

WOOLWORTHS GROUP



30 October 2019

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

STATEMENT REGARDING SALARIED TEAM MEMBERS

Attached is a media statement regarding Woolworths Group's commitment to fully remediate salaried store team members affected by non-compliance with the General Retail Industry Award.

ends.

Wednesday 30 October 2019
Media Release

Woolworths Group commits to full remediation for approximately 5,700 salaried store team members affected by non-compliance with the GRIA

Woolworths Group unreservedly apologises after a review found that approximately 5,700 salaried store team members working in Woolworths Supermarkets and Metro stores have not been paid in full compliance with Woolworths Group's obligations under the General Retail Industry Award (GRIA).

Woolworths Group began the review earlier this year after the implementation of a new Enterprise Agreement (EA) in Woolworths Supermarkets and Metro stores. The review highlighted an inconsistency in pay for a number of salaried store team members compared to team members paid under the new EA.

Annual salaries for store team members are set to cover ordinary working hours and reasonable overtime. However, team members are entitled to be paid the higher of their contractual salary entitlements, or what they otherwise would have earned for actual hours worked under the GRIA. The review has found the number of hours worked, and when they were worked, were not adequately factored into the individual salary settings for some salaried store team members.

Woolworths Group is committed to fully rectifying these payment shortfalls and an extensive plan is in place to ensure salaried team members' pay is correct and compliant moving forward.

First interim back payments to be made before Christmas

Affected current and former salaried team members will receive their full entitlements, including back payments with interest and superannuation contributions, as soon as possible. Interim back payments will be made before Christmas to affected Supermarkets and Metro salaried store team members for the two years reviewed to date (September 2017 - August 2019).

Review to extend across Woolworths Group

The review is being extended to all Woolworths Group businesses in Australia to ensure that all relevant award requirements have been met for salaried team members.

Taking the existing two years of data and using initial modelling across the Group, the estimated one-off impact for remediation, assuming the issue could go as far back as the implementation of the modern award in 2010, is expected to be in the range of \$200-300 million (before tax). An update will be provided at the Group's Half Year 2020 results in February.

Woolworths Group is deeply sorry

Woolworths Group CEO Brad Banducci said: "As a business we pride ourselves on putting our team first, and in this case we have let them down. We unreservedly apologise. The highest priority for Woolworths Group right now is to address this issue, and to ensure that it doesn't happen again."

ENDS

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Further Information

About Woolworths Group team

- Within Woolworths Group in Australia there are approximately 145,000 team members who are covered by an Enterprise Agreement (EA). None of these EA covered team members are affected by this review.
- There are approximately 19,000 team members currently working within Woolworths Group businesses in Australia who are paid an annual salary. Some of these team members, along with former salaried team members, are within the scope of this review. The majority of these team members are department managers at the store level.

Additional review findings

- Our processes confirm that current and former salaried team members have been paid according to their contractual entitlements.
- There is no evidence that these shortfalls in payment have been deliberate.

Review timing

- Retrieving and reviewing individual rostering, time and attendance, and payroll data across all businesses is expected to take at least until the end of the financial year to complete.
- More than 11 million individual records per year will be reviewed.
- Woolworths Group intends to make further interim payments to affected salaried team members as soon as each respective year of the review is completed.

The review process

- Woolworths Group has reported the matter to the Fair Work Ombudsman.
- External advisors PwC and Ashurst are supporting the review.

Further information for former Woolworths Group salaried team members

- A dedicated website has been established for former salaried team members to access further information and provide updated contact details to ensure the Woolworths Group team can get in touch if they are affected. The website is team.woolworths.com.au
- An internal website has been established with information for current salaried team members.

For further information contact:

Woolworths Group Press Office
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