations. A great example of that is our commitment and investment ahead of the game in eCommerce and our commitment and investment to double down, which I think is one of the reasons - not the only reason and not the most important reason - as to where we currently sit with our eCommerce strategy and our market share in eCommerce.

And finally, as a culture at the Board, the question we always ask is not is it the legal thing to do, or not is it the most cost effective thing to do, but is it the right thing to do? And if you want an example of that, let me reassure you on the salary underpayment, our guiding principle was what is the right thing to do for those people who have been underpaid.

And then finally, we sadly have announced the retirement of Jillian from the Board of Woolworths. We had a lovely dinner for her last evening, we gave her a present from the Board which was a beautiful Tamara Dean photograph and then Brad, on behalf of the management team, presented her with the iconic symbol of Woolworths, which was a glass apple blown in Tasmania. So we had a lovely farewell to Jillian, we will miss her and we wish her every good luck in the next stage of her career and thank her. And we've also announced that Jillian will be replaced, not that she can ever be replaced, but Jillian will be succeeded by Maxine Brenner and she will join our Board in December.

So thank you for indulging me, having winged it and talking to the slides, I am now convinced that I'll never do that again. But now I've got a more mundane job to do, which is I'm not only the Chairman of Woolworths but I'm the cleaner as well. So I will make sure that the lectern is wiped down appropriately and I will hand over to Brad for an update on the business. Thanks, Brad.

Brad Banducci: Thank you, Gordon and it does feel like a trading place moment because I love to talk contemporaneously, but I've got a written speech today, so we'll see how it goes. But thank you, Gordon, good morning, everyone.

As the video highlighted earlier today, the events of 2020 have significantly changed the way we live and work. It has also tested the resilience and agility of many Australian businesses in responding to a year of unprecedented challenges. At Woolworths Group, it was the year that we truly lived our purpose of creating better experiences together for a better tomorrow.

F20 started with the ongoing impacts of a severe drought in Australia, the White Island tragedy in New Zealand and unrest in Hong Kong. Soon after, bushfires devastated the East Coast of Australia from October 2019 to early February 2020 and then of course there was COVID-19, which still looms large as I speak. Through the incredible efforts of the extended Woolies team over the last year, we have been able to support our customers and communities when they needed us most. As a Group, we wanted to lead in role-modelling COVIDSafe behaviours across our team and make them a normal part of how we operate and live.

We developed group-wide COVIDSafe standards, invested in the physical protection and mental wellbeing of our team, appointed a Chief Medical Officer to enhance our decision-making and launched the Woolworths Group COVIDSafe website to provide up to date information and alerts for our customers, team and other businesses. It is a testament to our team and their commitment in doing the right thing that we have been able to effectively manage the disruptions throughout the year, continuing to put our customers first, while still making progress against our strategic priorities.

Our focus on being customer first and team first drove a non-negotiable attitude towards customer and team safety during the year. This was recognised by customers and team alike and was reflected in strong growth in our customer, brand and reputation metrics in F20. We were also proud to be named Australia's second most trusted brand during COVID by the Roy Morgan Risk Monitor.

To recognise the extraordinary efforts and contribution of the team during this year, we announced the Better Together Recognition Award in June. As a result, I am delighted that more than 100,000 team members are now shareholders of Woolworths Group, creating the largest employee share ownership plan in Australia and New Zealand.

At last year's AGM I spoke about my disappointment after discovering we had inadvertently underpaid some of our salaried team members. It was imperative that we worked as fast as possible to remediate those team members. To date we have repaid \$281 million and expect to have repaid all impacted team members for six years covered by the GRIA and HIGA awards by early next year. We have also done a lot of work during the year to improve our internal processes to ensure this does not happen again.

Despite the many challenges of F20, we have maintained focus on fostering diversity across our businesses. We have done this through our gender equality initiatives, refugee employment program, the launch of our second reconciliation action plan and the resourcing the future employment program, which supports employment opportunities for Aboriginal and Torres Strait Islander Australians. We were proud to be recognised with gold tier status in the 2020 Australian Workplace Equality Index for the third year running, which recognises our efforts to support LGBTQ+ team members across Woolworths.

It was a transformative year for our digital businesses. From the time of the escalation of COVID cases at the end of February, where there has been a material step-change in the demand for the convenience of online shopping and home delivery, as well as a material increase in the number of customers who are looking to engage with us via our digital platforms.

After disruption to our online services during the March and April surge buying, we rapidly added capacity to meet demand. We also scaled up priority assistance, contactless delivery, and community pickup, to make it easier for our vulnerable team members to safely access their food and everyday needs. At year-end, group eCommerce sales had grown 42% on the prior year with record sales penetration of 5.5%. And this demand has shown no signs of slowing. Group eCommerce sales growth for the first quarter of F21 was 87% with Australian food eCommerce growth of 100% on the same period last year.

Our new Everyday Rewards app was launched in May and by the end of Q1 had been downloaded by over 2.3 million customers, giving customers better access to personalised offers as well as new features such as eReceipts. During the year, we have also delivered more personalised and relevant customer experiences through our digital channels such as smart shopping lists, dynamic search and personalised value.

Average weekly traffic to Woolworths' websites and apps increased materially during the year with over 10 million weekly visits in Q4 of F20, up 79% on last year. This growth has continued into F21 with 11.4 million average weekly visits in the first quarter.

The in-store experience changed dramatically this year as customers prioritised their safety and hygiene. We worked quickly as part of our COVIDSafe plans to create a safe experience for both customers and our team. Despite this shift in focus, we were still able to make good progress on differentiating our food customer propositions via the in-store customer experience.

We completed 72 store renewals in F20, including our latest value format in Mount Druitt, our smart store 2.0 in Millers Junction and our first store that uses 100% renewable energy at Burwood Brickworks. We also made progress on our eStores in Australia and New Zealand, these are stores designed to fulfil online orders using automation. And we are trialling micro-fulfilment technology to pick our online orders more efficiently. Last month, our first trial store, technology-driven store, in Carrum Downs picked its first orders using Takeoff Technologies automation and it is going very well as I talk.

Operating sustainably also remained a key priority during the year. We continued in our efforts to reduce plastics across our operations, with 237 tonnes of plastic packaging removed from fruit and vegetables in F20 and six billion single-use plastic bags removed from stores in the last two years. But this is a journey and we still have a long way to go on our sustainability agenda which I will touch on a little later.

In Endeavour Drinks, we materially improved the customer experience in a number of areas during the year and also prioritised making it easier and safer for customers to shop in response to COVID. In Dan Murphy's and BWS, improved digital and in-store experiences resonated with customers. We also made good progress on range to ensure the right range for every customer in every store. The My Dan's loyalty program continued to grow in the year, with membership reaching a new record 4.5 million members in F20 an increase of 29% on last year.

The Endeavour Drinks business also scaled up its convenience offer in response to COVID with Dan Murphy's rolling out contactless drives to over 50% of its fleet and BWS rolling out on demand to over 950 stores. To support small and independent local producers impacted by COVID, Endeavour Marketplace was extended to provide those producers with a route to market. Through this initiative, the business fast-tracked over 400 new suppliers and over 4000 new products both in-store and via its online marketplace.

We also made significant progress on our portfolio this year. The material profit improvement in F20 for BIG W, as Gordon mentioned, was a particular highlight. This was made possible through the sustained multi-year efforts of the BIG W team to enhance range, deliver value and improve the in-store experience, as well as their successful and agile response during COVID to meeting customers' needs for home, leisure and entertainment.

The team also quickly scaled up its eCommerce business, rapidly launching new online delivery hub stores and establishing contactless drives across a number of sites to meet the demand for safe online experiences. We also continued our focus on building strategic partnerships as part of Woolworths Group's food and everyday needs ecosystem, including our announced investment in PFD Food Services.

This investment remains subject to ACCC approval and is a logical adjacency for Woolworths Group. PFD will continue to be run as a stand-alone business by the Smith family and we expect it to unlock a number of synergies for both businesses across the combined warehouse network and delivery fleet.

After gaining shareholder approval at last year's AGM, the restructure and merger of ALH and Endeavour Drinks to form Endeavour Group was completed in February. Since then, the team has been working hard behind the scenes to build the right systems and establish the many partnership agreements between Endeavour Group and Woolworths Group. The material financial impact on our hotels business following the onset of COVID resulted in the Board making the decision to defer the separation of Endeavour Group until calendar 2021. The specific timetable is subject to ongoing review, but we remain committed to the separation and will update our shareholders once more clarity around timing is available.

Our priority of improving end-to-end processes to support the safety of our team and customers was critical during the year and remains critical today. In F20, our safety metrics improved significantly against targets set for the year, including a 19% reduction in our total recordable injury frequency rate from F19.

We also advanced our holistic wellbeing approach in F20, focusing on mental health and financial assistance to support many team members through the challenges the year presented. This included the scaling up of our mental health program I am Here and Woolworths financial wellbeing program via Good Shepherd Microfinance, as well as the introduction of COVID-specific and vulnerable leave entitlements and a material increase of on-site counselling.

In our ambition to make it simpler for our stores and we have continued to transform and upgrade our supply chain network to enable this. In June we announced the construction of a fully automated regional DC and a semi-automated national DC in Moorebank, NSW which will take a number of years to build. This investment in our New South Wales supply chain will unlock greater capacity for growth, improve efficiencies, advance our localised ranging efforts and deliver better and safer experiences for Woolworths supermarkets and its team members.

Turning now to our financial results for the full year. In F20 we achieved strong sales growth across all of our businesses, excluding hotels. F20 sales from continuing operations were \$64 billion, up 8.1% on a normalised basis compared to F19. After a strong first half with normalised EBIT growth of 11.4%, EBIT growth in the second half was impacted by COVID costs and the closure of hotels for much of the last four months of the financial year.

EBIT from continuing operations before significant items increased by 18.3% on a reported basis with the growth compared to the prior year benefitting from the introduction of the new AASB 16 accounting standard. On a normalised basis, EBIT from continuing operations before significant items was 0.4% below F19.

Last week we announced our sales results for the first quarter of F21. It has been a pleasing start to the year with all retail businesses continuing to deliver strong sales growth. COVID-related costs remain material but have moderated as we become more efficient at operating COVIDSafe. Total Group sales were \$17.9 billion for Q1, up 12.3% on the same quarter last year. The eCommerce sales growth remains strong, as I mentioned earlier, at 87% which was supported by further capacity improvements across our network.

During Q1, 22 BIG W stores were closed to in-store customers and 85 ALH venues and managed clubs in Victoria were closed due to government restrictions as well. Last month, all BIG W stores reopened to customers and ALH venues reopened earlier this week, albeit still subject to state-based restrictions. While we don't like to make predictions, particularly in the current environment, for the rest of the calendar year we expect elevated sales and costs to continue as customers spend more time at home and continue to embrace eCommerce.

Moving forward, we remain focused on building out our food and everyday needs ecosystem. We have made good progress in all four of our growth adjacencies, including the strategic investment in PFD Food Services and the scaling up of our other B2B services, Woolworths at Work and Woolworths International. We successfully extended our digital and data platforms with the relaunch of Everyday Rewards and rolled out digital screens through Cartology, our media business, to 957 stores by the end of the year. We also made progress on our partnerships with Endeavour Group and reset our relationships with Caltex, or Ampol as it's now called and revamped our decade-long partnership with Qantas Frequent Flyer.

We are seeing a permanent change in customer behaviour as we all increasingly embrace digital and the increasing range of available shopping experiences, from supermarkets to metro to home delivery to on demand. As part of our ecosystem strategy, we will continue to build on these connected customer experiences as we work hard to meet the evolving needs of our customers.

As I look to the future, I am also pleased to highlight the launch of our 2025 sustainability plan which was launched yesterday. As Gordon mentioned, it sets out an ambitious set of goals and commitments that we have set ourselves as we work together for a better tomorrow. As Australia and New Zealand's largest retailer, we care deeply about our impact on people and the planet and we want to go further than just reducing negative impacts, we want to create good.

Our sustainability plan is ambitious but we have a responsibility to get this right, because our customers and team increasingly want to be healthier, they want to be less wasteful and they want to cut down on the plastic packaging that pollutes our oceans. They also want businesses and their favourite brands to lead. I encourage shareholders to view the plan on our Group website and support us in our journey to build a better tomorrow.

Let me assure you, our plan is not just a series of commitments for today but a statement of intent for tomorrow. For now, we have set 2050 to be net positive carbon emissions, but we are committed to working together to do everything we can to bring these deadlines forward as much as we can.

Before I hand back to Gordon, I would like to end by thanking our team, customers and all shareholders for their continued support during the year. You also make us better together. And while we will all be celebrating the festive season a little differently this year, I hope you continue to choose Woolworths Group for all of your seasonal needs. With only 42 more days to Christmas, we are focused on providing our customers with an enjoyable, affordable and COVIDSafe shopping experience. I will now hand back to the Chairman to continue the meeting, thank you very much.

Gordon Cairns: Thanks, Brad. It looks like we've got two effective cleaners now in Woolworths. So the agenda for today's AGM is set in the notice of meeting. Copies of the notice of meeting and our 2020 annual and sustainability reports are available on our website. The minutes of the 2019 AGM have been signed and are available for inspection by arrangement through our Company Secretary.

We will vote on each resolution for today's meeting by way of a poll. I will call for a vote after there has been reasonable opportunity for discussion on each resolution. I will also show a slide with the proxies received prior to the meeting for each resolution. The final votes for and against each resolution will be released to the Australian Stock Exchange after the meeting has closed. I intend to vote undirected proxies held by me for all resolutions. Michael Spruyt from our share registry, Link Market Services, will act today as the returning officer for the poll.

I will now turn to the formal business of the agenda 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 2020 financial year. Are there any shareholders who would like to ask a question or make a comment on these reports? I will also take general questions that are not related to the other items of business at this time.

Unidentified Company Representative: Chairman, this is a question from the Australian Shareholders' Association, put forward by Julieanne Mills, an ASA representative. I would like to commend the Board and CEO on their leadership during COVID and the sustainability plan, which includes a commitment to 100% renewables by 2025 and a net carbon positive goal by 2050. Can the Board comment on whether they see a net zero emissions target by 2030 as an achievable goal, whether it has been considered and what obstacles might be in the way of achieving this.

Gordon Cairns: So thank you for that question from our good friends at the ACCR. Obviously, climate change is a material, financial and social risk to our business and to the community. We support measures to limit global warming to 1.5 degrees above pre-industrial levels, reducing our carbon emissions in alignment with science-based targets. So we are one of a few companies in Australia to actually sign up for the science-based target initiative.

I'm happy to report, delighted to report, our current emissions are 24% below the 2015 levels. Our 2030 target, just to remind everyone, is to reduce our scope 1 and scope 2 emissions by 63% against the 2015 base and that can only be achieved through direct action. So I think in answer to your question, I think our targets are appropriate and ambitious and we as a company have not reviewed making them any more so.

Unidentified Company Representative: Chairman, this is a question from Caterina Giorgi from the Foundation for Alcohol Research and Education. Today we're bringing you an open letter from community health and Aboriginal and Torres Strait Islander organisations, asking you to put aside the ill-considered and harmful plan to build one of Australia's biggest bottle shops in Darwin, within walking distance of three dry Aboriginal communities. The independent Liquor Commission rejected your application because of the harm it will cause. Will you abandon your plans to build this Dan Murphy's?

Gordon Cairns: Well, clearly I'm very sensitive to the concerns around this issue, as you would expect Australia's largest seller of alcohol. We have been trying to establish a Dan Murphy's in Darwin since 2016 and our proposal, for those of you who are not familiar with what we've been doing, was to take a BWS licence and substitute it with a Dan Murphy's. That proposal enjoys broad community support in the Northern Territory. The Darwin Airport authority had provided a site on Bagot Road and we did the responsible thing. We engaged with the community and with the police and with the government, to assess the fitness of that site.

This week the Northern Territory Government proposed changes to the law, which allows for an alternative site to be considered and the application to be determined by the director of liquor licensing in the Northern Territory. And this bill was introduced to the Northern Territory parliament yesterday and is currently being considered. So you would appreciate that I can't comment further on that.

But we have an agreement in principle with our landlord, the Northern Territory's airport, to relocate to an alternative site on McMillans Road and we understand - and let me repeat - we understand that all current objectors will not oppose the new location. Whatever happens, we will continue - and I give you my commitment - whatever happens we will continue to operate our stores in Darwin to the highest possible standards.

Unidentified Company Representative: Chairman, this is a question from the Australian Shareholders' Association, put forward by Don Adams, an ASA representative. First, congratulations on the great work your team has done during the bushfires and the pandemic. You have shown a further strong increase in sales during the first quarter of FY2021, probably pandemic-related. Do you see sales flattening or even falling once the country returns to a normal mode of living?

Gordon Cairns: Don, thank you for your question and also thank you to the Australian Shareholders' Association for their continued support for Woolworths and to the healthy and robust engagement that we have with you. I think Brad was actually very eloquent in his commentary on our sales. We had a strong first quarter, we see that progressing. Costs obviously have abated, but not fully and in terms of our prediction for the full year, we don't have a crystal ball here. and I can guarantee one thing, if I did give you a forecast, I'd get it wrong. So forgive me for not being any more foolish than that.

Unidentified Company Representative: Chairman, this is another question from the Australian Shareholders' Association, put forward by Don Adams, an ASA representative. We estimate that about 2.1 million shares were granted to staff in operation Better Together. Is this correct? Were they new shares or did you buy them on market? Was there an ASX announcement? Do you plan to continue this staff appreciation exercise as a regular thing?

Gordon Cairns: Don, thanks again, I'm sorry we didn't cover this question when we saw you privately, but we allocated the shares from the trust that we have and that trust, the shares in that trust, are board on-market, which as you know doesn't require shareholder approval.

Unidentified Company Representative: Chairman, this is another question from the Australian Shareholders' Association.

Gordon Cairns: I thought they were only getting two. Have you been - Ron, you've been very, very - okay, we'll let it go. As Don's a good friend of ours and we wish to continue this healthy relationship with the ASA, we'll allow a third question but naughty, naughty, naughty.

Unidentified Company Representative: It is good that you now seem to have a handle on the underpayment issue. Roughly how much of the \$185 million 2020 expense is actual remediation, how much is interest and administration costs? Have you provided for a possible penalty from the Fair Work Commission?

Gordon Cairns: There are about three questions in that. So in terms of the salary underpayment, let me start with the accounting treatment. We restated the prior periods, which is in accordance with AASB 108 and I'm delighted to say they've used this as a benchmark as to how you should treat this from an accounting perspective. We created an initial provision in financial year 2019, which we didn't disclose because it wasn't material. At our financial year 2020 balance date we've booked \$390 million for a salary payment shortfall, \$110 million of that was for interest and other costs and I'm delighted to say that to date we have repaid, I think, over half for supers, for Metro, for Dan's and for BWS and we are committed to repaying the balance, in fact all of us, in the first quarter of 2021.

Unidentified Company Representative: Chairman, this is a question from shareholder, [Lisa Koori]. Will the Board commit to ceasing the use of ooshies and similar plastic products as giveaways?

Gordon Cairns: I don't have a comment on our commitment to promotional items like that. You would appreciate that that's something that's entirely within the remit of the Board - of management. If it's a question on plastic then that's a different issue, but I'm suspecting that the question really isn't clear. Maybe you should clarify is she against collectables or is she against plastic collectables? So maybe we could clarify that and we can come back to it.

Unidentified Company Representative: Thank you, Chairman. Chairman, we have a question from [Fiona Deutsch]. At last year's AGM, we asked about the Business Council of Australia's support for the use of Kyoto carryover credits, which would reduce Australia's 2030 emissions target by half. Can the Board confirm whether the BCA still supports the use of Kyoto carryover credits?

Gordon Cairns: So obviously the Kyoto carryover is a government policy issue and we as an organisation haven't got a declared position on that matter. So that's the first thing I'd say on behalf of Woolworths. Secondly, the BCA's response now - and I think as a result of companies like ourselves in discussions with them from the inside - and their official position is if we can meet our targets without carryover credits, then we should. I think more importantly than that is we have set out our targets as an organisation and the important thing is to focus on the end result. And if we get there without the Kyoto carryover benefit, then that would be fantastic.

Unidentified Company Representative: Chairman, we have another question from Fiona Deutsch. At last year's AGM, our CEO said he expected to make a commitment this year to eliminate deforestation in Woolworths' beef supply chain. Has Woolworths made such a commitment and if not, why?

Gordon Cairns: So Fiona, I thank you again for your question. I would commend to you the 2025 sustainability strategy which we have published, as Brad said, we're very proud of it. We have committed to net zero supply chain deforestation for high impact commodities in our branded products, like palm oil, timber, pulp and paper and packaging by 2025 and that is part of our sustainability commitment.

Unidentified Company Representative: Chairman, this is a question from shareholder, [Malcolm Cousland]. Has there been any involvement of external parties in the underpayment of salaries, or have all the failures been due to internal management?

Gordon Cairns: Sorry, could you just repeat the question?

Unidentified Company Representative: Has there been any involvement of external parties in the underpayment of salaries, or have all failures been due to internal management?

Gordon Cairns: No external parties were involved.

Unidentified Company Representative: Chairman, this is a question from shareholder, [Liz Ream]. Recently more than 500,000 Australians signed onto a petition calling for a royal commission into Murdoch. Last Wednesday Woolworths partnered with News Corp as part of the Thanks a Million campaign. Given News Corp has such a destructive role throughout those major crises, why do you think it was appropriate to partner with News Corp given this level of community concern?

Gordon Cairns: Okay, well, let's make it clear, we're not funding climate change denialism. Like most brands, we book media space in a range of publications, we don't always agree with their positions and more importantly, we don't endorse any particular editorial position. But we actually support, because of what we've been through and our customers have been through, the Thanks a Million campaign. We think that is the right thing to do for Australia and it gives us the opportunity by using the News Corp publications to make a tangible thank you to the people and customers who've made a difference.

Unidentified Company Representative: Chairman, this is a further question in relation to News Corp, this time from [Angela Armitage]. Why is Woolworths partnering with a company well known as a climate change denier and which actively undermined public health advice during the pandemic?

Gordon Cairns: Well, I think I've answered, hopefully I've answered that question, which is first of all, we're not funding climate denialism. You've seen our views on climate change, they're very explicit, I think they're very ambitious, they're leading edge in Australia and quite frankly, we are going to - we don't endorse any particular editorial position by partnering with newspapers or television stations.

Unidentified Company Representative: Chairman, this is a question in relation to trade receivables from [Dean Lambert]. The larger part of the item trade receivables of \$138 million is noted as \$84 million supplier rebates. Can you please elaborate on the nature of this item?

Gordon Cairns: The nature of our supplier rebates?

Unidentified Company Representative: Correct.

Gordon Cairns: Well, we have commercial arrangements with all of our suppliers. Those commercial arrangements, you'll appreciate, are commercial in confidence, so I'm not going to comment on any particular supplier. But they clearly are designed with a joint business plan in place to improve our mutual business.

Unidentified Company Representative: Chairman, this is a further question in relation to News Corp, this time from [Lee Maxwell]. Last Tuesday, boycott Woolworths was trending on Twitter due to the partnership with News Corp. Since then there has been a stream of people vowing to boycott Woolworths until we end the partnership with News Corp. I'm concerned about the reputational damage of this and the customers it might cost our company. Did Woolworths evaluate the potential reputational damage of our company and loss of shareholder value before we went into this partnership? Can we cut ties to prevent further reputational damage?

Gordon Cairns: Let me reinforce what I've said earlier, that clearly our reputation is sacrosanct and hugely important to us. And as I've said, we will not always agree with the points of view of other companies, but at the end of the day in a

democracy we think the best way to improve the functioning of the democracy is to have dialogue with those organisations, not to boycott them.

Unidentified Company Representative: Chairman, this is the first of a number of questions from shareholder, Stephen Mayne. I will read the first two of Stephen's questions at this time in the order they were received.

Gordon Cairns: How many questions has Stephen got?

Unidentified Company Representative: I think there are four at the moment.

Gordon Cairns: Four, you naughty boy, Stephen. I told you at the last AGM you're only allowed two.

Unidentified Company Representative: His first question is do we support the proposed reforms in New South Wales moving to cashless poker machines gambling and if so, are we going to disassociate ourselves from the Australian Hotels Association campaign with ClubsNSW against the proposed legislation?

Gordon Cairns: Okay, our official position here is the deadline date for submission to the *Gaming Machines Amendment (Gambling Harm Minimisation) Bill 2020* is 11 December 2020 and ALH is considering the bill and will make a submission to the Department of Liquor and Gaming before that deadline.

Unidentified Company Representative: Chairman, Stephen Mayne's second question is why are there still seven men and no women on the ALH and Endeavour Group boards? And why do the Mathieson interests still have three of the seven directors when they only own 14.6% of the business? When is the first ever female director of ALH going to be appointed and when will two of the three Mathieson nominees be removed as per the demerger agreement?

Gordon Cairns: Okay, so let me reassure Stephen so he doesn't lose any more sleep at night, when we divest the company we will have a board that is appropriate, has the appropriate degree of diversity on it. We have already a chairman-elect in place and a number of directors who we've approached, which will give us the appropriate diversity. So rest assured, Stephen, that we are conscious of our obligations. What you're actually commenting on is a management board within a subsidiary of the organisation. And the reason that it has a constituency like it is is to get us to divestment or other appropriate opportunities.

Unidentified Company Representative: Chairman, this is the first of a number of questions from shareholder, [Doodie]. I will read the first two of Doodie's questions at this time in the order they were received. His first question is the word normalised is used in the annual report, like normalised earnings. What does this mean especially in the context in this year's annual report if it wasn't for COVID-19? Would management still be able to achieve sales revenue of over \$63 billion?

Gordon Cairns: Well, I think what we did there is we recognised that it would be very difficult to go back and say what benefits did we get on the top line from COVID and what costs did we have to incur as a result of COVID and trying to go through an academic exercise to get us back to what we might consider a normal year. So we took - and this was absolutely Brad's recommendation - we took a view that we would just take a - on our short-term incentive, we'd take an across the board view that the number would come out at 90%.

Unidentified Company Representative: Chairman, Doodie's second question is you have the second and third wave of COVID-19 going on in Europe, low interest rate environments and a potential vaccine. What opportunities and threats can Woolworths see and how can it benefit and minimise the impacts of threats to the business?

Gordon Cairns: Well, the good news is we've got a Chief Medical Officer, who's giving us expert advice as to how we can play a role in minimising the spread of COVID-19 within our network. And I think in terms of what we've done to date, we were very quick to put Plexiglass, we were very quick to put up safe distancing, we were very quick to make it

available for people who felt most at threat, the elderly to be able to come to our stores in a safer environment. I think I speak on behalf of everyone at Woolworths. We will do whatever it takes to ensure that we emerge safely from this pandemic.

Unidentified Company Representative: Chairman, this is a question from [Katie Hepworth]. EY predict a labour shortfall of 26,000 workers over the next nine months due to COVID-related migration restrictions and the NFF claim that growers may plough through harvests, they plough harvests into the ground due to a lack of labour. The majority of Woolworths' fresh food is domestically sourced. Has Woolworths analysed the impact that this will have on its horticultural supply chains, and what step has Woolworths taken to engage the government on migration reform to address this shortfall?

Gordon Cairns: Yes, I mean it's clearly a crucial issue and one that we're very sensitive to and we're talking to all parties, the government, industry bodies, the growers and the producers, and we are working with our supplier partners to ensure that fresh food remains available and affordable.

Unidentified Company Representative: Chairman, we have a question from [Lisa Corry]. Will the Board commit to significantly reducing plastic packaging, particularly that used on fresh fruit and vegetables?

Gordon Cairns: Well, I think in Brad's address he actually talked about the huge inroads we've made into the reduction of our plastic packaging. So just let me – I hope I won't – if I could have your indulgence to just go back and talk about what I said and what Brad said. We are partnering with TerraCycle to bring Loop - Loop, for those of you not familiar with it from the UK, is a reusable packaging solution so you can get your washing up liquid refilled in your plastic bottle at home. We were the first to adopt the Australasian recycle label across our entire own brand range.

A soft plastics recycling program is in place for 100% of Australian supermarkets. I can tell you the Cairn's household assiduously collects all its plastic. We take it to the Woollies supermarket in Neutral Bay for recycling and good on us. In financial year 2020 we removed 237 tonnes of plastic from our fresh produce, and in total since 2018 that's 730 tonnes. In our bakery section we removed in the last 24 months 590 tonnes of plastic packaging. We have aligned ourselves to the new national packaging targets, which will see 100% of all packaging becoming reusable, recyclable, or compostable by 2025.

A small but important step, well, not a small step, a huge step, we took plastic straws out in December 2018. That was 134 million plastic straws each year. Then finally, if you come to our checkouts, we offer you a paper checkout bag. That paper checkout bag is made from 70% recycled paper. It is reusable, washable, and you can bring it back and use it in the store.

Unidentified Company Representative: Chairman, this is a question from [Henry Kay]. What is Woolworths doing to help mature aged workers and people with disabilities gain employment as these groups have been suffering during COVID-19?

Gordon Cairns: Yes, well we have a – as you know, we have a large and diverse workforce of which a number of people who are elderly people, and I include myself in that, who are working at Woolworths in meaningful and gainful employment. Our agenda is very simple, our workforce should represent – our team should represent the communities in which we operate.

Unidentified Company Representative: Chairman, this is a question from [Malcolm Cusland]. Will the Board commit to holding future AGMs with a face-to-face component when it is safe to do so?

Gordon Cairns: Yes, I think we are all learning to live with the online AGMs, and I would agree with you that they have some advantages, they have some disadvantages. But we're in the hands of the regulators and the regulators have

given us dispensation to handle it this way now. If at the appropriate time the regulators say, okay, it's safe now to go back to a more normal AGM where people are there in person, I would welcome that.

Unidentified Company Representative: Chairman, this is a question from [John Syme]. What is Woolworths doing to reduce the increasing difference between the lowest paid workers in Woolworths and the highest paid, a trend that has continued to grow since the Second World War in all western democracies in all businesses?

Gordon Cairns: I think I'm right in saying but I'll stand corrected. I think when we give wage increases to our hourly staff they are above the rate of inflation. Secondly, we have brought forward the next increase by about six months, and finally, you will recall what Brad said earlier. In addition to increasing their wages we also created the largest employee share ownership scheme in corporate Australia. That is something that we think is both in the shareholders' interest because we've now got employees, team members who are shareholders, but also in their interest as well because we are now aligned. As Woolworths does better and as our stock price goes up, they get a dividend from that.

Unidentified Company Representative: Chairman, having addressed many of the questions posed, we return to a further question from the Australian Shareholders' Association put forward by Don Adams, an ASA representative. Department stores generally have been having a tough time in the face of online retailing. It is good that BIG W is profitable but is there a future for this business, do you want to keep it in the long run?

Gordon Cairns: So, Don, thank you for your question. I'm in the enviable position of standing here saying we do have a profitable business which I didn't think I'd be saying four years ago, so I'm delighted to reinforce the fact that we do have a profitable business. I think there is a place in Australia for a discount department store business. There may not be a place for three but there's certainly a place for one. We have as a result of what the management team led by David have done, we have figured out what the key success factors are to having a successful and profitable discount department store business. I would commend you to go into a BIG W and see the radical changes that have taken place and my view would be that let's continue to focus on improving it.

Unidentified Company Representative: Chairman, this is another question from the Australian Shareholders' Association, put forward by Don Adams, an ASA representative. WooliesX has shown remarkable growth during the pandemic, will this be sustained? Are margins substantially lower for online sales compared with the stores?

Gordon Cairns: Well, I think there'll be a reversion to the mean, there's no question once we go back to a more normalised way of both working and shopping. But I do think there are inexorable changes that have taken place. Customers are now demanding that they shop with us in a variety of ways, of which online is one, so there's no question that online will continue to grow. We have to be at the leading edge of that and we will not resolve from continuing to invest to ensure that that's the place.

In terms of profitability, the good news is there are directly accountable profit for online. It is actually profitable which is good news and we continue to focus on the two major drivers of productivity, which Brad has talked about, which is the pick rate, whether that pick rate is in our stores or in our customer fulfilment centres, and our drop density. As we continue to focus on those and improve customer satisfaction then we will continue to improve the profitability.

Unidentified Company Representative: Chairman, this is a comment from the Australian Shareholders' Association put forward by Don Adams, an ASA representative. When we met online a few weeks ago the ASA commented that your sustainability report read like a marketing document with a few hard goals. Yesterday you released the 2025 sustainability plan which at first glance is full of hard goals. This is good.

Gordon Cairns: Sorry, could you make that statement again? Don, could I suggest maybe you put that in writing as well?

Unidentified Company Representative: Chairman, this is a further question from shareholder Stephen Mayne. What is the Company's position on political donations? Were we comfortable being the largest member of the Victorian Division of the Australian Hotels Association when it donated more than \$700,000 to the Victoria ALP's re-election campaign in 2019 to 2020? Would you consider a ban on donations including the withdrawal of all membership of the AHA if political donations are going to continue?

Gordon Cairns: So, Stephen, there are two parts to that question. The first is while we as an organisation do not make direct political donations as you know, that's our stated policy and has been for some time. Secondly, while we are a member of the Australian Hotels Association, clearly, they will decide exactly how they spend their money. We will have a view on that, and we will make that view known to them, but we are only one of a number of members of the Australian Hotels Association.

Unidentified Company Representative: Chairman, this is a further question from Stephen Mayne. Thank you very much for publishing a full transcript of last year's AGM on your website. Will you undertake to continue with this practice in 2021 as it provides a full and accessible record of all shareholders and interested stakeholders?

Gordon Cairns: Absolutely, Stephen.

Unidentified Company Representative: Chairman, this is a further question from shareholder Doodie. With your PFD deal, in terms of the valuation of that business how much of a factor did low interest rates play in the strategic investment side of things or were there other factors that played into your decision making, and would you be happy to pay the price if interest rates weren't at 2020's record lows?

Gordon Cairns: No, interest rates didn't play a significant part in that. The most significant part was, first of all, we think there's an enormous opportunity in the B2B arena, we're clearly in the B2C arena but we see an enormous opportunity in the B2B arena. PFD are a fantastic company so that was the second reason. They've been well run, and we believe our partnership with them can only be good for our B2B customers.

Unidentified Company Representative: Chairman, I'm just going to check if there are any further questions for this item.

Gordon Cairns: So if you can just bear with us online, we're just checking one question that I asked for a repetition of so we could clarify the question. This is the – you know we talked about the benefits of online and this is one of the dis-benefits of online is if it's a live meeting I can get the question immediately clarified but because it's online we're going to have to go back and just – are there any other questions we could go to while we're waiting?

Unidentified Company Representative: There is one question, Chairman.

Gordon Cairns: You're doing a great job, Ron.

Unidentified Company Representative: Thank you. Chairman, this is the last question. This is a further question from Caterina Giorgi from FARE. The open letter from community health and Aboriginal and Torres Strait Islander organisations released today called on Woolworths to abandon plans to build one of the biggest bottle shops in Australia in Darwin. Why are you avoiding a transparent and open examination of this proposed alcohol megastore? As directors do you honestly believe that moving a store just up the road addresses the significant harms identified by the Liquor Commission?

Gordon Cairns: Well, let me make three comments here and I'm now going to be very transparent. The first is that when FARE objected to our first proposal they said, look, we don't object to a DAN site in Darwin, we actually object to the site that we were originally proposing. We are moving to a new site and they said, we won't object if you move to another site. So I'm calling on them to respect what they said to us in the first place.

The second thing is we have been hugely responsible in meeting with the Indigenous people that they highlighted were in danger as a result of this store. We've met with them and as I said earlier, there is no opposition from these Indigenous people to our new location. The third thing I'd say, and I'm saying this on behalf of the Indigenous communities that we've been in negotiation with. They object to other people speaking on their behalf. These people who have objected most recently do not speak on their behalf and the communities that we have engaged with are resentful of the fact other people should seek to represent a view which is not theirs.

If I'm being a little forceful on this it's because I believe passionately that we've done the right thing, that we have committed with FARE and looked for another site. I'm calling on them now to support us and I'm also suggesting to the people who opposed us yesterday actually you do not represent the views of the people who are affected by this site. You got me a little angry there.

Unidentified Company Representative: Chairman, at this moment there are no further questions left on this item.

Gordon Cairns: Okay, I'm advised that there are no more questions on this item of business. I'd like to thank everybody for their contribution to this discussion. If we can now move to the next item of business. This year Scott Perkins is standing for re-election as a Director. The Board follows a structured process to assess the skills and experience of Directors, both individually and collectively. This input is combined with the outcome of the Annual External Board Performance Evaluation when determining whether to support the re-election of existing directors. Having followed that process, your Directors, obviously excluding Scott, recommend that shareholders vote for the re-election of Scott Perkins. I will now invite Scott to address you directly after I've cleaned down the lectern.

Scott Perkins: Thank you, Gordon. Good morning, ladies and gentlemen, and fellow shareholders. It is both a privilege and a responsibility to serve you as a Non-Executive Director of Woolworths. Since I joined the Board in 2014, I have been part of a team alongside my fellow Directors and our Management Group that has been working hard on improving both the underlying health and the year-on-year performance of Woolworths. It has been quite a journey and one that has called upon both my professional experience as a Corporate Advisor and the experience I've garnered as a Company Director in other places.

Matters of strategy, the composition of our portfolio, and the allocation of capital have been consistently in focus. Working for Woolworths is much more than a job. It has become a passion. Despite the considerable challenges we have encountered along the way, I have never lost faith in the potential for this extraordinary company and the people who serve it. I am proud to be part of that team. Looking ahead, Woolworths has immense potential. We know we are at the centre of so many Australian and New Zealander's families lives, whether they be customers, team members, suppliers, or shareholders.

The role we can play in creating better experiences together for a better tomorrow for all our stakeholders is clearly before us, whether it be in the form of greater convenience, compelling value, a nudge towards healthier fresh food options, and new ways you can enjoy being part of the Woolworths ecosystem of partner companies. We benefit from a tremendous legacy in terms of the strength of our brand, the depth of experience and the passion of our teams, our convenient network, and the trust and belief we have earned with our customers. My job is to help ensure that this potential gets fulfilled for Woolworths and you our shareholders. If I am re-elected, I will continue to work hard to realise this potential for us all. Thank you for your support.

Gordon Cairns: Thank you, Scott. We've now got three cleaners at Woolworths on the Board. If there are any questions in relation to Scott's candidacy, you should direct any questions to me.

Unidentified Company Representative: Chairman, we have a question in relation to Resolution 2 from Stephen Mayne. As Chairman of the Risk Committee, can Scott provide a summary of how Woolworths is ensuring there is no money laundering being done through our 12,000 plus Poker machines? Does the Company agree that it is inappropriate that criminals can load up \$7500 in cash at one time to the Woolworths' Poker machines in New South Wales and that

moving to a cashless model will reduce criminal money laundering? Have we had any engagement with AUSTRAC on these issues?

Gordon Cairns: So I won't ask Scott to comment on that. I'll take that through the Chair. You will appreciate that our commitment at ALH is to the high standards for both gaming, for alcohol consumption, and also anti-money laundering and we have rigorous processes in place at ALH to ensure that that's not the case.

Unidentified Company Representative: Chairman, I'm just going to check if there are any further questions for this item. Chairman, at this stage no further questions left on this item.

Gordon Cairns: Okay, thank you, ladies and gentlemen. The proxy position prior to this meeting is on the screen. So we have 95.96% vote in favour of Scott's re-election to the Board. Let me just check whether we announce that now or we whether we wait until the end of the meeting. Yes, we'll wait – I've been advised we'll wait until the poll closes. So let me move to the – but I think it's fair to say I think you'll get over the line, Scott.

I now move to the third item on the agenda which is the adoption of the 2020 Remuneration Report. You will all be aware that this is an advisory resolution that gives shareholders the opportunity to provide feedback on the Company's remuneration policies.

The Remuneration Report sets out details of the Company's remuneration framework and the remuneration arrangements in place for Directors, CEO, and other key management personnel. The Board is satisfied, as I said earlier, that the current remuneration framework continues to be aligned to the Company's business strategy. It meets the objectives of attracting, retaining, and motivating team members, and as shareholders you will appreciate it is delivering the desired results.

Financial year 2020 was a year that posed two challenges when considering remuneration outcomes. The first was the impact of COVID-19 on our business and the second was the disappointing situation that the Group had been inadvertently underpaying some of our salaried team members over a number of years. The COVID-19 pandemic created significant volatility across our business which could have delivered short term incentive outcomes that were more a reflection of the uncontrollable circumstances than business and management performance.

Given this and Brad's strong recommendation, the Board decided to award all Australian team members who participate in the short-term incentive the same score card result of 80% and 90% for the New Zealand team. I mentioned earlier that a further 10 percentage point reduction we applied for the Executive Committee who report to Brad. These outcomes are compared to what they actually would have received if we hadn't made any adjustments, which was 104% of target.

The unawarded value of our short-term incentive pool was then used to largely fund a thank you and reward our permanent frontline team who quite frankly had done an extraordinary job, to recognise them with a grant of up to \$750 of Woolworths Group shares and \$250 gift card. You will appreciate the \$750 is tax free. Our casual team were also recognised with \$100 gift card. I've spoken already about the impact that the salary underpayment had on the remuneration of the CEO and the Chief People Officer, the Executive Committee and myself.

So now turning to the long-term incentive outcome awards under the Group's three-year long-term incentive plan which vested in 2020, the payout was 64.3% of the maximum that could have vested, and my Board colleagues and I are especially pleased with the significant value that the team delivered to shareholders over this three year period. Just to remind you, the total return to shareholders grew at 59.4% during that period, including a share price appreciation of 43.2%. That put Woolworths at the 86th percentile of the comparator group. I now open the resolution for discussion.

Unidentified Company Representative: Chairman, this is the first of two questions on Resolution 3 from shareholder Doodie. In the STI and LTI why isn't free cash flow a target area or even net profit after tax?

Gordon Cairns: Well, we actually have five measures in our short-term incentive, one of the is EBIT, which is worth 20% and we think that that's an appropriate financial target as opposed to free cash flow. The second measure that was being proposed...

Unidentified Company Representative: I'll just check.

Gordon Cairns: There was cash earnings and...

Unidentified Company Representative: NPAT, net profit after tax.

Gordon Cairns: Well, we actually have a long-term incentive measure which we think is actually a stronger driver of shareholder value, which is return on capital employed and that is EBIT over funds employed.

Before we go any further there's been a question that's come through on the salary underpayment and the accounting treatment and there was some confusion under just exactly the interest payment. So just to clarify that, at the financial year 2020 balance sheet date, \$390 million had been booked for salary payment shortfalls and \$110 million for interest and other costs. That gives us a total cost of \$500 million and of that \$185 million was booked in financial year 2020 of which \$110 million was for interest and other costs. So hopefully that now clarifies any confusion on the interest payment and how it was accounted for. I think I got the right number, but I may not have been as clear as I should have been or could have been.

Unidentified Company Representative: Chairman, this is the second question on Resolution 3 from Doodie. With customer satisfaction STI you gave a 30% weighting to online and 70% to our instore customers. Why did you allocate the weighting that way, is it because 70% of Woolworths customers go instore and 30% do online shopping?

Gordon Cairns: Brad, do you want to take that?

Brad Banducci: Actually our sales penetration as you would have seen is that online sales are running at 5% or 6% so we unduly weighted online and the reason we did that was the strategic importance to the Group and we wanted to make sure that experience was right, so got a higher weight in net sales. We also know that online experience is – if you don't get that experience right you are at risk of losing the customer, so FB is doubly important. So it was a strategic decision in conversation with the PPC and the Board that led us to do that.

Gordon Cairns: Thanks, Brad.

Unidentified Company Representative: Chairman, I'm just going to check if there are any further questions on this item. Chairman, at this stage no further questions on this item.

Gordon Cairns: Well, thank you for those questions. Your Directors recommend that shareholders vote for this resolution. I also intend to vote all open proxies I have for the resolution. The proxy position prior to this meeting is on the screen. You can see again overwhelming support for the remuneration report and thank you for that support. The next item of business is to approve the grant of performance share rights to the Chief Executive Officer. The proposed financial year 2021 long-term incentive grant to Brad is for a maximum of \$120,557 performance share rights.

I'd like to stress that Brad will only receive the maximum value of this award if our performance targets are exceeded over the three-year period to financial year 2023, it's a maximum. Details of this performance hurdles and the other key terms of the performance share rights are set out in the notice of meeting. The Directors other than Brad recommend that shareholders vote for this resolution. I also intend to vote all open proxies I have for this resolution. Let me take any questions or comments on this resolution.

Unidentified Company Representative: Chairman, this is a question on Resolution 4 from shareholder Doodie. In LTI performance I agree with the sales per square metre and because of COVID-19 there's a trend to the move to shopping online. How come there's not a target placed in regard to online sales, like sales per online transactions, or sales per online transactions measuring home delivery numbers or pick up numbers, besides sales per square metre?

Gordon Cairns: Yes, well, we try and keep our incentive targets as simple as possible because otherwise we criticised for them being obtuse. Let me reassure you, on the sales per square metre we include the sales and the square meterage from our fulfilment centres and from our stores. So we think that the sales per square metre target is appropriate for both our online business and from our store business but it's something I think it's fair to say that we will continue to review to see if it's an appropriate metric going forward.

Unidentified Company Representative: Chairman, I'm just going to check if there are any further questions on this item. Chairman, at this stage no further questions on this item.

Gordon Cairns: Okay, thank you, ladies and gentlemen. The proxy position prior to this meeting is now on the screen. Again thank you for your endorsement of the long-term incentive grant to the Chief Executive at 96.66% so far. I think we can safely say that we have overwhelming support and thank you for that.

The next item of business is to approve the approach to giving termination benefits to current or future executives of Woolworths Group, or a related body corporate. As outlined in the explanatory notes to the notice of meeting, the Australian Corporations Act law restricts the benefits that can be given without shareholder approval to team members who hold or have held within the previous three years a managerial or executive office, when this – on cessation of their employment. The Board has determined that it is appropriate – well, it's much more productive to seek shareholder approval of the approach that it proposes to take. It's good shareholder democracy.

The notice of meeting sets out the Board's expectations of how this approval would be applied in different contexts. Let me stress, this is not open-ended approval. It is the Board's view that shareholders should have the opportunity to consider whether to support this type of resolution every three years. The resolution was previously approved by you at the 2017 AGM. Are there any questions or comments on this resolution?

Unidentified Company Representative: Chairman, at this stage no questions on this item.

Gordon Cairns: Okay, thank you, ladies and gentlemen. The proxy position prior to this meeting is again on the screen and once again 97.86% for so I think we have overwhelming support, thank you for that.

Okay, we've had a good AGM, lots of great questions, thank you for your participation. Before I move to close the meeting, can I check if we have any final questions from shareholders?

Unidentified Company Representative: Chairman, no final questions from shareholders.

Gordon Cairns: Well, that concludes the business of the meeting today. If you haven't already done so, please submit your vote now. The poll will keep open for five more minutes to allow you to submit your voting card. The results of the poll will be released later today via the ASX and on our website. Ordinarily, at this point in proceedings, my colleagues and I would join you for a well-deserved refreshment. As that is unfortunately not possible today, we have agreed to donate what would have been spent on catering to OzHarvest, our national fresh food rescue partner. Yesterday saw the launch of our sixth annual OzHarvest Christmas appeal and a donation of these funds will enable OzHarvest to provide an increased number of meals to Australians in need this Christmas.

Thank you, shareholders, for joining us online and by telephone. It only leaves me to wish you and your families a safe and Happy Christmas and thank you for your participation today. I now declare the meeting closed subject to the close of the poll. Thank you.

End of Transcript