

A large, stylized, light-colored '16' logo is centered in the background. The '1' is a simple vertical bar with a horizontal base. The '6' is a large, rounded shape with a thick, curved top edge that sweeps from the top right towards the center, and a circular bottom section.

**WHL**

**WOOLWORTHS HOLDINGS LIMITED / 2016 GOOD BUSINESS JOURNEY REPORT**

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***WHAT CONSTITUTES  
'GOOD BUSINESS' IS A  
MOVING TARGET, AND WE  
MUST PUSH OURSELVES TO  
ACHIEVE MORE AMBITIOUS  
TARGETS AND GOALS***

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# SCOPE AND BOUNDARY

This Annual Sustainability Report covering the 52 weeks to 26 June 2016, is the successor to the 2015 Good Business Journey Report, and focuses on Woolworths SA, Country Road Group and David Jones. It must be noted that David Jones is a majority brands/concession model driven business, so the level of influence into the supply chain is quite different from Woolworths and Country Road Group.

Our carbon footprint information covers the period from 1 January 2015 to 31 December 2015, based on the timelines for our submission to the Carbon Disclosure Project.

Our Black Economic Empowerment information covers the 2015 financial year, in line with the verification timelines for this information.

The 2016 Good Business Journey Report is intended to be read in conjunction with the 2016 Integrated Report and the 2016 Annual Financial Statements, as a compendium of our strategy and performance.

In compiling this report we have considered and utilised various reporting protocols. As with our 2016 Woolworths Holdings Limited (WHL and Group) Integrated Report, we have considered the application of the six capitals (as recommended by the International Integrated Reporting Council) in our thinking about sustainability. Where this report predominantly covers the aspects related to human, social and relationship and natural capital, the Integrated Report offers detail about financial, manufacturing and intellectual capital.

The recommendations of King III and the Global Reporting Initiative (GRI) G4 guidelines form the basis for this report and any restatement of information is noted in the section concerned. This report is prepared in accordance with the GRI G4 Sustainability Reporting Guidelines (Core). You can find the detailed GRI index at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

WHL is a signatory to the UN Global Compact, and our Annual Sustainability Report also serves as our Communication on Progress (COP). We have referenced the UN Sustainable Development Goals in our strategy determination process.

All data is based on the best possible systems that are currently available to us and where applicable aligned with recognised standards.

WHL regards its sustainability reporting process as a valuable opportunity to engage with its stakeholder groups and to respond to issues that have been raised during the course of the year. Through our Sustainability Report we aim to provide insight to our stakeholders in how we have progressed against our Good Business Journey targets and objectives, as well as provide an overview of the highlights, feedback and challenges we have experienced.

We welcome any feedback on our programme and reporting, and contact details for this purpose can be found on the inside back cover of the report.

# OUR COMMITMENTS

## THE ROAD AHEAD

Since launching our Good Business Journey in 2007, we have set medium-to long-term targets to challenge our business to continually improve, be more efficient and to make an even more positive impact. These targets have also driven a heightened focus on measurement and allowed better integration into our balanced

scorecard system. We have reviewed and updated these targets every few years to reflect changes in both the global sustainability sphere and to our business. We feel that the goals we have set for 2020 and beyond are the most aspirational yet, and are excited that they cover the whole of the Woolworths Holdings Group.

Contribute

**R3.5BN**  
to our communities over 5 years

Save

**500BN**  
litres of water over 5 years

**HAVE AT LEAST 1 SUSTAINABILITY ATTRIBUTE FOR ALL DIRECTLY SOURCED PRODUCTS BY 2020.**

**HALVE OUR ENERGY IMPACT BY 2020 AND SOURCE ALL OUR ENERGY FROM RENEWABLES BY 2030.**

**RESPONSIBLE SOURCING OF ALL KEY COMMODITIES BY 2020.**

The following icons are applied throughout the report to improve usability and show the integration between the relevant elements of the report.



**THIS HEART SYMBOLISES ALL THE THINGS WE ARE DOING TO MAKE A DIFFERENCE IN THE WORLD.**

# THE WHL GROUP

The WHL Group is a South African-based retailer with operations across the southern hemisphere. It is one of the top 40 companies listed on the JSE Limited Securities Exchange (JSE).

## WOOLWORTHS SA

### PROFILE

Leading South African retailer offering a range of primarily private label products

**695**  
Store locations




### OFFERING

A selected range of quality clothing and general merchandise and food products. Financial services provided through Woolworths Financial Services (WFS)



**31 631**  
Employees



## DAVID JONES

### PROFILE

One of Australasia's leading premium department stores

**40**  
Store locations



### OFFERING

Premium and luxury international and private label brands of clothing and general merchandise and food products



**5 964**  
Employees



## COUNTRY ROAD GROUP

COUNTRYROAD MIMCO TRENERY WITCERY

### PROFILE

Leading Australasian speciality retailer

**660**  
Store locations



### OFFERING

Stylish high-quality apparel, accessories, footwear and homeware



**5 545**  
Employees



\* Including concession sales.

# ABOUT US

Woolworths Holdings Limited (WHL) is a southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. It is one of the top 40 JSE-listed companies and had a market capitalisation of R100.5 billion at 26 June 2016. Approximately 45% of revenue is derived from Australasian operations. WHL now employs more than 43 000 employees across 14 countries and trades in almost 1 400 store locations.

The Group trades through three operating subsidiaries, which includes Woolworths Proprietary Limited (Woolworths and WSA),

Country Road Group Proprietary Limited (Country Road Group and CRG) and David Jones Pty Limited (David Jones and DJ), acquired as of 1 August 2014 and formerly listed on the Australian Securities Exchange (ASX). Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Barclays Africa Group, which holds the controlling interest.

Our footprint extends beyond our stores into our supply chain, the communities in which we operate and the communities that buy our products and use our services. We manage our broader business impact through comprehensive social, ethical and environmental policies and practices.

## WHY SUSTAINABILITY IS IMPORTANT TO US

The retail sector continues to be in the spotlight in terms of both its direct and especially supply chain impacts. Issues around traceability, ethical sourcing and responsible sourcing of commodities are material risks for the sector. Mitigating these risks requires the types of long-term partnerships with suppliers that Woolworths has been built on. Increasingly important is the expertise and guidance we gain from our partnership with WWF-SA.

In South Africa, key issues include the need to alleviate poverty and create jobs, to improve education and grow the number of skilled people ready to join the job market, while labour unrest and concerns about corruption continue.

Environmental challenges include energy supply stability and costs, as well as the need to grow renewable energy opportunities, water scarcity (exacerbated by drought conditions in many parts of the country) and quality issues, and a host of agricultural concerns including security of land tenure and a declining number of farmers – all of which affect food security and prices, putting pressure on South African consumers. Unpredictable climate-related events are putting even more strain on this food production system. The National Development Plan creates a strong vision for resolving many of these challenges, and Woolworths needs to understand our influence as a diversified retailer, and apply our value chain approach to finding solutions in partnership with our stakeholders. Our consumers continue to show a strong interest in environmentally responsible and ethical sourcing,


and we increasingly need to provide such product choices to them, without a significant premium.

In Australia, the most significant interaction with customers has been around ethical sourcing issues, especially focused around the annual Baptist World Aid Australian Fashion Report, and a number of high-profile reports into clothing supply chains.

Other topical issues include mental health and wellbeing, cultural diversity and indigenous reconciliation, drought resistance, extreme weather events and the transition to a low-carbon economy.

As a largely private label retail Group across food, clothing, homeware and beauty, we have a business model based on long-term supplier relationships and a responsibility to influence change along our supply chain. Through our Good Business Journey, we're embedding sustainability into every aspect of our business and every product we have direct sourcing control over, with eight key focus areas: sustainable farming, water, waste, energy, ethical sourcing, transformation, social development, and health and wellness.

Sustainability is one of the four strategic focus areas of the WHL Group and is integrated into the strategic planning cycle and balanced scorecard process. To ensure consistency across our operations, each business unit and each operating company has a set of Good Business Journey objectives against which they are measured twice per annum.

 For more information on our partnership with WWF-SA, go to [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

# 8/ OUR SUSTAINABILITY VISION AND FOCUS AREAS

The growth of the WHL Group has created an opportunity for more consistent and increased influence across our global supply chain and broader customer base around sustainability issues. A lot of focus has been placed over the year on delivering to our vision of being the most sustainable retailer in the southern hemisphere by aligning our Group strategies under the Good Business Journey banner.

The Group's Good Business Journey programme consists of eight focus areas – the main drivers of value creation and the material aspects to address sustainability in the Group. To ensure alignment across the Group, and in consideration of the uniqueness of the operating companies, the emphasis on the focus areas may be slightly different for each company.









The table below depicts the strategy for each focus area and in which company they are addressed. The focuses under these strategies are the outcome of a robust materiality and stakeholder engagement process and each has ambitious targets delivering to the overall strategic intent.

## THE GLOBAL AND LOCAL PERSPECTIVE

- Legislative frameworks such as the Sustainable Development Goals (SDG), COP21 global climate agreement, South Africa's National Development Plan
- Increasing business transparency driving consumer expectations
- Growing need for innovation and collective solutions
- Food security, access and meeting nutritional needs
- Reducing food waste
- Animal welfare
- Health and wellbeing

- Human rights and safe working conditions across supply chains
- Resource depletion, especially water and biodiversity fragmentation and loss
- Skills development and education
- Talent retention to maintain future-fit workforce
- Climate change adaptation and carbon emissions reduction
- Contributing to transformative ways of business

## VISION: TO BE THE MOST SUSTAINABLE RETAILER IN THE SOUTHERN HEMISPHERE

FOCUS AREAS	 TRANSFORMATION	 SOCIAL DEVELOPMENT	 HEALTH & WELLNESS	 ETHICAL SOURCING	 SUSTAINABLE FARMING	 WASTE	 WATER	 ENERGY
STRATEGY	<ul style="list-style-type: none"> <li>• Establish and drive an employment value proposition that will continue to attract, engage and retain the best, diverse talent required to deliver our strategy.</li> <li>• Focus on transforming both our own organisation and our supply chain.</li> <li>• Develop a reconciliation action plan that aims to bridge the gap between indigenous Australians in terms of health and wellbeing, education and access to opportunity.</li> </ul>	<ul style="list-style-type: none"> <li>• Align social development strategy to our core business strategy and to national development priorities of South Africa, and each country that we operate in.</li> <li>• Strive to make a meaningful difference through the activities of the Woolworths Trust, the MySchool MyVillage MyPlanet programme and other community and NGO partnerships.</li> <li>• Community partners and cause-related collaborations.</li> </ul>	<ul style="list-style-type: none"> <li>• Inspire a healthy lifestyle by making healthy eating satisfying, delicious and convenient across our food product ranges.</li> <li>• Develop specific lifestyle solutions for a variety of dietary needs.</li> <li>• Assist customers to make informed choices through various customer communication channels, such as providing nutritional information on products and on our website.</li> <li>• Create a safe and healthy environment with necessary support structures to enable employees to thrive in the workplace.</li> <li>• Mental health support.</li> </ul>	<ul style="list-style-type: none"> <li>• Better manage our ethical supply chain risk across the Group and to take more responsibility for improving the lives of workers in our South African and global supply chains.</li> <li>• Grow responsible commodity sourcing programmes.</li> <li>• Work with branded suppliers to increase awareness about ethical sourcing issues along their supply chains.</li> </ul>	<ul style="list-style-type: none"> <li>• Work with suppliers to reduce the environmental impact associated with the produce we sell through Farming for the Future and Fishing for the Future initiatives.</li> <li>• Ensure the welfare and dignity of the animals inside our supply chain.</li> <li>• Procure commodities such as palm oil, cocoa, coffee and cotton that have been farmed in a more sustainable way.</li> <li>• Working in partnership with WWF-SA to drive further progress in dairy, beef, seafood and textiles production as well as addressing food waste.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce the amount of waste sent to landfills from our own operations, using recycled content in our products and packaging, and making it easier for our customers to recycle.</li> <li>• Increase our focus on reducing food waste in our supply chain, operations and customers' homes.</li> <li>• Support reusable bag programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce water consumption and manage wastewater across our own operations as well as in our supply chain through partnerships, collective action, research and education.</li> <li>• Create awareness among employees, suppliers, customers and schools.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase energy efficiency in our own operations and reduce our carbon emissions.</li> <li>• Work with stakeholders in our supply chain to meet the targets that we have set in order to achieve this.</li> <li>• Shift to renewable energy sources.</li> </ul>
FOCUS IN GROUP COMPANIES	Woolworths SA David Jones	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group



WHL GOOD BUSINESS JOURNEY HIGHLIGHTS

2016

86% Good Business Journey score



ETHICAL SOURCING

97% David Jones supplier code acceptance
B+ Country Road Group rating in the 2016 Australian Fashion Report
100% UTZ certified cocoa sourced for Woolworths private label chocolates



WATER

41.9% Relative water reduction to date in Woolworths stores
15.4M Litres of municipal water saved through Woolworths head office water treatment plant
388 Water pulse meters in stores



SUSTAINABLE FARMING & SOURCING OF RAW MATERIALS

94% Primary suppliers Farming for the Future certified
97% Wild-caught seafood species met our 2015 commitments
23% Woolworths cotton from sustainable sources



ENERGY

40% Relative reduction of energy in SA stores since 2004
36% David Jones relative reduction of energy use
96% Woolworths stores meet our green store status



WASTE

R350M Hangers recycled since inception of Hangerman partnership
1.89M Reusable bags sold in the last year
95% Waste from Woolworths distribution centres recycled



HEALTH & WELLNESS

363 000 Customers linking Woolworths to Discovery Vitality HealthyFoods™
1st SA retailer to remove sweets from food checkout isles
56% Reduction by David Jones in total recorded injury frequency rate



SOCIAL DEVELOPMENT

R621M Woolworths social contribution
1.16M Active MySchool MyVillage MyPlanet supporters
A\$6.9M David Jones and Country Road Group social contribution



TRANSFORMATION

381 Jobs created through supplier and enterprise development
44 Small businesses forming part of our supplier and enterprise development programme
R44.5M Value of clothing donated to The Clothing Bank

59% Woolworths food products with a sustainability attribute

65% Woolworths clothing products with a sustainability attribute

R743M Good Business Journey savings to date in South Africa

43 140 Total number of Group employees

\* This includes 82 new SA stores, as assured by EY, as well as other African stores and refurbishments.

# 12/ OUR ACHIEVEMENTS OVER THE LAST YEAR

## PROGRESS MEASUREMENT 2016

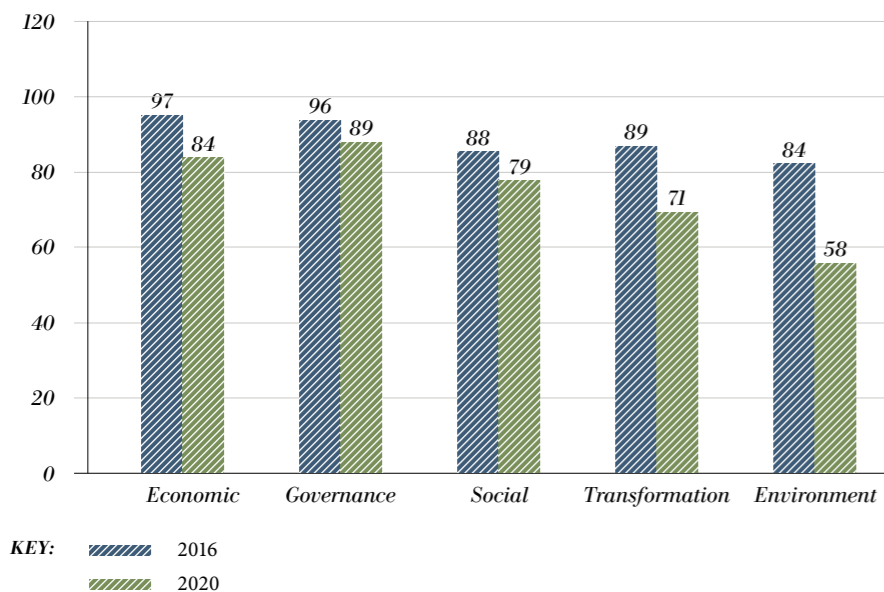
The Good Business Journey index has been reviewed during the current year to ensure the ongoing applicability of the sophisticated weighted system that prioritises all 200-plus indicators and provides a score across each focus area of the Good Business Journey, as well as for each business unit in achieving their specific targets.

We have defined a revised set of targets through to 2020 for the WHL Group during the course of the last financial year.

The index score is a key tool in driving changes in behaviour in the business units as well as providing comparable scorecard data and monitoring progress towards one- and five-year targets.

The total Group sustainability measurement score for the year 2016 was 86% (2015: Woolworths SA 87%).

We had set 80% as a benchmark for good performance and are pleased to complete the current phase of our targets with a score well above that benchmark. Sometimes we have failed to meet the robust targets we had set – either because they were potentially unrealistic or due to change in business focus, but each of these instances has been a valuable learning opportunity. Steady progress has been made over the lifetime of the Good Business Journey programme, and the targets have been well integrated into our strategy and balanced scorecards. The scores per factor are shown in the graph below.





# 14/ SUSTAINABILITY COMMITTEE CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT



Lord Rose, Chairman of the Sustainability Committee



Ian Moir, Group Chief Executive Officer

The GBJ continues to focus on improving eight key areas of the business: energy, water, waste, sustainable farming, ethical sourcing, transformation, social development and health and wellness.

## ANNOUNCING OUR GOOD BUSINESS JOURNEY 2020 COMMITMENTS

Doing business responsibly sits at the heart of the Woolworths Group business.

The WHL Good Business Journey (GBJ) was ground-breaking in South Africa when launched in 2007, with its aims to reduce the business' environmental impact and increase its positive social and economic impact across the entire value chain. Over the past nine years, we have celebrated the milestones achieved as well as reflected upon the challenges that we have encountered and drawn lessons from these. The GBJ continues to focus on improving eight key areas of the business: energy, water, waste, sustainable farming, ethical sourcing, transformation, social development and health and wellness – with over 200 targets supporting this. Our Good Business Journey encompasses all the issues that matter most to us as a business, to our colleagues, customers, shareholders and wider stakeholders.

Globally, 2015 saw a number of key sustainability agreements come to fruition, including the launch of a new set of 17 United Nations Sustainable Development Goals, designed to provide a framework for global development from 2016 to 2030, and, at COP21 a much-needed universal agreement on a plan of action to combat climate change. Both of these historic achievements included a significant level of business involvement and have been key inputs into our GBJ 2020 strategy.

More than ever, business is no longer only about profit, but about creating shared value and meeting responsibilities to contribute to economic development and give back to our people and our planet. To Woolworths, this means addressing the sustainability of our value chain from field to shelf and post-consumer use. From a social perspective, we strive to contribute meaningfully towards developmental priorities of food security and education as well as social transformation through being advocates for ethical supply chains, building long-term partnerships with our suppliers and by supporting the growth of small- to medium-sized business enterprises.

As a foods and clothing retailer, we form part of a complex and globalised supply chain. The potential to influence both upstream and downstream value chain players in order to drive positive and sustainable change through the application of codes of conduct, sourcing policies and creation of lasting supplier relationships, presents both an opportunity and a challenge. We have also recognised that the vision of what constitutes a 'Good Business' is a continually moving target, and we must therefore push ourselves to achieve more ambitious targets and goals. Through this journey, we have been able to deliver on our strategic objectives in an integrated manner and have created shared value for our stakeholders.

### IN REFLECTION

Looking back, we are pleased with the progress we have made against our targets to date, having obtained an annual score of 86% for FY2016. Working towards these targets has assisted us in improving operational efficiencies and driving innovation across our operations. Combined, the various initiatives have not only served to reduce our environmental and social impact, but have also resulted in Group-wide cost savings of R743 million since 2007.

In South Africa, significant investment in energy efficiency, initial renewable energy pilots and an advanced real-time metering system throughout our property portfolio has resulted in a relative energy reduction of 40% since 2004 and has been particularly valuable in the context of occasional energy supply challenges and tariff increases faced by our operations. David Jones has made similar strides reducing energy consumption by 36% since 2007, while Country Road Group has begun to implement energy monitoring and set reduction targets using the learnings from across the WHL Group.

There has also been 41.9% relative water reduction in Woolworths stores to date. This is particularly significant given the drought experienced over the last year, and the water quality and scarcity risks faced by South Africa. Our operational work around water has also been key in engaging with our suppliers around water use in agriculture. In particular through our Farming for the Future programme which, through independent auditing, assists our produce suppliers to incrementally improve environmental performance. Now in its seventh year, we have almost 230 of our Woolworths fruit, vegetable, wine and horticulture producers working as part of this scheme. Even with the improvements in farm-level environmental management, we are driving the programme further with the inclusion of water footprint index to measure supplier water efficiency and wastewater management in even more detail.

Through Farming for the Future, we have created a strong foundation for our engagement with suppliers on important challenges such as water stewardship and climate resilience. Collective response to water risk is crucial, and our Ceres water stewardship initiative is addressing on-farm practices, alien clearing, sanitation and environmental awareness in collaboration with suppliers, other businesses, the Government Catchment Management Agency and World-Wide Fund for Nature (WWF-SA), creating a model for us to work at replicating.

Our partnership with WWF-SA has continued to deliver innovative solutions around water, agriculture, fishing, food waste and other critical issues, and we have renewed the partnership for a further five years.

A significant amount of our efforts in improving traceability of products has involved drilling down our supply chain to drive sustainable sourcing practices for key commodities such as cotton, timber, viscose, leather, soy, cocoa and palm oil. In line with this drive, our clothing brands continue to make significant strides in ethical sourcing and the use of sustainable fibres. Earlier this year, Woolworths SA was ranked in the top 10 globally in year-on-year growth of organic cotton procurement in the 2015 Cotton Market Report, with 23% of cotton used from sustainable sources. The Country Road Group received a B+ rating in the 2016 Australian Fashion Report and David Jones received a B- and was acknowledged as one of 2016's most improved.

In addition to managing our environmental footprint, the Group's contribution to sustainable economies, transformation, social development and education is something that we remain deeply committed to. Through our procurement and supply chain teams, we have implemented a preferential procurement strategy to intensify support for small businesses from previously disadvantaged backgrounds in South Africa where we are currently providing support to 44 small businesses that are receiving business development support,

**THROUGH FARMING FOR THE FUTURE WE HAVE CREATED A STRONG FOUNDATION FOR OUR ENGAGEMENT WITH SUPPLIERS ON IMPORTANT CHALLENGES SUCH AS WATER STEWARDSHIP AND CLIMATE RESILIENCE.**

**R693M**  
was donated to various projects and charities across the Group

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**OUR FOCUS IS  
TO DO BUSINESS  
IN THE MOST  
TRANSPARENT  
AND ETHICAL  
WAY POSSIBLE.**

and also financial assistance to the tune of R25.5 million in loans, creating over 380 jobs. The changes to the BBBEE codes have resulted in our BEE level status dropping to Level 8, but we are working closely with our suppliers and other partners to respond to the challenges and opportunities posed by the new codes.

In FY2016, we donated in excess of R693 million to various projects and charities across the countries we operate in, contributing directly to upliftment projects through the work of the Woolworths Trust and through donation of our surplus food and clothing supplies across the Group. Through the MySchool initiative we have donated over R70 million in total over the last year on our customers' behalf, to 8 056 schools and charities, thanks to our 1.2 million active MySchool supporters. In Australia, David Jones' contribution to the community increased to A\$2.1 million in FY2016 by adding a range of new charity partners in the fields of education and mental health to existing breast cancer support. Country Road Group contributed over A\$4.8 million towards social development priorities through their brand community partnerships (including flagship partnerships such as the Witchery White Shirt campaign supporting ovarian cancer research and Mimco's collaboration with Our Watch), as well as clothing donations and employee volunteering. Our aim, through delivery of these funds, is to leave a lasting legacy for the causes which are closest to our hearts, and those of our customers and colleagues.

**LOOKING FORWARD**

For the first time, the Group's GBJ 2020 targets incorporate the WHL international businesses, including the rest of our African operations, David Jones and Country Road Group. In Australia, David Jones and Country Road Group have introduced formal sustainability scorecards, thereby aligning the GBJ programme across all its southern hemisphere operations.

The WHL Group GBJ 2020 commitments are an ambitious progression of our earlier journey and include:

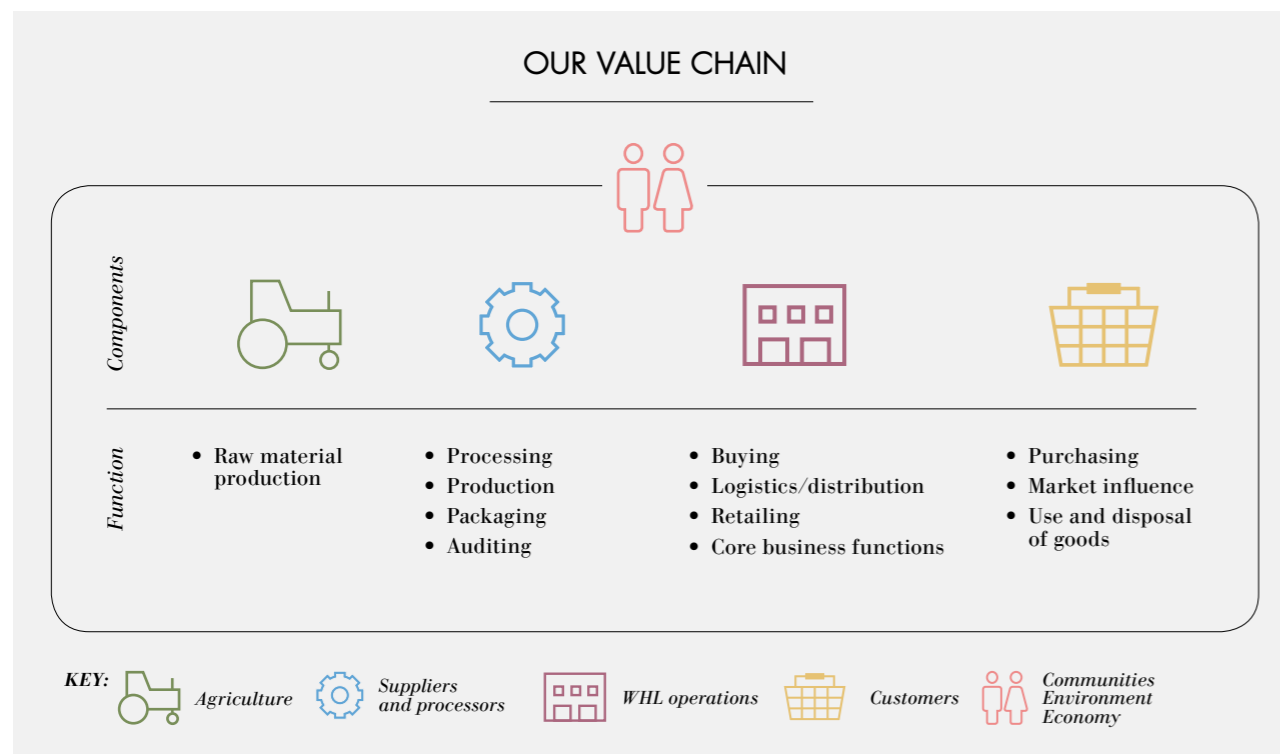
- contributing over R3.5 billion across the Group to communities over the next five years;
- saving 500 billion litres of water over five years;
- ensuring the company halves its energy impact by 2020 and achieves 100% clean energy by 2030;
- driving responsible sourcing of all key commodities by 2020; and
- affirming that every private-label product sold has at least one sustainability attribute by 2020.

Our focus is to continue to do business in the most transparent and ethical way possible and make an ongoing impact to alleviate critical environmental and social issues in our supply chain through focused efforts on improving working conditions, food security and nutrition, animal welfare, sustainable employment creation and support for local and ethical businesses.

We believe that the targets we have set and the supporting strategy through to 2020 will ensure we can deliver on our vision to be the most sustainable retailer in the southern hemisphere.



# 18/ MANAGING SUSTAINABILITY



In this report, we show how the issues that matter extend far beyond our direct operations, and encompass all components of our supply chain described in the diagram above. In each chapter, we include a materiality assessment, mapping where (in our supply chain) the critical issues we have identified are occurring across our eight Good Business Journey focus areas, and to what extent these impacts present a risk.

Our Good Business Journey has been, and will continue to be, driven by the issues that matter most to our business, customers and other stakeholders as well as the legal, cultural and economic

context of our operations. The materiality of these issues is based on our own risk management protocols as well as feedback we receive from stakeholders.

The impacts identified as material to our business, and so included in this report and the Integrated Report, are as follows: governance, transformation, social development, health and wellness, ethical trade, sustainable farming, waste, water and energy management. The identified risks and material aspects with reference to the GRI G4 index are included in the appendices to this report.

## GOVERNANCE

The Social and Ethics Committee, a sub-committee of the Woolworths Holdings Board, oversees the work of the Sustainability Committee and the outputs of The Woolworths Trust, providing a single point of view and direction for all Woolworths sustainability focus areas.

The Sustainability Committee is chaired by an Independent Non-executive Director and meets at least twice per year to oversee progress in achieving all aspects of the Good Business Journey programme. The Group Chief Executive Officer and the Woolworths SA Chief Executive Officer are members of the committee, together with three Independent Directors.

These Independent Directors each have significant expertise and experience in a range of corporate sustainability issues. The main purpose of the committee is to ensure that the sustainability strategy and objectives are effectively integrated into the business.

Progress towards meeting 2020 targets and the related one-year goals, is monitored at an operational level by the Executive Committee and championed by the Group Director: Marketing and Sustainability.

A Sustainability Executive Steering Committee has been established in Country Road Group. The committee meets quarterly to guide the development and implementation of the strategy, to ensure the effective integration into the business, develop targets and review performance. The David Jones Executive Committee reviews Good Business Journey progress on a regular basis. Both the David Jones and Country Road boards also receive Good Business Journey progress updates at each Board meeting.

During the year, there has been a continued focus in South Africa on environmental legislation potentially affecting the Group, specifically around carbon and waste-related issues, as well as a focus on responding to the changes to the Broad-Based Black Economic Empowerment (BBBEE) codes.

No environmental or health and safety-related findings against Woolworths occurred in the last financial year.

## KEY SUSTAINABILITY RISKS

Managing risk is an integral part of our strategy in protecting the Group's assets, including reputation, and in enhancing shareholder value in a sustainable way. We follow a robust risk assessment approach to determine our risks. Risk registers are developed for key business areas to ensure that all identified risks are documented, weighted according to the agreed risk assessment method, and action plans are identified to mitigate the risk.

The material risks associated with the achievement of the 2020 Good Business Journey targets and related mitigating actions were reviewed during the current year, and are identified at the beginning of each section of the report.

A diverse group of internal stakeholders considered the most pressing issues identified by the Board, key risks identified through our risk management process and concerns raised by key external stakeholders.

**NO ENVIRONMENTAL OR HEALTH AND SAFETY-RELATED FINDINGS AGAINST WOOLWORTHS OCCURRED IN THE LAST FINANCIAL YEAR.**

## MATERIAL IMPACTS AND ASSURANCE

### KEY IMPACTS AND MATERIALITY

Our Good Business Journey aims to reduce our potential negative impact as a business and improve positive outcomes for the environment, people and economy across our entire value chain. We believe that working together in partnership is the best way we can make a positive difference.

A wide range of social, environmental and ethical issues have an impact on our business, either directly or through our global supply chains. Consequently, we have to manage a continually evolving set of issues. We have developed and updated our Good Business Journey sustainability programme with the help of stakeholders in order to address these key social and environmental challenges. They were identified through analysis of external standards such as the Global Reporting Initiative (GRI), legislation, investor and NGO questionnaires, peer reviews, business intelligence, lifecycle assessment results, stakeholder dialogue, market surveys and stakeholder reports as well as media coverage.

As a global multi-product retailer in clothing, foods and general merchandise, we recognise the significant challenges associated with the complexity of working within a multi-tiered and geographically dispersed supply chain. Our material impacts are spread across our entire value chain, which spans from raw material production to customers and the end-uses of our products. By mapping these key impacts across our entire value chain, we are better able to address those impacts that are most material with the proviso that the diversified nature of our business, geographical spread of our supply chain and expectations of stakeholders mean that we need to incorporate an incredibly broad range of issues in our sustainability landscape.

### APPROVAL AND ASSURANCE

The Social and Ethics Committee and the Sustainability Committee have reviewed and recommended the Good Business Journey Report to the Board for approval.

External assurance has been performed for selected indicators. WHL has always looked at obtaining independent opinion on our progress as being a crucial part of gaining and maintaining credibility with our stakeholders. Additional stakeholder reviews have been performed and commentary statements are included in this report.

We aim to tackle impacts wherever they occur in our value chain, and this is reflected in our reporting wherever possible.

Ernst & Young Inc. (EY) has been engaged, for the sixth consecutive year, to provide limited assurance over certain quantitative and qualitative aspects of the 2016 Good Business Journey Report:

1. The statistical data of the following KPIs:
  - a) Green stores – ratings of stores according to the green store model; and
  - b) Water usage – head office, stores and distribution centres.
2. The GRI G4 principles of materiality, completeness and sustainability context.


Ernst & Young Inc. also conducted a 'dry run' limited assurance engagement in order to assess the readiness of certain other key performance indicators for externally limited assurance in future years:

- percentage of foods with one sustainability attribute;
- percentage of clothing with one sustainability attribute; and
- Good Business Journey savings to date.

Their assurance statement can be found on page 126 to 127.

We have also undertaken an independent limited level verification of our carbon footprint data in conformance with the ISO 14064-3 International Standard for GHG verifications performed by the Global Carbon Exchange and their assurance statement can be found on the Good Business Journey Report website [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za). Our Farming for the Future programme is audited by an independent body – Enviroscientific – and our BEE level by an independent third party. EY provides limited assurance over all David Jones greenhouse gas emissions data used in reporting to government (National Greenhouse and Energy Reporting Act) and the CDP, formerly the Carbon Disclosure Project) (Assessment for FY2016 still in progress).

We feel that the combination of the assurance processes noted above provides coverage all our material focus areas by a range of audit, technical and scientific experts.

 *For the EY Assurance Statement,  
go to page 126.*

## OUR VALUE CREATION

### CONTRIBUTION TO THE SOUTH AFRICAN ECONOMY

Woolworths continues to create shared value across a broad spectrum of the South African economy, at the most fundamental level, by generating direct employment and career opportunities for over 31 000 people, and indirectly more than double that through our manufacturing and processing network, as well as assisting to bring small-scale suppliers into the value chain. During the current year, our staff complement has grown by 3 287. We have also created over 11 000 new jobs directly in the last six years.

The vast majority of goods sold in our stores, by volume, are produced in Southern Africa and we continue to encourage local manufacturing wherever possible. We will only consider sourcing abroad where local or regional supplier partners are unable to provide the ideal quality, value and innovation that our customers expect. Woolworths is also well placed to drive supplier and enterprise development projects and has set up teams devoted to working more closely with emerging suppliers, further supporting South African businesses first as part of our indirect economic contribution.

One of our key contributions is to provide safe, healthy, good-quality products to consumers at a reasonable price. Our food, clothing, home and beauty technologists ensure product development and innovation take into account our safety policies. We are also assisting to create our customer of the future by investing in education through a number of our corporate social investment interventions. Our Good Business Journey programme drives investment into efficient and green technology in our real estate, logistics and supplier networks, as a part of our contribution to South Africa's green economy growth. This is also supported by our initiatives in waste management and recycling, especially incorporating more and more recycled content into our products and packaging.

### CONTRIBUTION TO THE AUSTRALASIAN ECONOMY

David Jones and Country Road Group jointly employ over 11 000 people, and indirectly support many other employment opportunities through our manufacturing and processing network. Community partnerships across a range of areas also contribute positively.

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## WE HAVE CREATED OVER 11 000 NEW JOBS DIRECTLY IN THE LAST SIX YEARS.

# 22/ STAKEHOLDER ENGAGEMENT

## STAKEHOLDER ENGAGEMENT

Woolworths has always focused on understanding the needs and views of a range of stakeholders. Over the last few years, we have been working to refine our approach to these engagements, and to ensure greater consistency and improved feedback loops across all stakeholder groups. The importance of developing these systems has become even more pertinent as the Group footprint has expanded.

WHL has created a stakeholder forum to ensure alignment between our positioning and message to stakeholders, and co-ordinate our engagement. The forum established a platform for feedback to be consolidated and channelled appropriately and enables us to engage more efficiently. We can now resolve complex, Group-wide issues centrally and in this way improve our reputational risk management.

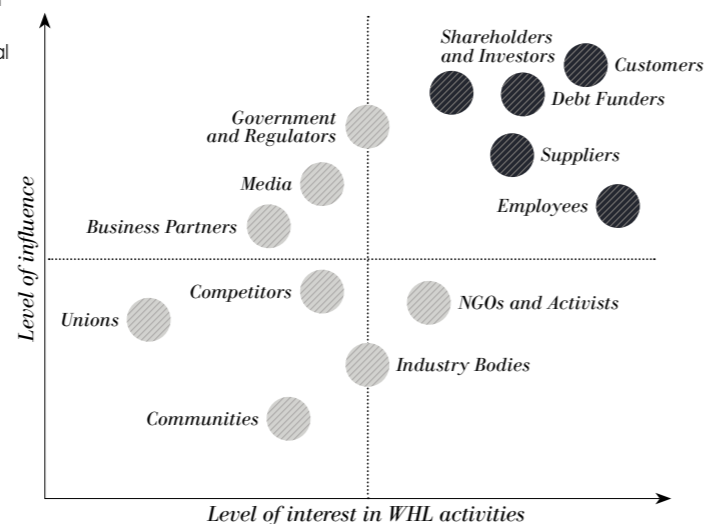
From a sustainability point of view, the matters that were identified as most prominent by our stakeholders were identified as ethical sourcing, animal welfare, water, packaging and recycling, and local sourcing. We have also identified issues around energy, security, water, carbon tax and land reform as important to our business and stakeholder interests.

Through all of the stakeholder engagement we participate in, we retain vision of our key principles, which are to ensure:

- constructive and co-operative engagements;
- openness and transparency;
- mutual respect;
- supportive and responsive interaction;
- working towards regular and structured engagements;
- engagements that are based on business critical aspects, national priorities and material issues for the business; and
- recognition that all stakeholders are also existing or potential customers.

WHL Group's stakeholder universe includes customers, suppliers, communities, business partners, employees, unions, NGOs, academia, industry bodies, government, regulators, and the media among others. To focus our reporting on these stakeholders, we have mapped them according to materiality – in this case, their ability to impact strategic planning and decision-making. Although we consider the entire universe of stakeholders in our engagement planning, we focus our reporting on material stakeholders in our Integrated Report, while we go into more depth regarding a broader range of stakeholders in this report.

In the appendices to this report, a full table is included where we have listed these key stakeholder groupings, considering why, how and what we engage in.



## STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY

We believe that building strong stakeholder partnerships is key to building a more sustainable business and future. While we aim to engage with all our stakeholders around key sustainability issues and our Good Business Journey, those we engage with most prominently include our employees, customers and partners in order to grow awareness around sustainability issues, as well as taking cues from them in terms of issues which affect or interest their daily lives. This in itself is a huge source of innovation for our business and assists us in staying relevant to our customers and ensuring we are doing business in the best possible way.

## GROWING OUR CUSTOMER ENGAGEMENT AROUND SUSTAINABILITY

Our broader marketing and communications strategy continues to be buoyed by an increasingly interested and aware customer base. The use of social media and our customer service channels is critical for us in order to receive the feedback and communicate with our customers at a more personal level. More and more customers are demanding deeper information about where products come from and what their ethical and environmental attributes are.

These questions necessitate that we adopt a lifecycle approach to developing our products, and considering all aspects of the journey that takes a product from field to fork, or hanger. This lifecycle approach ensures that we work closely both with our suppliers and our customers to make a real difference in sustainability. In order to achieve this sustainability, we have had to maintain the strong focus that the Good Business Journey has to embed our values throughout our supply chains, and into our products.

Over the year, we have again continued to grow our customer engagement around sustainability issues, within traditional media channels as well as through in-store awareness campaigns, increased use of social media platforms and relationships on TV with 50/50, Top Billing and Expresso as well as through our collaboration with Pharrell Williams.

The results have shown substantial increases in customer awareness and support around the Good Business Journey, as measured in the customer tracking study, our own customer panel and our other customer research.

## case study: MANY HANDS MAKE MIMCO

*Customers are asking for more information on where products come from and what their ethical and environmental attributes are. It is becoming increasingly important to be transparent with customers as to how and where our products are made.*

*With this in mind, Mimco has launched the first of a series of films entitled 'Many hands make Mimco' to take their customers behind the scenes and share the intricate process involved in bringing the brand's creative ideas to life. From concept to the sketching, making, sourcing of raw materials, quantifying, and finally, production, the films highlight the time, love, attention, skill and care that goes into the nine-month process behind each piece, before it sets sail for Mimco boutiques.*

*Mimco intends to celebrate the many skilled artisans in Asia, Spain and Argentina, who Mimco has worked alongside and learned from, for more than a decade, and demonstrates that collaboration is the magic word for bringing Mimco collections to life.*



## GROWING OUR EMPLOYEE UNDERSTANDING AROUND SUSTAINABILITY

We engage with employees regularly on strategy, business performance and to increase awareness and level of understanding of our sustainability issues and values. We use channels such as leadership conversations and the 'Let's Ask' survey to generate discussion and prompt feedback. While subscribing to freedom of association, we do believe in fostering strong direct and work group relationships with our employees.

We embed sustainability throughout our business with the help of our employees. At Woolworths stores, we use our GBJ Champ programme as a way to provide training, raise awareness and connect with all employees in stores, as well as our customers. We are continuously sharing knowledge and communicating sustainability issues in order to provide staff with a deeper understanding and drive support of our Good Business Journey. Through this we hope that it can positively influence thinking both at work and home. Employee understanding and backing of our Good Business Journey is measured through our annual 'Let's Ask' people survey which has shown high levels of support. This year, 74.5% of the scores in our overall 'Let's Ask' employee opinion survey were positive compared to 74.4% last year.

Over 90% of responses were positive regarding Woolworths involvement in environmental protection and 87% positive regarding Woolworths' involvement in the community. The percentage of David Jones employees who think that David Jones is a socially responsible organisation grew 7% year-on-year to 88%. Good Business Journey awareness and support levels among Country Road Group employees also grew by 8%.

We rely on our employees to be the creative and innovative hub of our businesses. Through the integration of sustainability thinking into everything we do at work, we continue to improve how we operate and create efficiencies within this. Since the start of the Good Business Journey in 2007 in South Africa, through the efforts of our employees, we have saved the business in the region of R743 million.

## SINCE THE START OF THE GOOD BUSINESS JOURNEY IN 2007, WE HAVE SAVED THE BUSINESS IN THE REGION OF R743M.

## GROWING OUR PARTNERSHIPS FOR SUSTAINABILITY

Experience has shown us that most sustainability challenges cannot be solved by one company acting alone, and we are excited about the support and input we have received from a range of stakeholders in implementing programmes like Farming for the Future, Fishing for the Future, EduPlant, sustainable transport and recycling. These sustainability initiatives have often been a natural extension of the long-standing partnerships we share with our suppliers and corporate partners such as Imperial Group and Engen, and specialist non-profit organisations including WWF-SA and Food & Trees for Africa, among others. Our broad range of partnerships has helped us formulate unique responses to material issues and in turn we have been able to support the good work already being done by our partner organisations.

We have renewed our partnership with WWF-SA for a further five years, with continued focus on water, sustainable farming and sourcing of raw materials and food waste reduction. A full partnership review of the previous three years can be found at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

## GROWING OUR SUPPLIER ENGAGEMENT FOR SUSTAINABILITY

Our approach to the life cycle management of our products means that we work closely with our suppliers to deliver consistent quality and innovative products. We are also committed to supporting the development of small, black-owned businesses in South Africa, and artisans globally.

Our relationship with suppliers has enabled us to successfully implement programmes like Farming for the Future and Fishing for the Future. Beyond these sustainability initiatives, our suppliers engage with us on issues such as timely payment and favourable terms, infrastructure and logistical support, resource efficiency and research support. We hold regular supplier roadshows, conferences and audits that create broad understanding of our strategy, business requirements and growth plans.

## case study: STAKEHOLDERS AT THE CENTRE OF DAVID JONES GBJ STRATEGY



Extensive engagement with a range of stakeholders continues to inform development of David Jones' Good Business Journey strategy. More than 60 hours of interviews and roundtable discussions have been conducted, in addition to an online survey of customers, to ensure that David Jones' commitments in relation to sustainability and social responsibility meet stakeholder expectations.

Some of the activities conducted to date have included: focus groups with employees from across the business; interviews with suppliers and service providers; peer-to-peer engagement with key strategic partners like Westfield, QANTAS and Australia Post; consultation with non-governmental organisations including Red Cross, World Vision and WWF; interviews with international retail peers as part of a broader analysis of best practice; and an academic review conducted by Sydney's UTS Business School.

This research has been supported by additional engagement with stakeholders relevant to each of the key programmes that comprise David Jones' Good Business Journey, including:

- Engagement with the not-for-profit sector, supported by an online survey of more than 2 000 employees, to identify, evaluate and appoint new charity partners.
- Consultation with key internal stakeholders and external strategic partners, to help compile David Jones' first Health Insights Report, which has been used to define key focus areas for Wellbeing programmes.
- Roundtable discussions with non-governmental organisations (NGOs) representing the breadth of ethical sourcing issues, along with visits to factories in China, India, Bangladesh and South Africa to ensure that the perspective of suppliers and factory operators has been accurately reflected in David Jones' Ethical Sourcing Strategy.

The cumulative effect of this consultation and research is that David Jones has developed a strategy that reflects the expectations of key stakeholders (such as employees, customers and the community) while helping to realise collaborative opportunities with business partners like landlords, suppliers and service providers.

**Roundtable discussions with non-governmental organisations (NGOs) representing the breadth of ethical sourcing issues, along with visits to factories in China, India, Bangladesh and South Africa to ensure that the perspective of suppliers and factory operators has been accurately reflected in David Jones' Ethical Sourcing Strategy.**



# 27/ OUR PEOPLE AND TRANSFORMATION

## IMPERATIVE

*Translating what we stand for as a business into how we actually deliver on that value proposition depends largely on the people at WHL. As a values-based organisation, we strive to ensure that our values are reflected in everything we do. These values transcend our employee and supplier base in order to build a highly engaged, innovative and successful business by using our skills base and diversity as an advantage.*

*Organisational sustainability depends on having this values culture entrenched across the value chain. Building this kind of leadership from within is key for any business that is expanding globally.*

Our strategy is grounded on enabling a values-based and led organisation through our people strategy to:

- enable a future-fit organisation;
- attract, develop and retain leaders to create a high-performance, values-based, connected and employment experience by delivering a compelling employment brand;
- align the structure, people and processes with the Woolworths future-fit business strategies;
- continue to engage meaningfully with our people and build relationships and emotional connections with key stakeholders; and
- entrench value-adding and business-relevant transformation as our commitment to the diversity of our workforce.

STRATEGY	RISKS AND OPPORTUNITIES	HIGHLIGHTS
Our vision for our people is a modern, compelling, unique, personalised, connected employment experience underpinned by an employment value proposition that attracts, inspires, engages, develops, rewards and retains the right, diverse leadership and talent to deliver our strategy.	<ul style="list-style-type: none"> <li>• Addressing diversity within our human resources (direct and indirect operations)</li> <li>• Meeting our transformation targets set in line with the Black Economic Empowerment Codes of Good Practice</li> <li>• Attracting, retaining and developing</li> <li>• Scarcity of skills</li> <li>• Collaboration across the WHL Group in managing talent across geographies</li> <li>• Creating competitive advantage through our people</li> </ul>	<ul style="list-style-type: none"> <li>• 74.5% positive responses from 'Let's Ask' employee survey</li> <li>• 1 652 employees on WSA skills programmes</li> <li>• R117.7m Woolworths spend on employee training in the last year</li> <li>• R3 897 average amount spent on training per WSA employee</li> <li>• A\$3.3m David Jones spend on employee training in the last year</li> <li>• 87% positive responses to David Jones Pulse survey</li> </ul>

### Mapping Our Risks Across the Supply Chain

KEY: Moderate Significant Major Not applicable

RISK IDENTIFIED	SUB ISSUES			
Talent management	<ul style="list-style-type: none"> <li>Build a high performance culture</li> <li>Individual Performance Plans</li> <li>Succession management</li> <li>Rewards and recognition management</li> </ul>			
Addressing diversity	<ul style="list-style-type: none"> <li>Workforce transformation</li> <li>Employment equity</li> <li>Promoting equality</li> <li>Redress discrimination</li> </ul>			
BEE Codes of Good Practice and Reconciliation Action Plan	<ul style="list-style-type: none"> <li>Entrench economic transformation</li> <li>Supplier and enterprise development</li> <li>Job creation</li> <li>Equal access to health, education and opportunity</li> </ul>			



**74.5%**  
Positive response rate at Woolworths

**69%**  
Positive response rate at Country Road Group

**87%**  
Positive response rate from the David Jones Pulse survey

**482** people working at Woolworths and living with disabilities



**1 555**  
Employees received values-based training across WHL



**2 219**  
Staff members participated in learnerships and internships

PROGRESS IN SUPPLIER AND ENTERPRISE DEVELOPMENT PROGRAMME SINCE PROMULGATION OF THE NEW CODES

Woolworths supports **44** Businesses

**R25.5M** in loans disbursed

**381** New jobs created

### BUILDING A VALUES-BASED ORGANISATION

One of the biggest challenges that we face as a business is acquiring and retaining the best talent. Our strategic intent is to establish and drive an employment experience that is underpinned by a value proposition that continues to appoint the right leaders, develop, lead and retain the best diverse talent, in the right roles, performing optimally, enabled by the right culture. In this reporting year, a total of 1 371 staff members at Woolworths received values-based leadership (VBL) training in line with our vision of being a values-led organisation.

The Country Road Group also launched a values-based leadership programme. During the year, 84 head office employees participated in this programme, with plans to roll out the programme further in the year ahead.

A recent review of leadership capability identified development opportunities to help David Jones' managers improve employee engagement by creating work environments that enable, engage and energise employees. In response to these findings, Woolworths' values-based leadership programme was added to David Jones' existing learning and development offer. To date, more than 100 people from the executive leadership team and key projects teams have participated in the programme and it will be rolled out to David Jones' retail operations management teams. In total, 1 555 WHL employees received VBL training.

### EMPLOYEE OPINION SURVEY

Every year, we conduct a company-wide employee opinion survey, the 'Let's Ask' survey. This is our way of understanding, from the employee's perspective, their experiences in working for Woolworths, how we measure against their expectations and where we can improve. In the last year, over 88.4% of our employees took part. WSA achieved 74.5% positive responses. The biggest positive shifts were achieved on the dimensions of community, diversity, employee engagement, team leadership, benefits and rewards and recognition, which is reflective of the focus areas identified in the previous survey.

Scores for benefits, workplace and community remained high and we saw an improvement in team leadership and development – which is especially pleasing given our focus on values-based leadership. Exco leadership was very positive, and the improvement in rewards and recognition was particularly encouraging, given that this is an integral part of striving to be the retail employer of choice.

In order to address employees' priorities, the Country Road Group also undertook an externally hosted alignment and engagement survey. The results of the 2016 Pulse survey revealed positive engagement scores across all areas of the business. In 2016, the Country Road Group achieved a 69% response rate compared to 71% in the previous year.

The David Jones Pulse survey showed an 87% positive response rate from employees, up 4% from the previous year.

### SCORES FOR BENEFITS, WORKPLACE AND COMMUNITY REMAINED HIGH AND WE SAW AN IMPROVEMENT IN TEAM LEADERSHIP AND DEVELOPMENT – WHICH IS ESPECIALLY PLEASING GIVEN OUR FOCUS ON VALUES-BASED LEADERSHIP.



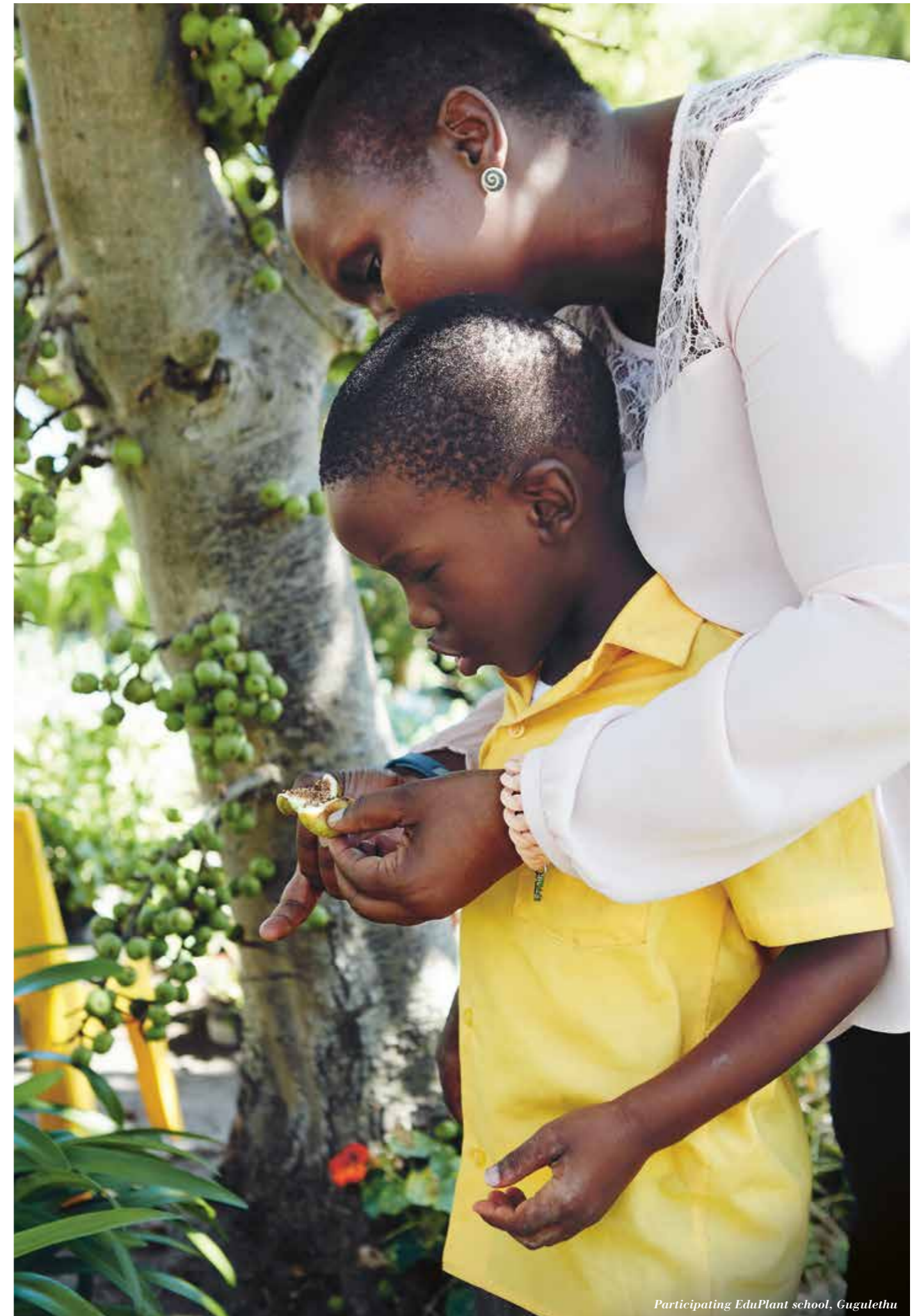
### MANAGING DIVERSITY

WHL is committed to respecting human rights, which includes ensuring that all employees and others connected with our business are treated with dignity and respect. We value diversity and inclusion and are committed to non-sexism and non-racism across our policies, practices and daily operations. Through the implementation of our Black Economic Empowerment strategy, Woolworths remains true to its journey to contribute to the socio-economic transformation of South Africa. This journey is underpinned by our company values and solid transformation principles to ensure the sustainability of our efforts and impact thereof. We also understand that this is a country journey that

requires regular reviews and sense checks, hence the changes in the Broad Based Black Economic Empowerment (BBBEE) legislation including the (BEE) Codes of Good Practice in 2013. This legislative requirement however is only applicable to our South African-based entity, not the entire Woolworths Holdings Group. In the other areas in which we operate, we apply the same principles to drive workforce transformation and reconciliation and allow legislative requirements specific to those geographic areas to enable this. Woolworths' approach to contributing towards transformation as a corporate citizen beyond compliance and in the context of ever-changing business landscape is as depicted in the table below:

<b>VISION AND PRINCIPLES STRATEGY AND PLAN GOALS AND TARGETS</b>					
<b>Organisational culture</b>	<b>DIRECT EMPOWERMENT</b>	<b>HUMAN CAPITAL TRANSFORMATION</b>	<b>SUPPLY CHAIN TRANSFORMATION</b>	<b>SOCIAL DEVELOPMENT</b>	
	<ul style="list-style-type: none"> <li>• Equity Ownership</li> <li>• Management Control</li> </ul>	<ul style="list-style-type: none"> <li>• Employment Equity</li> <li>• Skills Development</li> </ul>	<ul style="list-style-type: none"> <li>• Preferential Procurement</li> <li>• Supplier Development</li> <li>• Enterprise Development</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Social Investment</li> </ul>	
	GOVERNANCE	AUDIT	COMPLIANCE REPORTING	MONITORING	

*We deliver on these elements under the governance of the WHL Social and Ethics Committee. We have to improve on ensuring that there are appropriate strategies, policies and processes in place in order to drive sustainable transformation through the implementation of this legislation.*



Participating EduPlant school, Gugulethu

**OUR TRANSFORMATION JOURNEY**

PERIOD	
2007 February	DTI promulgated the BBBEE Codes of Good Practice
2007 May	Woolworths launched the BEE Employee Share Ownership Scheme (BEESOS)
2007	Woolworths set target to be Level 4 contributor to BBBEE by 2012
2007–2013	Woolworths hardwiring BEE as a way of working across the business
2011	Woolworths achieved Level 4 target one year early
2012	Woolworths achieved a Level 3 contributor status
2013	Woolworths achieved a Level 3 contributor status despite increased targets
2013 October	DTI revised BBBEE legislation and codes
2013–2014	Woolworths revising its strategy and aligning to the new legislation and codes
2014	Woolworths achieved a Level 7 (discounted to Level 8) status in line with revised BBBEE codes
2015 June	BEE employee share ownership scheme launched, thereby realising economic benefit to the value of R2.4bn for the beneficiaries at the end of the scheme and R332m in dividends paid during the scheme

Lessons learnt throughout our transformation journey:

- Being true to the cause in approach and impact is key to sustainability.
- Transformation and BBBEE specifically is very complex and requires investment in capacity building, education and sensitisation.
- Internal mobilisation and external partnerships are key success factors of transformation; and
- Unless lives are changed and measurable impact is made, there is no point.

**WOOLWORTHS SA WAS PRESENTED WITH AN HONORARY LEGENDS OF EMPOWERMENT AND TRANSFORMATION AWARD AT THE 15TH ANNUAL OLIVER EMPOWERMENT AWARDS.**

**PROGRESS ON ALL BBBEE INDICATORS**

Woolworths was among the first big companies to independently verify against the revised BBBEE codes. This step was critical in managing the organisational change required – it stated the new base from which we have to propel into a meaningful transformation contribution. The table below provides a detail of the outcomes of Woolworths independent verification process against 2014 scores.

	OLD WEIGHTINGS	JUNE FY2014	NEW WEIGHTINGS	JUNE FY2015
Equity ownership	20	4.94	25	10.57
Management control	10	10.33	19	11.84
Employment equity	15	10.75		
Skills development	15	13.35	20	
Enterprise and supplier development (previously preferential procurement and enterprise development)	20	17.81	40	18.60
	15	15.00		
Socio-economic development	5	5.0	5	5.00
<b>Total</b>	<b>100</b>	<b>80.19</b>	<b>109</b>	<b>59.06</b>
Contributor level		Level 3		Level 7 discounted to Level 8
Level range		(75–84.9)		(55–70)

**EMPLOYMENT EQUITY (EE)**

Employment equity is a national imperative that applies to every employer, employee and employment seekers. Legislated through the Employment Equity Act, compliance requires that we put in place systems to enable a diversified and equitable workplace that continues to reflect national priorities. There has been extensive work done to ensure integrated and sustainable Employment Equity Act compliance and consultation across the business via diversity committees in all business units.

The continuous improvement of Integrated Performance Management (IPM) has now seen BBBEE and/or transformation included in individual employees' performance goals. Individual goals, coupled with an effective tracking and measurement capability, contributes to embedding BBBEE as a way of working that is integral to business strategy.

We have 11 members at top management in Woolworths SA, comprising Executive Directors on the Board and members of Exco. Of this, three are black (27%), four are women (36%) and we have one black woman (9%).

**WOOLWORTHS' EMPLOYMENT EQUITY PROFILE AS OF JUNE 2016**


	A	C	I	W	FN	TOTAL
Top management	1	3	-	2	2	8
Senior management	11	23	15	87	15	151
Middle management	346	560	173	691	51	1 821
Junior management	1 580	1 167	266	418	22	3 453
Semi-skilled	14 751	4 516	601	228	29	20 125
Unskilled	3 024	840	86	40	3	3 993
Permanent employees	19 713	7 109	1 141	1 466	122	29 551
Temporary employees	23	13	-	8	1	45
<b>TOTAL</b>	<b>19 736</b>	<b>7 122</b>	<b>1 141</b>	<b>1 474</b>	<b>123</b>	<b>29 596</b>
Male	6 498	2 505	424	598	55	10 080
Female	13 238	4 617	717	876	68	19 516

**PEOPLE WITH DISABILITIES**

The Department of Trade and Industry (DTI) has also set a BBBEE target for black people with disabilities of 2% of the company workforce. Our strategic approach to people with disabilities is aligned with our people and transformation strategies and the national skills development strategy. This is enabled by an integrated, holistic implementation approach to sourcing and developing people with disabilities and sensitising the environment. The implementation of this strategy is being done in partnership with the Wholesale and Retail SETA.

The total number of people with disabilities constitutes 1.63% of our employees, of which 1.53% of our workforce are black

employees with disabilities, which places us over the minimum threshold of 1.2% of the workforce. Over the past year, we've seen the numbers of all people with disabilities increasing slightly from 466 to 482. Management is working on understanding the issues and the trends in terms of reasons for terminations and will implement plans to retain more employees meeting this EE profile. We have a proud history of affirming persons living with disabilities and breaking stereotypes. We strive to provide equal employment opportunity, development and support of our employees living with disabilities. Please read the Disability Award case study in the Health and Wellness section (page 59).

 *Case Study: Disability in the workplace, on page 59.*

**DIVERSITY AT COUNTRY ROAD GROUP**

The Country Road Group is exempt from the South African-specific labour-related laws however, as part of ongoing commitment to the representation of women in the workplace, a plan is in place to revise the Diversity and Inclusion Strategy for the next financial year. Country Road Group submitted the annual Workplace Gender Equity Agency (WGEA) Report in May 2016 detailing women representation in the workplace as:

	Proportion of women
Exco	33%
Country Road Group (CRG) leadership team	67%
Exco and CRG leadership team combined	62%
Organisation	91%

Source: Country Road Group WGEA report 31 March 2016 (Australia only).

The Country Road Group is also committed to equal opportunity in the workplace for all regardless of age, career status, disability, industrial activity, physical features, political belief or activity, pregnancy, race, religion, gender or sexual preference. Compulsory Equal Employment Opportunity (EEO) training is completed for all new employees to increase awareness of these issues.

**UNION MEMBERSHIP**

Woolworths, whilst subscribing to freedom of association, also believes in fostering strong one-on-one and work group relationships with our own employees as part of our employee experience. Overall union membership is currently below the level that provides for collective bargaining across the business. In the last year however, we did experience industrial action at our Midrand distribution centre.

Union membership at Woolworths stores is down to 3.6% compared to 5.3% last year. In David Jones, it is 28.94%.

*case study:*  
**DEVELOPING DAVID JONES' FIRST RECONCILIATION ACTION PLAN**

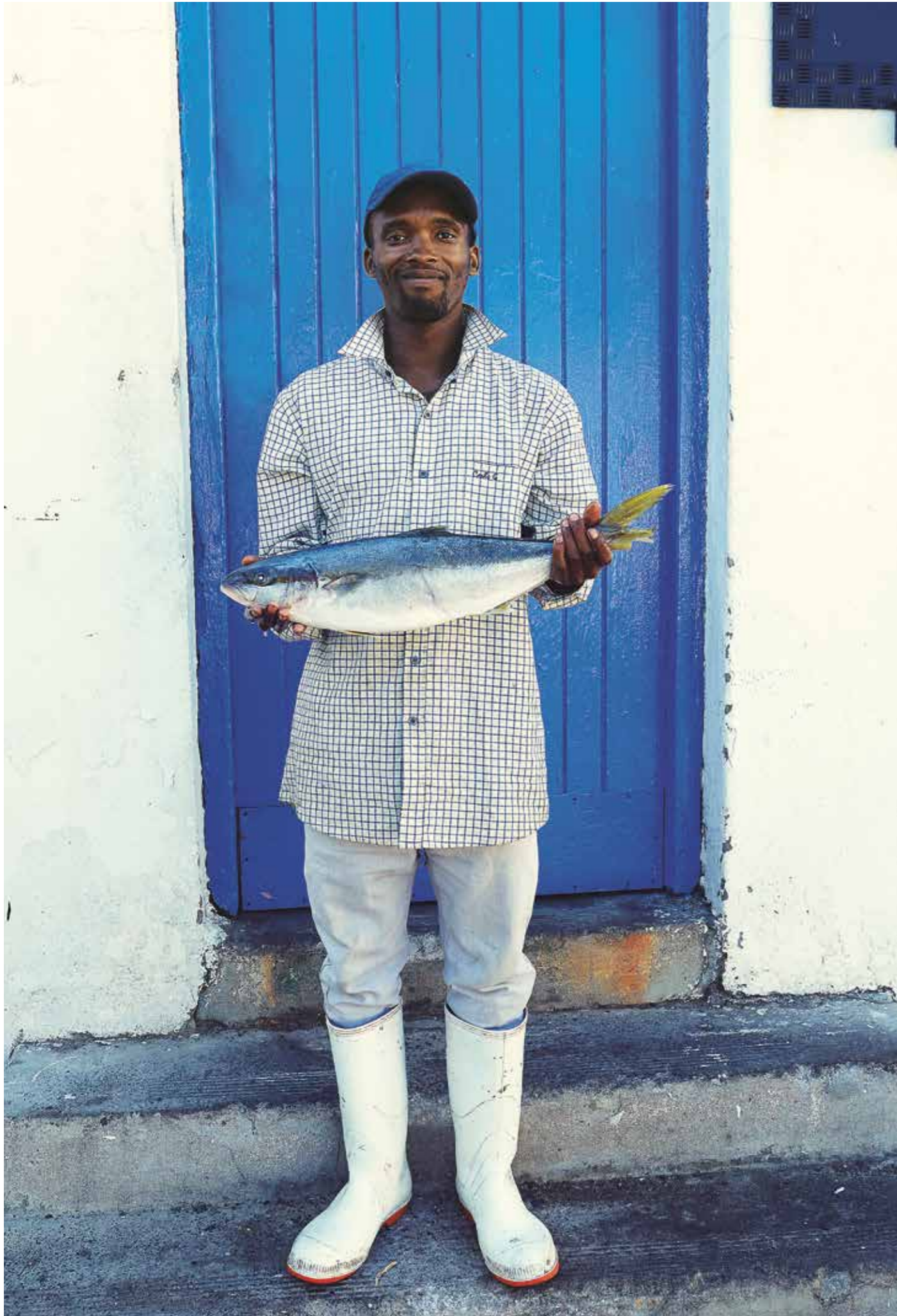
*David Jones' employees and customers come from a diverse range of backgrounds and cultures, including Australia's first people from Aboriginal and Torres Strait Islander (ATSI) nations across the country. To support reconciliation in the community and help bridge the gaps that prevail between Indigenous and non-Indigenous Australians in the areas of health, education and social inclusion, David Jones has commenced development of its first Reconciliation Action Plan (RAP).*

*By developing its first RAP, David Jones is joining other leading Australian organisations in publically outlining the commitments that the organisation is making to create more respectful relationships with the Indigenous community and more meaningful development opportunities for ATSI people and businesses. As an iconic Australian brand, it has become increasingly important for David Jones to have a RAP in place because it establishes a framework and dialogue for greater understanding between Indigenous and non-Indigenous Australians through respect, relationships and opportunities.*

*David Jones' RAP has been developed by a working group comprised of senior leaders from across the business and representatives from the Indigenous community, including David Jones' Brand Ambassador, Adam Goodes, and Aboriginal artist and advocate, Graham Toomey. In time, this working group will be expanded to include David Jones' employees and customers who identify as being Indigenous.*

*The first draft of the plan has been submitted for review by Reconciliation Australia, the not-for-profit organisation that manages RAP accreditation. The business will now work with Reconciliation Australia, through multiple rounds of feedback and revisions, to ensure that the final document is best placed to deliver meaningful change in a culturally sensitive manner. Once this consultation and accreditation process draws to a close, David Jones will publish its RAP and commence implementation of its first two-year plan.*

 *To find out more about David Jones' RAP and its broader Diversity and Inclusion programme, go to [davidjones.com.au/gbj](http://davidjones.com.au/gbj).*



**SUPPLIER AND ENTERPRISE DEVELOPMENT (SED)**

The Woolworths SED programme is a tool that was specifically adopted in order to enable emerging black and black women-owned businesses to enter our supply chain, build and maintain business sustainability. Barriers to entry into the commercial supply chains include access to finance, business skills, financial management skills, land ownership, access to resources and infrastructure. Investing resources in this space has allowed Woolworths to not only meaningfully contribute to building the small- and medium-sized business sector but to also increase our preferential procurement targets. Support is provided to these enterprises for a period, after which it should be demonstrated that the enterprise has reached a certain level of sustainability. We are also able to build long-lasting and mutual relationships with our suppliers through this commitment to build and transform our supply chain.

We currently have a total of 44 suppliers as part of this programme. Over the last three years, Woolworths has had an accumulated procurement spend of R666 million with Enterprise Development beneficiaries and disbursed R25.6 million in loans. Currently, Woolworths has a loan pipeline in the agricultural sector worth R12.5 million which is currently under review.

A non-cash grant is also invested through micro-enterprise support and The Clothing Bank to the value of R44.5 million, up from R25.5 million last year. Over 381 people jobs have been created and conservatively, 3 632 people are positively impacted by these small enterprises.



We invested a cash grant of

**R25.6M**

to build small black-owned enterprises since new BEE codes

*case study:*  
**SEASON'S FIND**

*Season's Find is a family run business that started with only a R2 750 investment in 1998 to make promotional material from a residential garage. As the business was awarded more contracts, Lance Luiters and his family decided to open a second business to increase their output. Financial constraints later forced the owners to start cutting costs; this involved merging the two businesses and moving it back to the garage. This is how Season's Find was established. As luck would have it, a year later the demand for their clothing increased enough for them to seek premises in Woodstock and employ 35 people.*

*Financial stability was still a challenge, and Lance realised that the only way to alleviate this would be to supply retailers directly, so he started courting Woolworths. The 2010 FIFA™ World Cup in South Africa was Lance's big break. Woolworths was looking for a local supplier with a quick turnaround time to assist with the manufacturing of World Cup merchandise.*

*Lance had to double his staff and in two months he supplied over 75 000 units of 2010 World Cup branded kidswear and menswear. Based on the success of this order, Woolworths asked Season's Find to become an official Woolworths supplier and placed their next order for Autumn/Winter 2011. Season's Find products are proudly Southern African in that not only are all garments made in Cape Town, but the fabrics and trimmings are also manufactured locally or in Swaziland.*

*In 2014, Woolworths Enterprise Development department offered Season's Find a loan of*

*R1.9 million. This investment and the additional Woolworths orders have resulted in Season's Find doubling their turnover, and they now employ 179 locals in Cape Town – mostly women.*

*Being a local supplier with a big social community focus aligns the business with our Good Business Journey.*

### REMUNERATION

Woolworths' remuneration policy is highly integrated and has been designed and implemented to attract, retain and reward top executives and scarce skills. The benefits are structured around retirement, healthcare, death and disability. Other benefits available are different types of leave, company discount on Woolworths merchandise, company car for tool-of-trade users, car allowances, etc. The principles applied in the integrated remuneration policy are:

- to support the delivery of the company strategy;
- rewards and recognition for individual responsibility, performance and behaviour and living the values;
- to enable short and long-term incentive schemes through the IPM; and
- a guaranteed pay (TCoE) that is benchmarked against major retail and non-retail companies to ensure competitiveness.

A detailed report on remuneration is available in our Integrated Report.

All employees at the Country Road Group participate in performance-based incentive programmes, from store team members, store managers, head office employees through to the executive team.

### SKILLS DEVELOPMENT AND TALENT MANAGEMENT

The National Development Plan reiterates that the single most valuable investment any country can make is in its people. Developing a future-fit talent pipeline pool to support our business growth and transformation is still one of our key objectives. We do this through offering opportunities throughout the talent 'value chain' – from bursaries for students, to co-op student placements, to workplace experience programmes for SETA unemployed graduates, through to job placement (refer to skills development and talent management section for more information).

Skills management forms a large part of our people management strategy, built into the individual performance plans of each employee. Talent identification and pipeline establishment to nurture this talent therefore enables us to offer tailor-made skills development opportunities for the next generation of leaders and specialists within our business. Succession planning is vital, and put in place as part of the IPM process, with clear deliverables, for individual growth within the company. This remains a key focus for the Board and Exco and is a critical enabler of the overall business strategy. The new BEE Codes of Business Practice have also continued to make this an imperative for companies wanting to align with the developmental priorities of South Africa.

Our talent management strategy involves building capacity from within the business. This follows a formalised career management and retention process, enabling us to retain talent. All employees receive performance reviews and career development discussions on a regular basis as part of their career management planning within the organisation. In the last year, internal appointments constituted 15.2% for corporate head office, supply chain and stores divisional and regional management in 2016. For the entire category of junior management and above (including junior management in supply chain and retail Operations), the internal appointment percentage was 78.3%, with labour turnover for the same category at 9.6%. Staff turnover in corporate stores was 29.8%, which is fairly static and still within the targeted range. Delivering a compelling employment value proposition has enabled us to keep our labour turnover as low as possible.

The Country Road Group achieved a 52% internal appointment rate at the head office, compared to 66% at retail management. Staff turnover was 18% at the head office (2015: 20%) and 33% for retail management and full-time employees (2015: 32%).

Labour turnover at David Jones was 23.7% in total and 16.7% at a management level.

## WOOLWORTHS SA WAS THE WINNER OF THE WHOLESALE AND RETAIL SECTOR EDUCATION TRAINING AUTHORITY GOOD PRACTICE AWARD IN THE 'ENTERPRISE: SUPER LARGE RETAIL CATEGORY' FOR 2016.

LABOUR TURNOVER	2016	2015	2014
Woolworths labour turnover (management)	9.6%	6.6%	8.5%
Woolworths labour turnover (stores)	29.8%	26.6%	27.4%
David Jones overall labour turnover	23.7%	–	–
David Jones labour turnover (management)	16.7%	–	–
Country Road Group labour turnover (head office)	18%	20%	–
Country Road Group labour turnover (retail management and full-time employees)	33%	32%	–

SKILLS DEVELOPMENT PROFILE	2016	2015	2014
<b>WOOLWORTHS</b>			
Number of employees trained (includes employees that have since left the business)	30 218	32 171	28 125
Black employees trained as a % of employees trained	95%	95%	95%
Number of employees trained on scarce skills <sup>1</sup>	10 077	11 873	2 581
Black employees trained as a % of scarce skills <sup>2</sup>	94%	93%	79%
Average numbers of training <sup>3</sup>	3.6	N/A	N/A
Number of learning interventions	110 065	139 297	126 120
Number of learnerships registered	2 219	1 748	1 024
Number of employees on skills programmes <sup>4</sup>	1 652	1 685	1 615
<b>DAVID JONES</b>			
Number of employee training interventions	17 472	–	–

We also offer a range of internal and external NQF accredited training and tertiary studies designed to help employees deliver our business strategies, foster talent and equip our employees with vital skills and experience and also in turn prepare our employees with skills for the retail environment.

<sup>1</sup>The sector scarce skills list has been revised again for 2013/14, and sales assistants were again removed from the list.

If we compare like for like, the number including sales assistants = 9 556.

<sup>2</sup>Black employees trained as a % of scarce skills increase to 93% when including sales assistants.

<sup>3</sup>(NEW) Average hours of training per year per employee by gender (Female: 4.3, Male: 4.4).

<sup>4</sup>Significant increase in the attendance of conflict management, VBL 2 and USB programmes. VBL 3 is an additional accredited programme that was introduced in 2013/14.



Participating EduPlant school, Gugulethu

**DEPENDANT BURSARY**

This year the undistributed residual funds in the Black Economic Empowerment Employee Share Ownership Scheme Trust enabled Woolworths to establish a Dependant Bursary Fund solely for dependants of black employees in our employ on 30 June 2015. Through the investing of these funds we anticipate that we will be able to fund bursaries over a 10-year period (depending on the investment return rate). Fifty-five employee dependants, who met the required selection criteria, were approved for Tertiary education funding amounting to a total of R1.5 million bursary funds that will be disbursed to cover their 2016 tuition, books and exam fees.

**COUNTRY ROAD GROUP TRAINING AND DEVELOPMENT**

The Country Road Group invests in the development of its people and focuses on providing strong career paths and development opportunities for all employees. The number of internal management appointments across the business is a key measure in the corporate strategic plan, tracking positively against internal targets across the majority of the brands. Formal succession planning meetings are conducted bi-annually, covering store management positions, through to executive level. This process assists to identify and plan the ongoing development and sustainability of high-potential employees across the Country Road Group, and determines current and future operational requirements in the business.

Witchery has collaborated with the RMIT University in Melbourne, to offer a work placement programme for selected Visual Merchandising students. The programme is designed to provide work experience opportunities and bridge the gap between students and experienced merchandisers. Over the past year, six students completed the placement programme, with potential to extend the programme in the future. In addition, Country Road partners with visual merchandising students from RMIT University to produce an annual window display at one of Country Road's flagship stores in Melbourne.

**WOOLWORTHS SA VOTED AS THE TOP GRADUATE EMPLOYER OF CHOICE IN 2016.**

*case study:*  
**SETA UNEMPLOYED GRADUATES – WORKPLACE EXPERIENCE PROGRAMME**

*Woolworths launched the 3<sup>rd</sup> instalment of the A+ Graduate Programme for 79 unemployed graduates with core/scarc skills. The programme has been used as a feeder of Employment Equity (EE) talent into entry level positions and we've appointed approximately 67% of these graduates into permanent/LPE positions.*

*Programmes like this offer us an opportunity to proactively develop skilled people for consideration as our future pipeline and help resolve the general shortage of qualified, skilled and experienced youth by contributing to the National Skills Development Strategy (NSDS III) through training and providing workplace experience.*

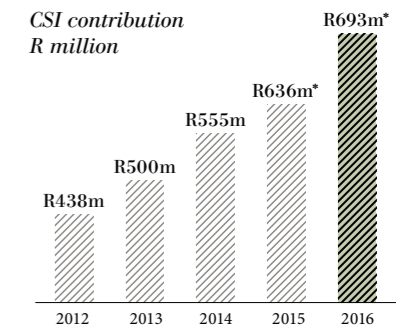
*Woolworths has been voted as the top graduate employer of choice in 2016 in a survey conducted by the South African Graduate Employers Association. The independently held survey asks graduates to name up to two organisations whom they felt had the best graduate programme in specific sectors or industry groups with which they were familiar. We were recognised as leaders in the retail sector.*

# 43/ SOCIAL DEVELOPMENT

## IMPERATIVE

*Our social development strategy is not only aligned to our core business strategy, but also to the developmental priorities of the countries in which we operate. These countries suffer from socio-economic issues that are set to grow as a result of global socio-economic challenges.*

These social ills are exacerbated by economic and climatic pressures that continue to push up inflation, increasing the cost of living and limiting access to basic resources. This picture is not unique to South Africa; it is a common occurrence in developing countries as a whole. The poor continue to experience greater variability in the cost of living and social instability.



\* Includes David Jones and Country Road Group.

## STRATEGY

The Woolworths Corporate Social Investment (CSI) strategy is aligned both to our core business strategy and to the developmental priorities of the countries we operate in. We strive to make a meaningful contribution through the activities of the Woolworths Trust in education, food security and child safety.

## RISKS AND OPPORTUNITIES

- Food insecurity
- Quality of education in marginalised communities
- Access to services in marginalised communities
- Leverage our influence to raise capital for CSI
- Opportunities for our employees and customers to get involved in CSI through our community-based initiatives

## HIGHLIGHTS

- R693 million in WHL Group social contribution for the year
- 8 056 beneficiaries in our MySchool MyVillage MyPlanet programme
- R70 million contributed through MySchool MyVillage MyPlanet
- R27.7 million donated to the EduPlant programme in the last 12 years

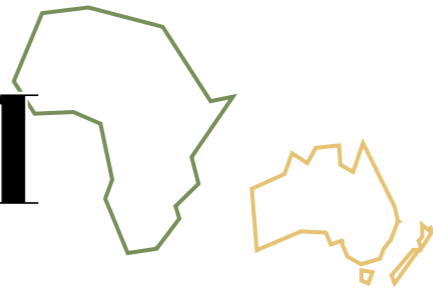
### Mapping Our Risks Across the Supply Chain

KEY: Moderate Significant Major Not applicable

RISK IDENTIFIED	SUB ISSUES		
Food security	<ul style="list-style-type: none"> <li>Poverty alleviation</li> <li>Addressing food waste</li> </ul>		
Education	<ul style="list-style-type: none"> <li>Access to quality resources</li> </ul>		
Child safety and vulnerability	<ul style="list-style-type: none"> <li>Preventing injury</li> </ul>		

Total WHL social contribution for the year

# R693M



# R44.5M

Value of surplus clothing donated to The Clothing Bank

# A\$4.8M

Community contribution in the last year by CRG



# R485M

Surplus food donated by Woolworths to charities



Witchery White Shirt Campaign has raised

# A\$9M

for the Ovarian Cancer Research Foundation since 2000

# A\$2.1M

Community contribution in the last year by David Jones

# R70M

MySchool MyVillage MyPlanet contributed through R1.2m active supporters for 8 056 beneficiaries



### SOCIAL DEVELOPMENT IN SOUTH AFRICA

Our social development strategy aims to make a meaningful contribution through the activities of the Woolworths Trust with a strong focus on education, food security and child safety. Studies have shown that almost half the learners in South Africa that enrol for school drop out before they can write their final matriculation exams, thereby decreasing their employability and preventing optimal economic growth rates as a result of continued skills shortages. In addition to this, we are in a region with the highest prevalence of hunger, with one in four people mal or under undernourished.

#### THE WOOLWORTHS TRUST

In 2003, Corporate Social Investment (CSI) was formalised within Woolworths with the formation of The Woolworths Trust. This legal entity is managed by a Board of trustees that oversees our South African social development activities in line with the CSI policy.

A key focus of all the Trust's activities is to build capacity in our communities – to encourage and support our beneficiaries in becoming self-reliant.

#### FOOD SECURITY

##### EDUPLANT

EduPlant, initiated and co-ordinated by Food & Trees for Africa, is a national permaculture gardening and greening programme that supports schools and their surrounding communities to create abundant gardens using permaculture practices. Woolworths is in its 12<sup>th</sup> year of supporting the programme.

Through the Woolworths Trust, we have donated more than R27.7 million to the EduPlant programme over the past 12 years.

These donations are in the form of training for educators from hundreds of schools on permaculture techniques so that they can initiate and manage sustainable food gardens at their schools and also monetary donations. The schools continue to maintain these EduPlant food gardens using fresh vegetables to supplement feeding schemes at their schools. This year, we also launched the Seed & Feed initiative, as a part of this partnership (see case study opposite).

The Woolworths Trust has donated

# R13M

in the last year to charities

#### case study: SEED & FEED



The Seed & Feed initiative is an opportunity for our customers to contribute to the EduPlant programme through purchases of specific vegetables chosen monthly, identifiable with a Seed & Feed logo on-packets. Every time a customer makes a purchase, a portion of the proceeds is donated as seeds and/or seedlings to an EduPlant school on their behalf. The seeds and/or seedlings are given to schools in all provinces participating in workshops where they learn how to grow and sustain their own food gardens.



# 3 087

Schools received hundreds of seedlings to start their vegetable gardens





EDUCATION

**NATIONAL EDUCATION COLLABORATION TRUST**

The National Education Collaboration Trust (NECT) is a partnership initiative involving government, business, labour and civil society. It is aimed at increasing co-operation among the stakeholders in contributing to implementing the education chapter of the South African National Development Plan.

The programme supports, educators, learners and community members with the knowledge that they require to grow and sustain their own food gardens. Many of the schools use the produce from the gardens to supplement their school feeding schemes.

**MYSCHOOL MYVILLAGE MYPLANET**

In the last year, Woolworths contributed R70 million to the MySchool MyVillage MyPlanet programme through 1.6 million active MySchool cardholders and supporters. These contributions have supported more than 8 000 beneficiaries (including schools, community initiatives and environmental charities). Of this, R8.1 million of the total was donated to 144 MyPlanet charities, and R5.3 million was donated to 569 MyVillage charities. Country Road Group also contributed to the programme in South Africa and Australia with almost A\$170 000 raised.

**MAKING THE DIFFERENCE EDUCATIONAL PROGRAMMES**

The Woolworths Making the Difference (MTD) educational programmes is a suite of primary school and high school initiatives providing teachers and learners educational resources and a range of experiential components. Experiential components include our annual 'Making the Difference Through Design' competition and design workshops for teachers. Once a year, a design competition is run for high school learners and the competition winners' works are exhibited at the annual Design Indaba Expo.

There are over 2 800 primary and high schools across the Western Cape, KwaZulu-Natal, Gauteng and the Eastern Cape currently benefiting from the programmes. The primary school programme targets Grades 4 to 6 and focuses on healthy living and the environment. The high school programme is a design programme targeted towards Grades 10 to 12 design learners and promotes sustainable and innovative design. Woolworths makes an annual contribution of R3 million to run these programmes.

**R5.3M**

*Donated to 569 MyVillage beneficiaries*

**2 800**

*Number of schools benefiting from our Making the Difference educational programmes*

*The Woolworths Trust has donated more than*

**R6M**

*to support the work of the National Education Collaboration Trust over the last three years*

## CHILD SAFETY AND VULNERABILITY

Woolworths continues to support the awareness campaign 'You're Bigger, Be the Adult' through collaboration with Childsafe, a campaign of the Child Accident Prevention Foundation of Southern Africa aimed at raising awareness of childhood injuries and their prevention. Over 90% of child injuries are preventable – a scary statistic which is one of the motivating factors behind the partnership between Childsafe and Woolworths. Parents and child carers are crucial in preventing some of these injuries. They are therefore targeted for training to develop crucial lifesaving techniques and safety skills through Child Safety courses. These are two-day Child Safety courses focusing on practical ways to prevent different accidents in and around the home such as poisoning, drowning, choking, burns, road accidents and general accidents. The courses also include a five-hour infant and child emergency care course (first aid).

In addition to these workshops, we celebrate Child Safety Month in August, using this to leverage our position to influence communities around child safety and vulnerability.

## EMPLOYEE CONTRIBUTION TO CSI

As part of our CSI strategy, our employees are encouraged and supported to get involved in community activities. Initiatives such as Matching Funds, Team up for a Just Cause and the highlight on the calendar, Mandela Day, form part of the employee community involvement programme. These initiatives support a wide range of causes, for example: children, animals, the environment, education and the aged. It is through the efforts of employees that Woolworths is able to extend its reach and make more of the difference to others.

### MANDELA DAY

On 18 July – Mandela Day – South African citizens join a call to devote at least 67 minutes of their time to helping others, as a tribute to Madiba's legacy. For the past three years, as part of the Woolworths Employee Community involvement programme, Woolworths employees have devoted 67 minutes (and more). In 2015, we made a meaningful contribution to 67 projects – in honour of Mandela Day. Woolworths' employees were encouraged to suggest the projects and the Woolworths Trust selected 67 of those to support. These projects support a variety of organisations such as the elderly, children, people with disabilities and abandoned animals. Further, the Woolworths Trust gave each of the 67 projects a R5 000 donation.

### TEAM UP FOR A JUST CAUSE

In order to enable employees to participate in CSI activities, the Woolworths Trust invites staff to 'team up for a just cause'. The purpose of the initiative is to support team building and support teams to raise funds for causes that are important to them.

In September last year 20 teams from different business units took up the challenge to raise funds for a just cause and set fundraising targets.

The Woolworths Trust gave each team R10 000 seed funding to get them started. Over and above that, The Woolworths Trust committed that, for every team that reached its fundraising target, it would match the funds up to R40 000. In total R1.9 million was donated to the 20 charities and organisations supported by the teams across the business.

**IN THE LAST YEAR, OVER R1.9M WAS DONATED TO 20 CHARITIES AND ORGANISATIONS SUPPORTED BY THE WOOLWORTHS EMPLOYEE COMMUNITY INVOLVEMENT PROGRAMME, 'TEAM UP FOR A JUST CAUSE'.**

## CAUSE-RELATED MARKETING AND PARTNERSHIPS

Our cause-related marketing initiatives create awareness and raise funds for important conservation and sustainability related issues. Through the sale of certain products, funds are collected and donated to nominated organisations. In the last year, we raised over R5.5 million through the sale of bags, sweets and bracelets. These funds go towards programmes supporting the conservation of rhino and other endangered species as well as raising funds for campaigns such as breast cancer awareness and Operation Smile.

## PRODUCT DONATIONS

To address the issue of food security, we have established a system whereby we divert our surplus food from going to waste. We donate this food to needy communities via structured charity organisations. In the last year, we donated over R485 million worth of food to needy causes. Going forward, surplus food donations will be reported net of spoilage.

In addition, R44.5 million worth of surplus clothing was donated to charities through The Clothing Bank.

In the last year, Country Road Group donated over \$2.7 million worth of surplus clothing to the Red Cross in Australia and New Zealand.

David Jones donated clothing to the value of \$700 000 to The Smith Family, with the proceeds being used to support educational outcomes for Australian children from disadvantaged communities.

## SOCIAL DEVELOPMENT IN AFRICA

Woolworths expansion into the rest of Africa requires that we develop a position on how the CSI strategy, as part of the broader Good Business Journey and the Woolworths brand, is implemented and governed across the rest of Africa. The roll-out of CSI in countries outside of South Africa will be implemented in a phased approach.

## SPONSORSHIP

Our sponsorship policy aims to facilitate our activity as a dynamic role player and deliver to our business strategy. Some of our key sponsorships include Design Indaba and the Cape Epic mountain bike race. No political donations were made, in line with our policy.

## case study: THE GIFT OF HEARING WITH PHARRELL



*In 2015, Woolworths entered into a partnership with Grammy Award-winning musician, record producer and philanthropist, Pharrell Williams. As part of our 2015 Christmas campaign with Pharrell, we helped buy equipment for 760 children suffering from ear disease or hearing loss. Funds raised during the Christmas period via MySchool MyVillage MyPlanet were donated to the Red Cross War Memorial Children's Hospital to assist in much-needed specialist equipment and medical tools used for ear and hearing examinations, diagnosis and life-changing operating procedures. These donations to the Children's Hospital Trust were in addition to the regular contributions made to MySchool MyVillage MyPlanet beneficiaries selected by our customers. In total, R400 000 was donated to the Children's Hospital Trust.*

## SOCIAL DEVELOPMENT IN AUSTRALASIA

Our expansion to Australia and New Zealand through our David Jones and Country Road Group acquisitions has created an opportunity to expand our CSI programmes. We acknowledge that the countries on which we operate in have different social contexts and therefore require different approaches to making meaningful contributions to the communities we impact.

### DAVID JONES

David Jones provides support to causes that directly benefit the health and well-being of Australian women, with the majority of our support going to the National Breast Cancer Foundation. Every year, David Jones holds a Shop Pink Donation Day where all profits made on the day from all stores across Australia are donated to the National Breast Cancer Foundation. We have also established David Jones Rose Clinics that provide a unique in-store free health screening service for women over 40 to assist with the early detection of breast cancer.

David Jones also partners and supports other institutions to drive the CSI strategy such as the National Breast Cancer Foundation (NBCF) that provides financial grants to support to breast cancer researcher. David Jones provides ongoing support for Breast Cancer Awareness Month through the sale of Pink Ribbon merchandise (which raised A\$71 925) and internal/employee fundraising (A\$20 451). In February 2016, a new campaign whereby 5% from the sale of bras is donated to NBCF when customers purchased two or more bras raised A\$63 000.

- The Rose Clinics provide free in-store breast screening services to more than 35 000 women over the age of 40, each year;
- The Look Good Feel Better organisation teaches cancer patients how to manage appearance-related side effects caused by cancer treatment. Of all lipsticks and lip glosses sold by David Jones in the month of September, A\$1.00 is donated to this organisation. In 2015, we donated A\$65 945;
- The Australian Literacy & Numeracy Foundation (ALNF), an organisation dedicated to raising language, literacy and numeracy standards, particularly in indigenous and marginalised communities. In 2016, 110 indigenous students from low-socio economic circumstances and have learning disabilities were assisted through this programme;
- Gunawirra provides transformational programmes that empower Aboriginal parents with young children to break the lifecycle of trauma and disadvantage. A\$25 000 was contributed to fund a 12-month art therapy programme at Sydney Primary School to help at-risk and traumatised

pre-school children express their emotions and better deal with the trauma they are facing; and

- The Black Dog Institute, a leader in the diagnosis, treatment and prevention of mood disorders such as anxiety, depression and bipolar disorder.

### COUNTRY ROAD GROUP

The Country Road Group is committed to supporting a range of charities through our various brand community partnerships as well as providing opportunities for employees to give back to their communities.

#### REDKITE PARTNERSHIP

Country Road partners with Redkite, one of Australia's leading cancer charities for children and young people. As the major partner of Redkites' Red Bag programme, Country Road supports families with practical support packs, designed, produced and filled by Country Road with items designed to make the families more comfortable during their stay in hospital. During the last year, Country Road raised over A\$147 000 (FY2015: A\$102 000) for Redkite through customer, employee and corporate fundraising. Since partnering with Redkite in 2008, Country Road has raised over A\$1 million and donated 4 400 support packs to Redkite.

Country Road has raised over

**A\$1M**

and donated 4 400 support packs to Redkite

### WITCHERY WHITE SHIRT CAMPAIGN AND DESIGN AWARD

This year, Witchery raised over A\$1.5 million for the Ovarian Cancer Research Foundation (OCRF) through the annual White Shirt Campaign and the sale of The Silver Gift Collection. This brings the total donations raised by Witchery for the OCRF to more than A\$9 million since first partnering in 2000. Witchery's ongoing support has enabled the OCRF to appoint several full-time research scientists and buy vital medical equipment to assist their efforts in finding an early detection test for ovarian cancer.

The annual Witchery White Shirt Design Award was launched in 2011 in partnership with the Whitehouse Institute of Design to nurture creativity among the next generation of design talent. This award is open to second year Fashion Design students from the Sydney and Melbourne campuses and is designed to offer industry mentorship and encourage an understanding of design commerciality.

The winner of the White Shirt Design Award receives a once-in-a-lifetime opportunity to see their design produced as part of the annual White Shirt campaign and sold in over 180 stores across Australasia in support of ovarian cancer research. In the past year, the Whitehouse Institute of Design has integrated the award into their second year Fashion Design course curriculum.

#### EMPLOYEE COMMUNITY INVOLVEMENT

In December 2015, Country Road Group re-launched the workplace giving programme at head office, by introducing Good2Give, an online platform that offers employees the opportunity to make a tax-deductible donation to a charity of their choice. Through this programme, employees are supporting over 20 charities on a monthly basis. The programme will be rolled out to retail employees in the next financial year.

In March 2016, Country Road Group began piloting a new employee volunteering programme, with the objective of increasing awareness around employees' annual day of volunteering leave and making it easier for employees to give back to the community. To date, 70 employees have participated in the programme, sorting clothing donations at the Australian Red Cross Warehouse in Melbourne.

*case study:*

### MIMCO ENCOURAGES CUSTOMERS TO STAND UP, SPEAK OUT AND BE PART OF THE CHANGE

*In Australia, one in four women have experienced physical or sexual violence from a current or former partner, and one in four children have been exposed to violence against their mother. In March 2016, Mimco launched a partnership with Our Watch, a not-for-profit organisation dedicated to preventing domestic violence through challenging its drivers – gender inequality and restrictive gender stereotypes.*

*The three year commitment will see Mimco release seasonal capsule collections with 100% of all profits going towards educational programmes and training to help end violence against women and children.*

*The first collection of pouches were designed in collaboration with print designer, Karolina York, and are embossed with the words 'INSPIRE', 'EMPOWER' and 'RESPECT'.*

*The campaign not only strives to raise awareness among customers, but internally among employees too.*

*Through the sale of the pouches to date, over A\$164 000 has been raised for Our Watch, with a second collection to be launched later this year.*





# 53/ HEALTH AND WELLNESS

## IMPERATIVE

*The global surge in nutrition and lifestyle-based diseases, including cardiovascular disease, type II diabetes and obesity as a result of increased consumption of energy-dense, nutrient-poor foods that are high in fat, sugar and sodium, is identified as a risk factor which can affect all of our customers and employees. As a result, we make it our business to help customers lead better lifestyles, by providing a variety of healthier food options to support a multitude of dietary needs.*

We also know from surveys that our customers' family health, security and happiness is a top priority, so we ensure that customers are able to make informed buying decisions by promoting awareness and providing labelling to ensure transparency in how we communicate the nutritional content of our food.








While customer wellness is a key strategic focus area for us, we recognise that the health, safety and wellbeing of our workforce is at the very heart of our operations. We therefore take the time to understand physical and mental health challenges facing our employees and assist by offering support and care programmes. We aim to create a safe and healthy environment with necessary support structures to enable employees to thrive both at work and at home.

**We recognise that the health, safety and wellbeing of our workforce is at the very heart of our operations.**

STRATEGY	RISKS AND OPPORTUNITIES	HIGHLIGHTS
<p>We aim to inspire a healthy lifestyle by making healthy eating satisfying delicious and convenient across our product ranges whilst also innovating and improving nutritional quality through reformulation. In doing this, we assist customers in making informed dietary choices through transparent product ingredient and nutritional labelling. As well as this, our goal is to create a safe and healthy environment with necessary support structures to enable employees to thrive in the workplace.</p>	<ul style="list-style-type: none"> <li>• Unhealthy diets and physical inactivity are among the leading causes of poor health, including obesity, heart disease and diabetes – an emerging global problem</li> <li>• Personal health and wellness are one of the top concerns for customers and employees</li> <li>• The health and wellbeing of our employees have the potential to positively or negatively influence productivity in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>• First South African retailer to remove sweets from checkout aisles</li> <li>• David Jones maintains strong results in workplace safety and absenteeism</li> <li>• Winner SETA National Disability Awards, South Africa</li> <li>• By the end of 2016, we will have removed 29.3 million teaspoons of sugar and a further 1.9 tonnes of salt from our Woolworths food products</li> </ul>

## Mapping Our Risks Across the Supply Chain

KEY:  Moderate  Significant  Major  Not applicable

RISK IDENTIFIED	SUB ISSUES			
Nutrition and wellness	• Non-communicable diseases linked to overnutrition or undernutrition			
	• Responsible marketing			
	• Food labelling and safety			
	• Product safety			
Employee health and safety	• Prevalence of preventable and non-preventable diseases			
	• HIV/AIDS			
	• Employee wellbeing			
	• Accessibility for disabled			
	• Accidents in the workplace			

**2 570**  
 Vitality HealthyFood™ products in store



Woolworths removed sweets from Food checkout aisles in **171** stores, representing 50% of stores and 70% of total sweets and chocolate sales

David Jones contributed **A\$1.2M** towards breast cancer research and prevention

Less than **1%** of products containing ingredients from potential GM crops as per our labelling

**363K**  
 Customers linked to Vitality HealthyFood™




### OUR WORLD OF WELLBEING

The Good Food Journey is the name we've given to our ongoing commitment to offering Woolworths customers food that's better for them, better for the environment and better for the people who produce it. It encompasses everything from avoiding additives like tartrazine and all other azo dyes, MSG, aspartame, saccharine and cyclamate in our foods, switching to natural colourants and flavourants, labelling ingredients from potential GM crop sources and offering more organic and free range choices, to caring for the welfare of animals and promoting healthy eating as part of a healthy lifestyle.


#### NUTRITION COMMITMENT

We promote a holistic approach by providing delicious, nutritionally balanced food solutions to our customers, while also promoting sustainable food production systems.

We aim to:

- inspire healthy lifestyles by making healthy eating satisfying, delicious and convenient across our product ranges. We aim to provide our customers with a variety of product options (such as Ready-to-Eat salads, portion-controlled snack packs, Slimmer's Choice, Carbclever and Free-From ranges);
- innovating to improve the nutritional quality of our foods by always considering the nutrient profile of products and offering products with functional ingredients such as omega-3; and
- promoting healthy and informed choices through customer communications with clear nutrition labelling as well as our Healthy Living Hub; through practical tools such as product information lists, on-pack icons, experiential learning components and through healthy food promotions and partnerships such as Discovery Vitality HealthyFood™.

As part of this ongoing nutrition commitment, we are working to reduce the sugar and salt content of our private label foods products. By the end of 2016, we will have removed 29.3 million teaspoons of sugar and a further 1.9 tonnes of salt from our Woolworths Food products.

 To read additional content on our healthy living, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

### case study: FIRST RETAILER IN SA TO REMOVE SWEETS FROM FOOD CHECKOUT AISLES

In August 2015, Woolworths announced a decision to remove all sweets and chocolates from food checkout aisles, reflecting a commitment to providing better alternatives for children and parents at checkout, particularly in light of the many health-related issues faced by children in South Africa today. This was also in response to a significant amount of customer feedback received around this issue.

Following the initial statement in 2015, a phased approach to the removal of sweets was adopted, with all the sweets and chocolates from checkout aisles in 104 stores replaced with better snacking options, such as nuts and dried fruit. As of June 2016, 171 stores have implemented the change across South Africa and Africa, which is more stores than the initial target (166). These stores represent 50% of total Woolworths stores and 70% of total sweets and chocolate sales, and include all of our large format flagship stores. The remaining 50% of stores will be completed in a phased approach over the course of 2016 and 2017. This milestone represents a huge transformation for Woolworths, with both operational and financial impact.



### DIABETES DAY

Diabetes affects one in ten South African adults. In support of World Diabetes Day (14 November) and in order to help customers understand the importance of good nutrition in managing diabetes symptoms, each year Woolworths hosts a series of dietician-led store tours across the country. The tours help educate customers and their families on how to make more informed food choices when they shop.

### VITALITY HEALTHYFOOD™

Now in its third year, Woolworths partnership with the Vitality HealthyFood™ programme, continues to deliver incentive rewards for making healthy food choices to 363 000 customers (2015: 334 00) linking their Woolworths loyalty cards to Vitality. Through this benefit, customers can earn up to 25% cash-back rewards through the purchase of any of the 2 570 healthy food products at Woolworths including vegetables, fruit, wholegrains, fat-free dairy products, lean protein, legumes and healthy fats and oils. These foods contribute towards preventing lifestyle-related chronic diseases, such as diabetes, heart disease, and certain cancers. In addition, of the total number of HealthyFood™ customers, 41.5% are also giving back through the MySchool programme (page 47).

### FOCUS ON NUTRITION IN EDUCATION

Woolworths helps educate primary school learners and their parents on nutrition through the Making the Difference educational programme (page 47). We offer curriculum-linked resources for schools on healthy eating as well as store tours to help teachers and parents learn about nutrition, healthy living and caring for the environment. We also conduct learner talks hosted at schools by dietitians.

### BREAST CANCER AWARENESS

Breast cancer is one of the most common causes of cancer-related deaths of women in Australia. Over 14 000 women are diagnosed with this devastating disease each year, and sadly, thousands of women may not win the fight. In partnership with the National Breast Cancer Foundation (page 50), David Jones is the exclusive department store retailer of Pink Ribbon merchandise during Breast Cancer Awareness Month. In addition, David Jones also partners with BreastScreen associations in each state to establish Rose Clinics within five flagship stores, where women over the age of 40 can get a free breast cancer screening. The clinics use state-of-the-art digital mammography technology, offering a first class clinical service in a comfortable, non-clinical environment.

David Jones continues to provide cash and in-kind support to its BreastScreen partners, totalling A\$1.2 million in 2016. This includes the provision of space and funding of wages for the nurses to facilitate the screening in these clinics. These programmes are supported by employee activities through the year that also help to increase awareness about breast cancer and raise funds for the National Breast Cancer Foundation.

### PRODUCT SAFETY

#### FOOD SAFETY AND INTEGRITY

Food safety is critical to Woolworths, and mechanisms are in place to ensure that consumers are offered products which have undergone thorough testing and rigid process control to ensure they are safe. In addition, all Woolworths suppliers are audited independently by rigorous inspection services and visited by our technical teams to ensure that the highest standards of hygiene and safety are upheld.

#### PRODUCT RECALLS


Woolworths has a robust product recall process in place, whereby products posing a safety risk are removed from the shelves within two hours of the respective executive being made aware of the risk. During the course of FY2016 one product recall was necessitated for a range of 12 ice cream and sorbet products, due to inconsistent peanut allergen labelling on packaging.

#### CHILD SAFETY

From our no-pin policy and metal detectors in factories to using the softest and most protective fabrics, Woolworths is committed to maintaining the highest possible levels of product safety through the design and manufacturing of our baby and children's clothing.

#### GENETICALLY MODIFIED CROPS

In keeping with our public commitment to remove or replace ingredients from genetically modified (GM) crops in our foods where possible, Woolworths has reduced the number of products containing ingredients derived from GM crop sources in private label foods by a further 66%. Last year, 1.8% of Woolworths private label foods contained ingredients from potential GM crop sources. This has now dropped to less than 1%.

 To read our position statement on GM, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

### EMPLOYEE HEALTH AND SAFETY

WHL is committed to providing a safe and healthy working environment for all employees. Prevention is an important aspect of our health and safety procedures; hence, all our buildings are designed within stringent health and safety guidelines and with employee and customer well-being as a primary consideration.

As per legislative requirements, health and safety representatives are appointed in each part of the business, and health and safety committees are in place. At our South African distribution centres,

compliance health and safety legislation are covered in a collective agreement with a trade union.

Across the Group, we aim to deliver comprehensive occupational health and safety programmes which meet the needs of our employees in the context of their country of operation and local legislation. This work is supported by our teams of occupational health practitioners employed across our operations in South Africa and Australia.

	WOOLWORTHS	DAVID JONES	COUNTRY ROAD GROUP
Employee assistance programme	✓	✓	✓
Health screening (health weeks)	✓	✓	✓
Health information communication (intranet; newsletters)	✓	✓	✓
Basic primary health services and advice	✓	–	✓
Monitoring of chronic illnesses	✓	–	–
HIV/AIDS voluntary counselling and testing	✓	–	–
HIV/AIDS and TB policy and guidelines	✓	–	–
Mental health training	✓	✓	✓
Number of health and safety practitioners employed	17	8	3

### EMPLOYEE ASSISTANCE PROGRAMME

Each operating company within the Group offers an Employee Assistance Programme (EAP), open to all employees, consisting of professional and confidential counselling services, designed to assist with personal concerns that may or may not impact on productivity or work performance. These concerns include, but are not limited to health (including mental health), relationships and family, financial and legal, alcohol and substance misuse, grief and bereavement, trauma and critical incidents. In FY2016, 1 652 Country Road Group and Woolworths employees made use of the EAP programme.

### HIV/AIDS MANAGEMENT

HIV/AIDS is a global epidemic which affects around 36.9 million people, predominantly from low- and middle-income countries. According to the World Health Organisation, sub-Saharan Africa is the most affected region. Data from Statistics South Africa indicates the total number of persons living with HIV in South Africa has increased from an estimated 4.02 million in 2002 to 6.19 million in 2015, with a prevalence rate of approximately 11.2% throughout the whole population and 16.6% for adults aged 15 to 49 years. As a large majority of the working class impacted, it is imperative to have the necessary management systems in every work environment. Woolworths acknowledges HIV/AIDS as a potential threat to our workforce, and consequently business productivity, and recognises our required role as an employer to assist in the management and monitoring of HIV/AIDS through leadership, strategic planning and implementation of cost-effective and sustainable measures. To address some of the challenges that come with HIV/AIDS, we have adopted a company-wide HIV/AIDS policy, last reviewed in June 2015.

Woolworths is committed to the Constitution of South Africa, and applicable employment legislation and other related legislation which informs our HIV/AIDS policy. This policy is very explicit on how employees who test positive for the virus are to be treated in order for them to continue to lead productive lives:

- they will not be removed from their position, victimised or discriminated against;
  - they are entitled to confidentiality;
  - they are entitled to treatment via the Woolworths Clinical Management programme run by Metropolitan Health Risk Management under the name of 'HIV Your Life Programme' if they do not have access to a medical aid; and
  - they are eligible for all employee benefits.
- Woolworths has also identified the following components to managing HIV/AIDS:
- prevention of HIV/AIDS by offering free voluntary HIV/AIDS screening and counselling to all employees. In addition, the distribution of condoms in all facilities;
  - living positively with HIV/AIDS; and
  - communication, education and awareness across all our operations via our intranet and other staff communication channels.

During FY2016 the total number of employees receiving voluntary counselling and testing (VCT) for HIV/AIDS was 7 441 (2015: 4 447).


In addition, we support and engage in a range of community wellness campaigns pertaining to HIV/AIDS (e.g. World AIDS Day) to raise awareness on a much wider scale within our corporate environment, supply chain and the communities we impact. We also engage with organisations such as the South African Business Coalition on HIV/AIDS in order to understand workplace issues

associated with the illness. The Woolworths Code of Business Principles (page 63), against which all our first tier suppliers are assessed, prohibits discrimination against affected and infected people across our supply chain.

### MENTAL HEALTH AWARENESS AND SUPPORT

According to Mental Health Australia, approximately 20% of the Australian population will experience mental illness in any given year. Through our Employee Assistance Programme, David Jones offers free and confidential counselling to employees and their immediate family members, to help improve mental health and personal resilience. This programme has been strengthened by the phased introduction of mental health awareness training for executives and managers in FY2016, ahead of a national rollout in FY2017. On an annual basis, David Jones also runs Mental Health Awareness Month and supports RUOK? Day, to actively promote discussion about mental illness and encourage affected employees to seek help through the EAP, from family, friends or from qualified mental health professionals.

The key focus areas for this year's Mental Health Awareness Month include managing aggressive behaviour from customers or colleagues, improving mental health through exercise and promoting a number of new services available to David Jones' employees such as an online portal providing information about improved mindfulness and resources from David Jones' health insurance provider about personal resilience and work-life balance.

 [Read more about Woolworths Code of Business Principles on page 63.](#)

### INJURIES AND ABSENTEEISM

David Jones has been working to improve workplace health and safety outcomes through various strategic measures, including annual compliance training for all employees, engagement and capacity building for in-store WHL Consultative Committees and an upgrade in incident management and reporting. These, and other measures implemented to date, have already reduced workers compensation premiums by A\$3.1 million (56%) and delivered an industry leading 51% reduction in Total Recorded Injury Frequency Rates (TRIFR) since 2012.

Coinciding with the launch of Mimco's partnership with the not-for-profit 'Our Watch' which aims to eradicate domestic violence (see page 51), Country Road Group updated the Personal Carer's Leave Policy in FY2016, to enable employees to access their paid personal carer's leave entitlements in the event they face situations of violence or abuse in their personal life that may affect their attendance or performance at work.

EMPLOYEE HEALTH INDICATOR	WOOLWORTHS	DAVID JONES	COUNTRY ROAD GROUP
Confirmed fatalities on duty	2	0	0
Primary healthcare cases (acute and chronic care)	8 550	NR	NR
Injuries/incidents on duty	672	1 702	271
Lost Time Injuries (LTI)	408	37	53
Total Recordable Injury Frequency Rate (TRIFR)	0.01%*	14.0**	19.01**
Lost Time Injury Frequency Rate (LTIFR)	0.04%*	4.2**	9.16**
Gross Absentee Rate (GAR)	3.21%	2.10%	NR

NR – Not reported at present.  
\* calculation per FTE work days.  
\*\* calculation per million hours worked.

### case study: DISABILITY IN THE WORKPLACE

*The wholesale and retail sector is a low-risk environment, yet the percentage of persons living with disabilities employed in these sectors remains low. Woolworths has made a concerted effort in recent years to change this. We have a proud history of affirming persons living with disabilities and breaking stereotypes and strive to provide equal employment opportunity, development and support of our employees living with disabilities. Our strategic approach to the employment of persons living with disabilities is aligned with the Woolworths people and transformation strategies and the National Skills Development strategy.*

*The successful implementation of this strategy is aided by our partnership with the Wholesale and Retail Sector Education and Training Authority (SETA). The total number of people living with disabilities constitutes 1.63% of our workforce, of which 1.53% is black – exceeding the minimum threshold of 1.2%. In recognition of these efforts, Woolworths won the SETA Disability Award in 2016. The aim of these awards is to celebrate and recognise disability service delivery excellence, highlight the achievements and contributions of disability rights activists and organisations, change agents and disability champions in South Africa.*



# 61/ ETHICAL SOURCING

## IMPERATIVE

*The diverse and often complex supply chains involved in producing the food and clothing products we sell can have much more significant social and environmental impacts than those occurring within our direct operations. Increased pressure from activist groups regarding the transparency of supply chains and the traceability of products is also an important factor. Transforming company value chains through establishing ethical sourcing strategies has therefore become non-negotiable.*

Ethical sourcing for Woolworths means building meaningful or value-sharing relationships with stakeholders and working with our suppliers to ensure that the products we source are created in safe facilities by workers whose human rights are respected and who are paid fair wages. In addition, this means only working with suppliers that practice duty of care towards the environment, do not use child labour or subscribe to any form of corruption.

This is core to the UN Global Compact, to which we are signatories. Our continued success is linked to the success of the farmers and suppliers who grow and produce our products.

Although this is one of the most difficult areas to drive consistency with direct, indirect and commodity suppliers due to the global footprint of our business, the reputational risks in particular of being associated with unethical behaviour in our supply chain are huge.

## STRATEGY

We are committed to ensuring that both WHL and our suppliers operate in a way that respects workers' rights, maintains safe working conditions, upholds local employment laws and protects the environment and the welfare of animals. Not only is this what our customers expect but we believe that suppliers and business partners who share our values, with safe, environmentally responsible and fair working conditions, produce the best quality goods.

## RISKS AND OPPORTUNITIES

- Increasing global pressure on retailers to consider both the environmental impacts of products and the labour relations standards of the suppliers they are sourcing from
- Greater demands for accountability and transparency from customers, media and non-governmental organisations
- Long-term security of supply and quality of commodities sourced is a concern
- Traceability becomes increasingly difficult where we do not have a direct relationship with producers, particularly in the case of commodities
- Partnering with credible sustainability standards can increase transparency, encourage more sustainable farming practices, ensure ethical working conditions and better prices













## HIGHLIGHTS

- 100% UTZ-certified cocoa sourced for Woolworths private label boxed chocolates, slabs and bars
- First two suppliers converted to mass-balance CSPO palm oil
- Viscose traceability exercise completed
- Country Road Group rated as B+ and David Jones B- in the 2016 Baptist World Aid Australian Fashion Report



### Mapping Our Risks Across the Supply Chain

KEY:  Moderate  Significant  Major  Not applicable

RISK IDENTIFIED	SUB ISSUES			
Ethical conditions in supply chains	<ul style="list-style-type: none"> <li>• Wages</li> <li>• Safe working conditions</li> <li>• Freedom of association</li> <li>• BBBEE</li> </ul>			
Traceability	<ul style="list-style-type: none"> <li>• Key commodity inputs across the Group</li> </ul>			
Environmental conditions in supply chain	<ul style="list-style-type: none"> <li>• Deforestation</li> <li>• Energy</li> <li>• Water</li> <li>• Waste</li> <li>• Animal welfare</li> </ul>			

**88**

WHL suppliers on SEDEX


**82%**

Food supplier compliance with Woolworths' Code of Business Principles 

**97%**

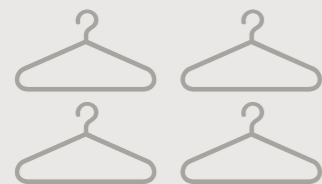
Acceptance of David Jones' private label suppliers to Code of Conduct 

**58%**

Engagement of David Jones branded suppliers (returned questionnaire) 

**95%**

Country Road Group supplier compliance with Code of Labour Practice



**98%**

Clothing and GM supplier compliance with Woolworths' Code of Business Principles

### APPROACH TO ETHICAL SOURCING

Our approach to ethical sourcing is broadly built around a number of key elements:

- building internal awareness and capacity around ethical trade;
- ensuring we work with suppliers and business partners who share our values;
- monitoring supplier performance to identify issues;
- addressing problems where they arise and supporting our suppliers to align with WHL best practice;
- building capacity along the supply chain, as a means of improving social and environmental outcomes;
- engaging our stakeholders regularly on ethical trade matters;
- working with others to tackle complex and systemic problems that we cannot tackle on our own; and
- driving transparency – being open and honest about our challenges and progress.

We believe that the most sustainable way to drive improvements is to work collaboratively, as signatories to the UN Global Compact, via the SEDEX programme (the Supplier Ethical Data Exchange) and using the conventions of the International Labour Organisation (ILO) and Ethical Trading Initiative (ETI) Base Code to underpin our programme, and to help determine principles specific to WHL.

WHL supports the following ethical sourcing principles:

- that employment is freely chosen, not forced, bonded or resulting in involuntary prison labour;
- that freedom of association and the right to collective bargaining is respected;
- that working conditions are safe and hygienic;
- that child labour will not be permitted;
- that minimum wages should be paid;
- that working hours are not excessive;
- that discrimination should never be permitted or tolerated;
- that regular employment is provided;
- that harsh or inhumane treatment should not be allowed;
- commitment to compliance with all applicable environmental laws and regulations and a commitment to environmental efficiency and improvement over time;
- that animal welfare is promoted by the minimising of any potential harm, stress or pain to animals;
- that bribes, favours, benefits or other similar unlawful or improper payments, in cash or kind, whether given to obtain business or otherwise is prohibited; and
- commitment in South Africa to the principles of broad-based black economic empowerment as set out in the Department of Trade and Industry (DTI) BBBEE Codes of Good Practice and requiring our South African suppliers and contractors to do the same.

Woolworths has always taken ethical sourcing very seriously and driven this primarily through the Woolworths Code of Business Principles and supplier audits. We are also partnering with credible third-party organisations and standards, particularly where we are sourcing commodities and do not have direct relationships with the producers.

#### WOOLWORTHS' CODE OF BUSINESS PRINCIPLES


All Woolworths suppliers, service providers and franchisees, whatever their location, are bound by the Woolworths Code of Business Principles and all first-tier suppliers are regularly assessed against it by a third-party auditor. This means that the quality of their workmanship has to be the highest, their workforce has to be treated fairly, their premises must be safe and that any negative impact their operations might have on the environment is minimised.

Foods targeted 95% compliance with the Code of Business Principles for 2016 and achieved 82% compliance. This has been in part the result of stricter audit standards and the retraining of external auditors around ethical issues.

Common trends also bringing compliance rates down are suppliers not paying premium overtime rates and employing foreigners without permits or with expired permits.

Clothing's 2016 compliance target was 95%, and 98% was achieved.

In response to the unfortunate incidents that took place in some factories in Bangladesh in the past few years, we have incorporated stricter fire safety and building compliance standards in our third-party audits.

 To read our position statement on ethical sourcing, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

Woolworths Clothing and General Merchandise is currently sourcing from South Africa, Lesotho, Swaziland, Mauritius, Madagascar, India, Bangladesh, Cambodia, China, Vietnam, Turkey and Italy. Of this, 52% of sourcing, at present, is from SADC.

We are finalising a review of the Code of Business Principles in order to address more globally identified issues while also strengthening areas which we felt were not prescriptive enough and to drive alignment across the WHL Group.

**COUNTRY ROAD GROUP**

All manufacturers must sign the Country Road Group Code of Labour Practice which is aligned with ILO conventions in relation to ethical trade and the ETI base code. Suppliers undergo on-going social compliance checks conducted by independent auditors, or are required to supply audit reports from independent auditors, to ensure they meet the standards of the code.

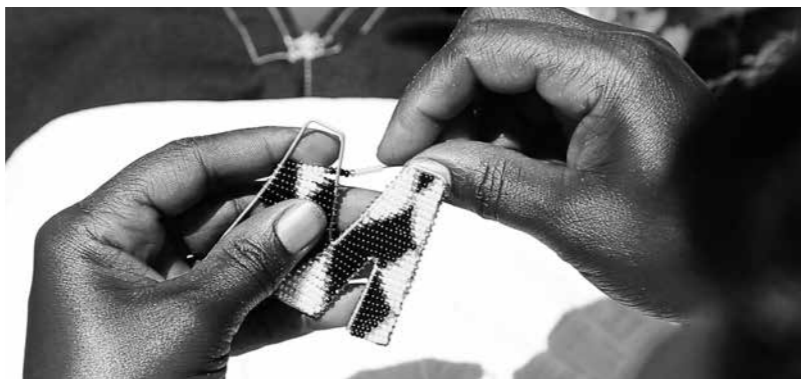
Country Road Group targeted 95% compliance with the Code of Labour Practice for FY2016 and achieved 95% compliance.

The majority of the Country Road Group's apparel and accessories are sourced offshore from a range of countries, including China, India, Italy, Thailand, Indonesia, Portugal and Vietnam.

Work has begun to further improve traceability through the supply chain. Country Road Group currently uses raw materials from a range of countries, including China, Pakistan, India, Spain, Portugal and Australia.

**MIMCO'S PARTNERSHIP WITH THE ETHICAL FASHION INITIATIVE**

Mimco has committed to a long-term partnership with the Ethical Fashion Initiative (EFI), to play an active role in empowering women and reducing poverty through fair work opportunities. To date, Mimco has



*Mimco, Ethical Fashion Initiative*

launched three successful collections made in collaboration with the EFI and Kenyan artisans, with plans to release a fourth collection made by artisans in Haiti in the next financial year. The collections have contributed to an increase in salary, and through training, the artisans have gained the confidence and skills to share their knowledge within their communities.

**DAVID JONES ETHICAL SOURCING PROGRAMME**

Determined to evolve beyond the 'House of Brands' to become known as the 'House of Ethical Brands', David Jones focused its efforts on building a solid foundation for its ethical sourcing programme in 2015 and 2016. A number of ethical sourcing experts joined the sustainability team to take on the challenge of engaging with and supporting more than 1 200 suppliers on their journey to more ethical and sustainable management of their supply chain. To improve transparency and traceability along the supply chain, David Jones has been engaging with suppliers to understand key supply chain risks through development of a self-assessment questionnaire, completed by private label

suppliers and largest branded suppliers together comprising 75% of sales.

In addition, all suppliers have been asked to counter-sign the newly enhanced David Jones Supplier Code of Conduct. The updated code has strengthened and clarified requirements for suppliers and provided an opportunity to align David Jones with Woolworths, Country Road Group and industry best practice. To date, more than 97% of private label suppliers have signed the code, and are undergoing audits to prove compliance. To date a compliance level of 77% has been achieved by audited suppliers.

To help improve awareness and management of ethical sourcing issues, we have already started to provide guidance and training to our suppliers, explaining how they can identify, manage and resolve ethical sourcing issues within their own supply chains.

The next steps to further improve transparency and traceability include engaging with second and third tier suppliers to understand more about the various inputs and raw materials they use.

**SEDEX**

SEDEX is a non-profit, web-based platform which assists companies in managing their ethical risks in their supply chain as well as simplifying the engagement across tiers in the supply chain. Woolworths has been a member of with SEDEX since 2015; we are one of about 40 000 members spanning 50 countries. SEDEX engages in multi-tier supply chains like Woolworths and drives improvement at all levels with a goal of converging responsible business practices. Currently, 40 Woolworths food suppliers are SEDEX certified of which 39 are considered medium risk, and one is high risk. David Jones has 48 factories SEDEX-certified and another 20 are in progress. Going forward, the aim is to not only increase the number of audited suppliers but also to shift our suppliers from medium risk to low risk with the help of SEDEX tools.

**AUSTRALIAN FASHION REPORT 2016**

The 2016 Baptist World Aid Australian Fashion Report was released in late April 2016 – this is the most high-profile report in Australia dealing with ethical trade issues, grading companies based on their efforts to mitigate the risks of forced labour, child labour and worker exploitation through their supply chains. In total 87 apparel companies were graded (up from 59 in 2015):

- David Jones received a B- in 2015, up from C- in 2015 (and was featured in a progress case study in the report);
- Country Road Group received a B+ (same as 2015); and
- the median score across the whole sample was C+.

In the third edition of the Australian Fashion Report, Baptist World Aid introduced a new grading tool to challenge brands to continuously improve. The new tool has an increased emphasis on traceability and worker empowerment including the payment of living wages. For the majority of companies, this new scoring methodology has increased the difficulty in achieving higher grades this year. Using last year's methodology, Country Road Group would have received an A, which reflects the positive progress made over the last 12 months, since scoring a B+ in the 2015 Australian Fashion Report.

This acknowledgement by Baptist World Aid reinforces WHL's commitment to ethical sourcing as part of our ongoing Good Business Journey, as we strive to become the most sustainable fashion retailer in the southern hemisphere.



*case study:*  
**TRENERY PARTNERS WITH PACHACUTI**

*In October 2015, Trenerly launched a range of Pachacuti panamas. Timeless and unique in design, each Pachacuti panama combines sustainability, history and luxury.*

*The panamas are made by artisans living in remote Ecuadorian communities high in the Andes, using traditional weaving techniques passed down through generations. They are woven from natural straw sourced from community-owned plantations, where they have been sustainably harvested for more than one hundred years.*

*Pachacuti, a Fair Trade-certified organisation, aims to empower women, working directly with women's cooperatives in Ecuador where weavers carry out the entire production process from weaving to finishing.*

*By encouraging fair working practices and paying a fair price, Pachacuti is helping to make a real difference to the lives of artisans, their families and communities.*

*Following the success of this limited edition range, Trenerly plans to partner further with Pachacuti in the coming year.*

### case study: OVATION WINES

*Thokozani was started 10 years ago on Diemersfontein Wine Estate in the Western Cape by David and Sue Sonnenberg who wanted to set up a trust for their staff members. Diemersfontein Wine Estate has been supplying quality wines to Woolworths for a number of years. What began as an empowerment BEE project, blossomed into a story of true human development, and is a breakthrough in BBBEE business.*

*Thokozani began with 35 staff shareholders. Each farm worker, with at least one year's service and a willingness to participate, was given shares in Thokozani, conditional on the workers staying and working on the farm for five years. Each month thereafter, participating members*

*devoted 2% of their salary to buying more shares in Thokozani. Thokozani wines have now shifted from 30% ownership by staff members, to 80% ownership by farm workers and the remaining 20% by Diemersfontein. The wine brand is run by the team who have nominated their own set of directors.*

*Ovation is their new wine label, made exclusively for Woolworths, and comprises a collection of three wines – a Sauvignon Blanc, a Merlot and a Pinotage.*



### DEFORESTATION COMMITMENT


Deforestation and forest degradation are driven primarily by the increasing global demand for agricultural commodities such as timber, palm oil, soy and leather, used to make a wide range of food, clothing and other everyday products. According to WWF International, deforestation contributes to an estimated 15% of the global greenhouse emissions. Furthermore, the destruction of these valuable habitats threatens the livelihoods of over 1.6 billion people that depend on forests for fuel, materials, nutrition and income generation.

WHL recognises the environmental and social importance of safeguarding the world's last remaining ancient and endangered forests, as well as the role of reducing deforestation and forest degradation in mitigating climate change.

We are committed to reducing and eventually, removing deforestation and forest degradation from our direct operations and supply chain. This commitment includes systematically removing commodities from our supply chain that cannot be traced to a sustainable source, and therefore may potentially have been illegally harvested; that come from an area of high conservation value; that contributed to the conversion of forest into plantations or for non-forest use; and/or, were obtained in violation of traditional and civil rights.

Through engagement with customers, suppliers, NGO partners and certification bodies, we aim to increase both awareness around and demand for sustainably sourced forest products within our operations, and more broadly.

Woolworths is working towards using only sustainably sourced or recycled wood products throughout our operations. We will endeavour to ensure that we use timber and paper which is chain of custody certified through the Forest Stewardship Council (FSC™), indicating that the product originates from certified, well-managed forests and/or other controlled sources.

 To read our position statement on deforestation, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

### SUSTAINABLE PALM OIL

Palm oil is an important and versatile raw material for both food and non-food industries, which contributes to the economic development of the producing countries and to the diets of millions of people around the world. Although palm oil has the highest yield per hectare of any oil or oilseed crop, it is recognised that there are environmental and social pressures on its rapid expansion to eco-sensitive areas, particularly as palm oil can only be cultivated in tropical areas of Asia, Africa and South America.

As part of our commitment to responsible sourcing, we aim to use only certified sustainable palm oil (CSPO) from physically segregated supply chains in our private label products by 2020. Woolworths was the first South African company to become a member of the global Roundtable on Sustainable Palm Oil (RSPO) and has been working with suppliers and local refiners to create the demand and develop the market for sustainable palm oil since 2011. With only 21% of the world's supply certified-sustainable, we have faced significant challenges in securing a physical supply of CSPO into South Africa. Through engagement with South African refineries, Woolworths has secured a physical supply of CSPO for use in a mass balance system and also facilitated the training of a local auditor to undertake RSPO audits.

Through our palm oil baseline, we have identified usage across all of our products and suppliers, and have succeeded in converting one major food supplier and a beauty department soap supplier to using mass-balance CSPO. All palm oil based ingredients and palm oil derived ingredients will be sustainably sourced for the Woolworths private-label skincare and bath and body ranges by April 2017. We continue to purchase GreenPalm certificates to offset the remainder of our usage to incentivise Indonesian and Malaysian palm oil growers to become RSPO-certified sustainable producers ([www.greenpalm.org](http://www.greenpalm.org)).

Ultimately, we want to see all Woolworths suppliers converting to a 'segregated' supply of RSPO-certified sustainable palm oil, but this will only be possible in a few years' time when the demand for certified sustainable palm oil in South Africa grows to a scale where it is viable to transport fully segregated palm oil from origin through transport, storage and refining to end product.

### RESPONSIBLE SOY

Woolworths acknowledges the significant deforestation risks associated with the clearing of ancient and endangered rainforests or areas of high conservation importance for the production of soy. We have completed a high-level soy footprint and volumes

assessment, and have identified that around 99% is consumed within the animal feed associated with the production of our fish, dairy, pork and poultry. We have identified numerous challenges in the traceability of soy and have become the first South African member of the Round Table on Responsible Soy (RTS) to collaborate with leading brands and NGOs to explore the opportunities available for supporting and increasing demand for certified sustainable soy.

As part of our WHL Group commitments for 2020, we have stated that we are aiming for 100% responsible sourcing of all key commodities, including soy (primary tier products and, secondary tier used in animal feeds). We are still working to define the strategy and standards which will meet our responsible sourcing requirements.

### UTZ CERTIFIED COCOA

Sourcing UTZ Certified cocoa for our chocolate provides assurance that the cocoa has been grown and harvested responsibly. The programme helps farmers learn to improve the quality and yield of their cocoa while reducing their impact on the environment and enabling them to take better care of their workers and families. We started by sourcing 25% UTZ Certified cocoa for our boxed chocolates in 2012. As more UTZ Certified cocoa has become available to meet our demand, we have increased this amount and are currently sourcing 100% UTZ Certified cocoa for all our Woolworths private label boxed chocolates, slabs and bars, a year ahead of our original timelines. We are now also committing to source 100% UTZ Certified cocoa as an ingredient in all Woolworths-branded foods by June 2018.

### ORGANIC AFRICAN COFFEE

A number of challenges have been experienced with cost and consistency of the supply of Fairtrade coffee beans, and as a result, the main focus for our WCafes' has been organic certification and the African sourcing of beans. We now source coffee directly from the farmers. As we do with all our suppliers, we will work in a mutually beneficial manner with them to improve supply and quality, while paying fair prices that allow them to contribute to development in their communities.

A wide range of certified sustainable packaged coffees from all over the world is also sold in our stores.

 To read our position statements on UTZ cocoa and palm oil, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

### case study: VISCOSE

More than 100 million trees are logged every year and turned into dissolving pulp for fabrics such as rayon/viscose, modal and lyocell. Canopy, an environmental non-profit group has provided research to show that in some cases logging is resulting in the destruction of some of the world's most precious ancient and endangered forests. Between 5% and 8% (depending on season) of all Woolworths SA, and around 10% of Country Road Group garments contain viscose in some form. Woolworths SA has visibility across 99% of total viscose usage, which comes from 12 different suppliers, and we are working toward traceability to mill. A number of viscose suppliers are already working with Canopy and have forest-friendly policies in place. These companies, like frequent Woolworths SA supplier Lenzing, are undergoing third-party audits to assure compliance against these policies. We are engaging with the rest of our suppliers to ensure they also adopt forest-friendly policies, and will work with us to meet our Canopy commitment. Woolworths Holdings commitment is consistent with, and builds on the efforts of other brands, designers and retailers collectively working as part of the CanopyStyle initiative to ensure that our supply chains are free of ancient and endangered forests by 2017.



David Jones, Summer 2016

### LEATHER

Leather is commonly used across our clothing and homeware ranges. To WHL the use of leather poses challenges in terms of ensuring the welfare of animals (see page 79) and the environmental impact of processing animal hides. The various Woolworths Codes of Business Principles already include standards around the use of hazardous and toxic chemicals for processing leather. We are also working towards developing better traceability within our supply chain to ensure that the leather we use in our products does not contribute towards deforestation or forest degradation, and is not against our animal welfare policies, and we will encourage our clothing and general merchandise suppliers to purchase leather from Leather Working Group (LWG) certified suppliers.

### PRIORITY CHEMICALS/DETOX STRATEGY

The Detox campaign was launched by Greenpeace in 2011 to expose the links between global clothing brands, their suppliers and water pollution around the world.

Woolworths has always taken our responsibility to protect customers, workers and the environment seriously. We accept that without the use of dyes and chemicals we would not be able to provide our customers with satisfactory products, but it is incumbent on the supply base to use chemicals responsibly and to use those that do not pose unnecessary risks to workers, customers or the environment.

While our Woolworths Code of Business Principles has served us well for many years (including our C99 Environmental, Chemical and Factory Minimum Standards for Dyeing, Printing and Finishing Clothing and Textiles), we are now working with a far more complex range of products from a truly global supply base, against a backdrop of tighter legislation. Woolworths recognises the urgent need for eliminating industrial releases of all priority chemicals. Accordingly, our approach is based on prevention and the precautionary principle and Woolworths is committed to zero discharge of all priority chemicals from the whole lifecycle and all production procedures that are associated with the making and using of all products Woolworths clothing sells by 1 January 2020.

We recognise that to achieve this goal, mechanisms for disclosure and transparency about the priority chemicals used in our global supply chains are important and necessary, in line with the 'Right to Know' principle.

Woolworths also commits to support systemic (i.e. wider societal and policy) change to achieve zero discharge of priority chemicals (associated with supply chains and the lifecycles of products).

In addition to eliminating the use of harmful chemicals in the production process, we have banned sandblasting using crystalline silica for all Woolworths denim production. All our suppliers have signed a no-sandblasting policy and we will continue to do regular audits to ensure adherence to this policy.

All Country Road Group manufacturers must sign the Environmental Code of Practice (ECoP) for the dyeing, printing and finishing of merchandise supplied. This code aims to ensure that within existing technology, no dye or chemical used in the production of garments, fabrics, leather and/or textile-related products present an unacceptable health or environmental risk during manufacturing, use or disposal.


Suppliers are responsible for ensuring that both their own facilities and those of their third-party suppliers follow the guidelines in the ECoP.

### BETTER COTTON INITIATIVE

Woolworths joined the Better Cotton Initiative (BCI) as part of our commitment towards sourcing more sustainable cotton and helping to transform the cotton sector. The BCI aims to create long-term change by helping farmers to grow cotton in a way that reduces stress on the local environment and improves the livelihoods of farming communities. It is a global approach that provides a solution for the mainstream cotton industry, including both smallholders and large-scale farmers. All farmers can benefit from implementing Better Cotton principles and the development of a new and more sustainable mainstream commodity.

We have worked hard in conjunction with our suppliers to get key spinners BCI-accredited and develop BCI-specific sourcing strategies, resulting in us doubling the amount of BCI cotton in our garments from the previous year. Our aim is to have at least 15% of our cotton fibre converted to Better Cotton by 2017 and by 2020, all our cotton lint will be from sustainable production.

In the past year, CRG was one of the first Australian retailers to become a member of the Better Cotton Initiative and has begun engaging with suppliers to find ways to work with BCI-accredited mills and move towards sourcing more sustainable cotton.

 [Read more about Animal Welfare on page 79.](#)



Inspired leaf farm, Woolworths supplier

# 71/ SUSTAINABLE FARMING

## IMPERATIVE

*A high proportion of the environmental impact resulting from our operations is linked to the farming and processing of products that we sell. As a result, we make it a priority to work together with our suppliers to minimise these impacts and positively influence the environmental and social outcomes of doing business.*

Global challenges we face include impacts of extreme weather events, soil degradation, worsening water quality and declining fish stocks. At a local level, the impacts of the ongoing drought in South Africa have been a significant challenge for farmers and suppliers in terms of productivity in both crop and livestock farming.
















As well as monitoring and taking steps to manage these significant and complex challenges, we also recognise our ethical obligation to ensure that our farmers and suppliers are meeting our exacting requirements for human rights in the supply chain.

**The impacts of the ongoing drought in South Africa have been a significant challenge for farmers and suppliers.**

STRATEGY	RISKS AND OPPORTUNITIES	HIGHLIGHTS
<p>We work directly with our suppliers to reduce the environmental, social and animal welfare impacts of the products we sell and ensure the dignity of the people that are part of our supply chain. We also work in partnership with organisations such as WWF-SA, Compassion in World Farming and Cotton SA to drive further progress against responsible sourcing goals and to develop strategies to reduce the impact of our operations.</p>	<ul style="list-style-type: none"> <li>• Water scarcity and quality</li> <li>• Climate change and extreme weather events</li> <li>• Soil quality and ecosystem degradation</li> <li>• Security of land tenure, rising input costs, urbanisation</li> <li>• Rising commodity prices</li> <li>• Reputational risks related to the welfare of animals associated with food and clothing products</li> <li>• Food insecurity and food waste</li> <li>• Building resilient supply chains</li> </ul>	<ul style="list-style-type: none"> <li>• Pass rate of 94% for Farming for the Future suppliers</li> <li>• Fair Carbon Exchange soil carbon trial underway</li> <li>• Phase 2 of Kinder to Sows project commenced</li> <li>• Wildlife-friendly protocol finalised</li> <li>• Country Road Group becomes a member of the Better Cotton Initiative</li> </ul>

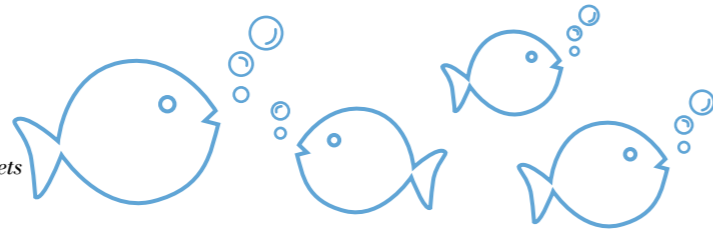
## Mapping Our Risks Across the Supply Chain

KEY:  Moderate  Significant  Major  Not applicable

RISK IDENTIFIED	SUB ISSUES			
Ecological health	<ul style="list-style-type: none"> <li>• Soil degradation</li> <li>• Water quality</li> <li>• Water availability</li> </ul>			
Climate change	<ul style="list-style-type: none"> <li>• Extreme weather events</li> <li>• Climate variability</li> </ul>			
Farmer access to market	<ul style="list-style-type: none"> <li>• Security of land tenure</li> <li>• Rising input costs</li> </ul>			
Animal welfare	<ul style="list-style-type: none"> <li>• Humane treatment of animals</li> </ul>			

97%

Of wild-caught seafood species sold meets our sustainability commitments

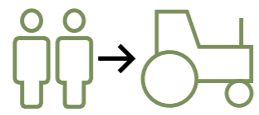


100%

Fresh pork (i.e. non-processed products) Kinder to Sows



229



Suppliers in Farming for the Future

Over 95% of our eggs are free range (incl. egg ingredients)

23%

Of Woolworths cotton lint is sustainable



16%

Of Woolworths Clothing and General Merchandise sales contains sustainable fibres

## FARMING WITH TOMORROW IN MIND

Through our work in promoting sustainable farming practices among our private label suppliers as well as the broader network of upstream farmers, we can improve soil health, protect water supply, restore biodiversity, support rural livelihoods, help communities adapt to climate change and ultimately help ensure we produce sufficient food to meet the needs of our customers.

### FARMING FOR THE FUTURE

Woolworths pioneering approach to growing food in a sustainable, harmonious way is now in its seventh year. Farming for the Future manages the entire farming process from the ground up, with soil quality at the heart. Healthy soil requires fewer chemical inputs and less irrigation resulting in less chemical run-off and soil erosion with positive biodiversity impacts. The auditing and certification scheme works with the farmers to improve their performance through the development of individual enhancement programmes based on the farmers' individual needs, at no extra cost to the customer. The focus on water footprint reduction has been particularly important in relation to water scarcity being experienced across many parts of South Africa (page 97).

As of 2016, we have 149 primary produce, horticulture and wine suppliers and 80 of our secondary suppliers working as part of the scheme. Among primary suppliers, a 94% pass rate was obtained against compliance criteria.


### FAIR CARBON COLLABORATION

Carbon stored in soils worldwide exceeds the amount of carbon stored in above-ground biomass and the atmosphere. Land-use change and soil degradation is therefore a leading contributor to climate change. Woolworths has embarked on a collaborative project with Fair Carbon Exchange, which ultimately aims to fund farmers working as part of Farming for the Future for their efforts in soil carbon sequestration. Through this, farmers cannot only increase the quality of their soil and therefore crop yields but also contribute towards greenhouse gas mitigation, all at zero risk to farmers and consumers.

In order to motivate farmers to adopt the correct practices needed to achieve the required results, the project will be channelling carbon offset and carbon credit payments to farmers according to the amount of carbon they sequester each year. To achieve this, Fair Carbon Exchange will provide training materials to the farmers to ensure that they can enhance the soil biota correctly for their climate, soil and crop types, as well as guidance in the application of the methods and practices. Work has already begun with two overseas trainers who have been working with two farmers supplying Woolworths in October 2015. Progress has unfortunately been slowed as a result of the drought, but the initiative will continue as the drought conditions in South Africa lessen.

### FOCUS ON FOOD WASTE

Lifecycle assessments (LCAs) provide an invaluable tool in the identification of opportunities to reduce the impact of the products we sell on the environment. During the year we conducted an LCA on free range versus feedlot beef. Another landmark piece of research conducted as part of Woolworths' partnership with WWF-SA included an assessment of food waste in our spinach supply chain. The study formed part of a broader pilot of the World Resources Institute's Food Loss and Waste (FLW) Protocol, making Woolworths one of the first retailers to have participated in an exercise to report on food waste in a transparent and benchmarked way (see case study on page 87).

 Case study: *Piloting the Food Loss and Waste Protocol with WWF-SA on page 87.*

 To read additional content on Farming for the Future, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

**FISHING FOR THE FUTURE**

Woolworths remains deeply committed to procuring all seafood from sustainable fisheries and responsible farming operations. Eight years ago Woolworths became the first South African retailer to sign the WWF-SA Sustainable Seafood Initiative (WWF-SASSI) Retail Charter, and since then we have made significant strides in implementing a sustainable seafood policy. We have set time-bound sustainable seafood commitments and continue to work with a range of partners, WWF-SASSI, the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC).

In 2012, Woolworths committed that by 2015, all our wild-caught seafood would be either WWF-SASSI green-listed, caught from MSC (or equivalent) certified fisheries, or sourced from fisheries that are undertaking credible, time-bound improvement projects. By the end of 2015, we achieved 93% of these goals, and by February 2016, this increased to 97% (by sales tonnage). The remaining 3% of Woolworths volume sales comes from wild-caught fish species that are not currently assessed by either WWF-SASSI or MSC. We do not sell red-listed fish species.

We're now working on improving the sustainability of the farmed fish in our supply chain. It is our goal that by 2020, all aquaculture species sold by Woolworths will be either WWF-SASSI green-listed, ASC (or equivalent) certified, or from aquaculture operations that are engaged in a credible, time-bound improvement project. Our journey towards these commitments has already begun with the launch of South Africa's first ASC certified farmed tilapia lines. Currently 75% of our seafood in total (i.e. including farmed fish) meets our commitments. We are looking forward launching more sustainable and ASC certified farmed fish choices in 2016/17.

 To read additional content on Fishing for the Future, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)



*case study:*  
**CANNED TUNA MILESTONE**



*In collaboration with the International Seafood Sustainability Foundation (ISSF) and WWF-SASSI we have been working towards the development of a sustainable canned tuna offering for the last three years, as part of our Fishing for the Future initiative.*

*We are now pleased to report that from the end of March 2017, all private label canned tuna sold in Woolworths stores will be pole and line Marine Stewardship Council (MSC) certified – a first for South Africa. This method allows for selective baiting of skipjack tuna, (which is WWF-SASSI green-listed) and reduces by-catch of other species such as shark and dolphin.*

*The journey to achieve this milestone has entailed considerable effort and engagement with the various stakeholders within the tuna industry and regional fishery organisations to obtain a supply of MSC certified pole- and line-caught skipjack canned tuna.*

*MSC certification recognises and rewards sustainable fishing practices, ensuring the canned tuna you serve can be traced from boat to store. As part of this certification, suppliers are required to adhere to strict anti-shark finning policies and are regularly audited for compliance.*

## ANIMAL WELFARE IN FOODS

As retailers, we believe, it is our ethical obligation to ensure that our suppliers treat all the animals in our supply chain with respect and in the most humane way possible. We are on a journey with our suppliers to improve animal welfare by minimising any potential harm, stress or pain to animals, and adhering to relevant national and international standards in animal welfare.


As part of this, and with support from international organisations such as Compassion in World Farming, we are on a journey to reduce the use of close-confinement systems in the production of livestock in recognition of the impacts that this can have on their health and mental wellbeing.

We continue to sell extensive lines of free range chicken, beef and lamb which are able to eat a natural diet, and are not given routine antibiotics or growth promoters.

### KINDER TO SOWS

As sourcing free range pork that is available all-year round and competitively priced has been very challenging, we have focused on tackling some of the practices used in intensive pig farming such as the use of sow stalls. In 2014 we launched pork sourced from farmers who only keep sows in stalls for one week during gestation and thereafter placed in group housing where they can move around and socialise. This has been at considerable expense to our farmers, but they are also committed to doing the right thing for their sows.

Currently, 100% of the fresh pork sold in Woolworths meets our Kinder to Sows criteria, identified by the on-pack logo. We are now implementing the second phase of our Kinder to Sows pork project to roll-out to the 'Easy to Cook Pork Range'. Eventually we aim to ensure all of locally produced pork products come from farms that only keep sows in stalls for one week rather than the entire 16-week pregnancy. This will be a phased-in journey with several milestones that we will announce to our consumers when we have confirmed that we have reached sufficient volumes to maintain continuous supply.

 To read our position statement on animal welfare go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

### WILDLIFE-FRIENDLY PROTOCOL

Our ethical obligation to animal welfare also extends to the wildlife which comes into contact with the farmers and livestock in our supply chain. For a number of years, Woolworths has been funding work with various NGOs (Conservation South Africa, The Cape Leopard Trust, the Landmark Foundation and the Endangered Wildlife Trust) to develop a protocol seeking to minimise human-wildlife conflict associated with predators in livestock farming. Our ultimate goal – to develop a wildlife-friendly lamb supply – has entailed a three-year trial of various non-lethal predator management techniques including Anatolian guard dogs, llamas, protective collars, alpacas and shepherds. The outputs of the trials were used in the development of a wildlife-friendly protocol, which was recently registered with the regulator assignee. The aim is to provide an auditable code of practice for farming lamb to reduce indiscriminate or non-selective predator control, while at the same time improve the farmer's commercial viability by reducing stock loss.

**CURRENTLY, 100% OF THE FRESH PORK SOLD IN WOOLWORTHS MEETS OUR KINDER TO SOWS CRITERIA.**



### SPENT HENS

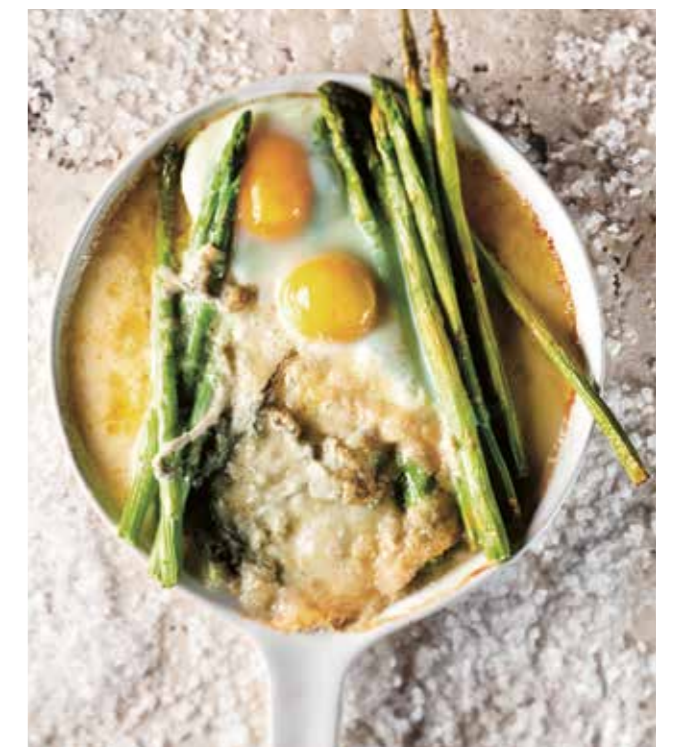
The Woolworths 'spent hens' initiative began last year as a means of using the Woolworths hard-working, free range egg-laying hens in a more holistic and humane way. The initiative is borne out of Woolworths' central philosophy that free range animals should enjoy higher levels of welfare throughout their lives and not just when their productivity is high. Traditionally, laying hens that have reached the end of their productive lifespan are sold live as a source of cheap protein for poorer communities, meaning that we cannot control their welfare once sold to the cull buyers. We have been working to change this practice through the development of a new facility in Cape Town which can process these hens in a humane way. This supplier produces fresh free range chicken products such as mince, burgers and meatballs, as well as a range of free range liquid products, including stocks, gravies and demi-glace for Woolworths food manufacturers.

Like all journeys, this has begun with a single step. At present, around 10% of the spent hens in the Western Cape are being processed in this way. The project is still in its infancy but good progress is being made. In time, we plan to expand this further and replicate it in Gauteng.

### case study: FREE RANGE AND CAGE-FREE EGGS MILESTONE

*Woolworths is proud to have been the first major local retailer to stop selling whole eggs from hens kept in cages in 2004 – only whole free range eggs are sold in Woolworths stores. We remain the only major local retailer to have achieved this. Of the 120 million eggs we source every year, about half are sold in cartons; the rest are turned into pasteurised liquid or dried egg and used as ingredients in food products.*

*As of 2016, we are proud to report that over 95% of locally manufactured Woolworths private label food products listing egg as an ingredient are made with free range eggs. Excluding micro-ingredients, the remainder is cage-free.*







Country Road, Winter 2016

## ANIMAL WELFARE IN CLOTHING, HOME AND BEAUTY

### ANIMAL TESTING

Since 2008, Beauty Without Cruelty approves the entire Woolworths private label range of cosmetics and toiletries, which means that it is not tested on animals, in line with our animal welfare policy.

### ANGORA

In response to the animal welfare concerns highlighted by People for the Ethical Treatment of Animals (PETA), the WHL Group ceased ordering product containing angora in January 2014. The Group will maintain this position until it is completely satisfied that ethical standards of fibre procurement are being followed by the angora industry.

### FUR

We do not permit the use of any natural fur or farmed fur in our products. This includes mink, chinchilla, fox, rabbit, astrakhan and karakul fur. Woolworths is a proud member of the Fur-Free Alliance.

### FEATHERS AND DOWN

Duck and goose down must not be obtained from live plucking, and must not be associated with the foie-gras industry.


In order to increase transparency, we aim to source from suppliers that are Responsible Down Standard (RDS) compliant. At the same time, we are shifting to the use of synthetic alternatives – including filler content made from recycled bottles.

### WOOL

WHL Group takes a proactive approach to sourcing a sustainable supply of wool that is non-mulesed, in line with our Animal Welfare Policy. The Country Road Group is a supporter of the Australian wool industry and many wool products proudly display that they are made from merino wool. We are working to update our approach in line with the Responsible Wool Standard launched in 2016.

### LEATHER

It is our policy that no animal will be slaughtered specifically for the production of WHL Clothing and General Merchandise products, therefore only by-products of the meat industry may be used. As we work towards obtaining a greater degree of transparency in our leather supply chain we will encourage our clothing and general merchandise suppliers to purchase leather from Leather Working Group (LWG) certified suppliers.

 To read our position statement on animal welfare, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

**WOOLWORTHS IS A PROUD MEMBER  
OF THE FUR-FREE ALLIANCE.**



### SUSTAINABLE FIBRES

In recognition of the impact that farming of cotton has on global land, soil and water resources we continue to drive the use of more sustainable fibres and alternative fibres from sources that reduce raw material consumption such as polyester made from recycled plastic bottles. We are also working to address risks related to deforestation or forest degradation, through improved traceability and procurement of sustainably sourced cellulosic fabrics (e.g. viscose, rayon and modal) (see page 68).

As of 2016, a total 16% (2015: 9%) of Woolworths Clothing and General Merchandise sales comes from products containing sustainable fibres.

### SUSTAINABLE COTTON

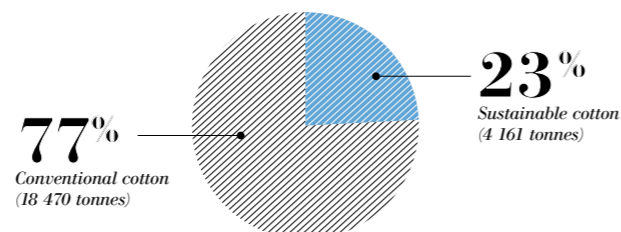
We have set an ambitious WHL Group target that by 2020, all our cotton lint will be from sustainable production, including organic and Better Cotton Initiative (BCI) cotton. In the last year, we have made significant progress against this target as a Group.

Country Road Group is one of the first Australian retailers to become a member of the Better Cotton Initiative, and has embarked on a process to engage suppliers to find ways to work with BCI-accredited mills, to support the transformation of the cotton supply chain.

Currently, 23% of cotton lint used by Woolworths is sustainable. Over the next few years, our strategy is to significantly upscale our procurement of BCI cotton.

Woolworths joined BCI in July 2014 with the goal to convert 15% of cotton lint to Better Cotton by 2017. Meeting this target will mean even greater collaboration with suppliers in southern Africa and creating valuable partnerships to make our sustainable procurement goals a reality.

Woolworths progress against sustainable cotton commitments (2016)



### WHAT IS BCI?

The Better Cotton Initiative is an independent multi-stakeholder organisation whose members are committed to making Better Cotton a mainstream commodity. BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future.



**250M**

People depend on cotton production for their livelihood.



**2 700L**

Of water is used to produce the average cotton T-shirt.

Farmers who grow Better Cotton commit to using the BCI production principles:

- Crop protection
- Water usage
- Soil health
- Biodiversity
- Fibre quality
- Decent work

### case study: SA COTTON CROP TO ATTAIN BCI STANDARD



The cotton industry in South Africa, once a thriving industry, has sadly suffered significant declines in recent decades. Thanks to efforts from the multi-sector initiative led by the SA Sustainable Cotton Cluster (governed by Cotton SA) in collaboration with a number of retailers – a resurgence of the local industry pipeline is once again a reality. In developing the approach it was identified that growing international demand for sustainable cotton should be the focus of the strategy. The cluster has therefore been implementing a programme to obtain BCI certification for the South African cotton

industry. Once the standards have been fully introduced and evaluated, BCI will verify compliance and deliver licences at the farm or producer level. The first round of BCI verification visits has been conducted and no significant non-compliances have been identified. Third-party audits are planned for July 2016, after which BCI will finalise licensing decisions. Woolworths joined the Sustainable Cotton Cluster at the end of 2015, in recognition of the value that this will bring in terms of reaching our sustainable sourcing commitments.

# 83/ WASTE

## IMPERATIVE

*The disposal of waste to landfill is a developmental pressure across the world, which is resulting in significant environmental, social and economic costs. In the food industry, an estimated 1.3 billion tonnes of food produced worldwide (around a third of all food) and the resources used to produce it are going to waste each year.*

We recognise that the production of the goods we sell results in consumption of natural resources for their production and processing, and to the generation of waste throughout their lifecycles. A key component of this waste is the packaging that we supply our goods in, which serves the vital purpose of

protecting our products but also poses a significant problem to the consumer in its disposal. However, this situation also creates opportunities for developing more integrated systems for reusing materials into products and packaging, thereby moving towards an ideal closed-loop system.

STRATEGY	RISKS AND OPPORTUNITIES	HIGHLIGHTS
Woolworths is committed to reducing the amount of waste sent to landfill from our own operations, using recycled content in our products and packaging, and making it easier for our customers to recycle. We are also increasing our focus on reducing food waste in our supply chain, operations and customers' homes. By making it easy for our customers to recycle the packaging from our products, we are helping to create a high-value market for consumer waste, supporting the local recycling economy, and minimising our dependency on limited natural resources. We will carry on increasing our efforts around waste reduction across our entire value chain, including suppliers, operations and with customers.	<ul style="list-style-type: none"><li>• Many cities running out of landfill space – solutions will come with increased cost</li><li>• Environmental and economic cost of using virgin and non-renewable materials</li><li>• Poverty and food security concerns across many of our operating regions</li><li>• Enabling the increased development of recycling markets and collaborations around waste management</li></ul>	<ul style="list-style-type: none"><li>• First plant-based packaging launching</li><li>• Through our partnership with Hangerman, we have recycled nearly 350 million hangers since the project's inception</li><li>• Woolworths won the 2015 PETCO awards in the Best Product using recycled PET (rPET) category for its denim range of clothing 'RE.'</li><li>• Country Road Group received a rating of 4 out of 5 and David Jones a 3.5 from the Australian Packaging Covenant</li></ul>

## Mapping Our Risks Across the Supply Chain

KEY:  Moderate  Significant  Major  Not applicable

RISK IDENTIFIED	SUB ISSUES			
Waste generation	<ul style="list-style-type: none"> <li>• Packaging</li> <li>• Food waste</li> <li>• Plastic bags</li> </ul>			
Waste disposal	<ul style="list-style-type: none"> <li>• Recycling</li> <li>• Product labelling</li> </ul>			
Natural resource consumption	<ul style="list-style-type: none"> <li>• Product lightweighting</li> <li>• Sustainable materials</li> </ul>			

Recycling sites **120** (2015: 80) | % waste recycled **91%** at Woolworths South Africa head office

Reusable bags sold by Woolworths **1.89M** (2015: 1.73M)

% waste recycled **95%** at South African distribution centres (2015: 93.8%)

Gently worn clothing value donated to The Clothing Bank **R44.5M** (2015: R25.5M)

WFS e-statement switchover **64%** (2015: 63%)

### WASTE GENERATION

At our own operations, we are working towards achieving zero waste to landfill. In South Africa, challenges exist in that the infrastructure for consistent recycling of all different waste streams still remains underdeveloped. Despite these challenges, we sent 9% (2015: 6.73%) of waste generated at our head office to landfill, and 5% (2015: 6.17%) overall from distribution centres during the course of FY2016.

A new cleaning contract and head office renovations impacted our waste to landfill rate at the head office complex. We have also undergone an external stores waste audit, and implemented a recycling pilot across 40 of our stores, currently achieving a recycling rate of 53%.

### PACKAGING

Through using recycled material in our packaging, Woolworths is dedicated to reducing virgin raw materials consumption from our operations. We also support the growth of South Africa's green economy through waste recycling initiatives and making it possible for customers to recycle more easily.

Packaging reduction is an important environmental factor we are trying to address, but it needs to be balanced. We see it necessary to make sure that our products continue to stay protected; in the case of food we want it to remain safe and hygienic. It is also essential to extend shelf life for as long as possible so that food waste is not created. To us, this means using packaging responsibly. We have committed to achieving this by:

- using the lightest weight of materials to do the job;
- purchasing packaging materials from certified renewable sources wherever possible;
- encouraging the use of packaging materials which have recycled content in them to help create a market for consumer waste and help build a recycling economy;
- designing packaging holistically with the product in mind in order to optimise overall environmental performance and considering the opportunities for recycling at the end of its life;
- working with various industry bodies to encourage the development of recycling facilities to make recycling even easier;
- printing clear, simple labels on all our packaging to help customers identify the packaging material used and know if it can be recycled;
- taking advice from leading experts and listening to our customers to ensure we deliver our goal of responsible packaging; and
- understanding more about the impact packaging can have on climate change and using this to help inform our decision-making.

Our Good Business Journey targets place emphasis on achieving packaging improvements every year. This includes lightweighting, substituting virgin material with recycled material, designing for local recyclability and supplying customers with clearer disposal instructions. We are also committed to ensuring that where renewable materials are used these are sourced from well-managed forests and other controlled sources (e.g. paper and board with certified chain-of-custody) certified by the Forest Stewardship Council (FSC™).

#### AUSTRALIAN PACKAGING COVENANT


The Australian Packaging Covenant (APC) is a federal government initiative focused on reducing the amount of used packaging that reaches landfill. Signatory responsibilities include the submission and execution of a packaging and waste action plan. The APC provides a rating based on previous years' performance.

For the most recent rating period, Country Road Group achieved a rating of 4 out of 5 (FY2015: 3.5) and David Jones' rating remains stable at 3.5. Both Country Road Group and David Jones' are rated above the industry average.

### case study: PLANT-BASED PACKAGING

*In collaboration with Braskem and Polyoak, Woolworths is launching a milk bottle range which is made using 30% of a plant-based substrate. The bottle incorporates ethically farmed Brazilian sugar cane, and the process used to make this bottle has a carbon negative footprint. The packaging is 100% recyclable and reduces the dependency on the use of crude oil-based packaging.*



 To read our position statement on food waste, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

### FOOD WASTE

According to the Council for Scientific and Industrial Research (CSIR), nine million tonnes of foods are wasted annually in South Africa – an untenable situation in a country where hunger and malnutrition are serious concerns.

As an ongoing initiative, Woolworths donates surplus food which would otherwise go to landfill from stores to charities. In FY2016, we donated food to the value of R485 million (2015: R490 million). We recognise, however, that we generate waste across our entire value chain in the growing, making and manufacturing of our products as well as in our customers' homes.

Through various means such as excellent temperature control in our logistics chain and stores as well as on clear on-pack information pertaining to 'Sell By', 'Best Before' and 'Use By' dates, we try to minimise this waste as far as possible. There is still a long way to go, however, and we partnered with WWF-SA, to complete a food waste scoping study to better understand the extent to which food waste is occurring across the Woolworths value chain.

The study was conducted to identify hotspots in levels and sources of waste, identify means of reducing food and packaging waste delivered to landfill and to propose new ways of working and business practices across the supply chain to prevent waste. The study found that, among other areas, significant volumes of waste is generated in the post-harvest phase of produce processing.

A second phase of the research zoned in on tracking food loss and waste through the supply chain for a particular product – in this case spinach (see case study opposite).



### case study: PILOTING THE FOOD LOSS AND WASTE PROTOCOL WITH WWF-SA

*This study included testing and trialling the World Resources Institute's (WRI) Food Loss and Waste protocol in the Woolworths supply chain with processed food supplier In2food and fresh-produce farmers.*

*This study was possibly the first in the world where a retailer investigated one product with multiple stock-keeping units (SKUs), over 50 in the case of spinach, to determine waste from farm to consumer. The highest levels of food loss and waste occurred at the farm. Primary causes for waste at the farm were damaged harvests or over-planning by the grower. At processing, waste is caused by quality issues as well as size variations that result in failure to meet the required Woolworths procurement specifications.*

*Waste is an economic issue as well as an environmental one, so for the most part suppliers strive to root out the causes. In recognition of the many issues that influence the quality and availability of green leafy crops, Woolworths adopts a fairly fluid approach to specifications, adapting these on a regular basis to accommodate issues of quality or the impact of weather conditions.*

*By understanding where and why food losses occur in the supply chain, Woolworths will be in a position to work more closely with its suppliers to reduce food loss on food products that have the highest yield of waste, such as Swiss chard and baby leaf spinach.*

**By understanding where and why food losses occur in the supply chain, Woolworths will be in a position to work more closely with its suppliers to reduce food loss.**

## GENTLY WORN CLOTHING

### THE CLOTHING BANK

Woolworths donates surplus clothing as well as employees' and customers' pre-owned clothing to partner organisation, The Clothing Bank. The Clothing Bank aims to empower unemployed women from disadvantaged areas in South Africa through a programme of life skills, financial and career development to start sustainable clothing micro-businesses. This highly successful programme is currently being replicated across South Africa and now has outlets in Cape Town, Johannesburg, Paarl, Durban, Hermanus and East London as support for the initiative continues to grow. This helps not only to create much-needed employment but also divert surplus textiles from landfill.

The programme was launched in 2010 as an enterprise development programme through R1.5 million start-up capital from Woolworths. The Clothing Bank has trained over 1 135 women, with 500 recruited in the last year. In the past 12 months, the women have cumulatively generated profits worth R12.6 million, and since inception an amount of R38.1 million. The supporting retailers have collectively donated 876 950 garments in the last 12 months of which R44.5 million was contributed by Woolworths.

The Clothing Bank won the 2016 Schwab Foundation's Social Entrepreneur of the Year award.

We currently have clothing recycling units in 30 selected stores for customers to support The Clothing Bank, and will assess the level of customer support before looking at further roll-outs.

### FASHION TRADE

Since 2010, Country Road has partnered with the Australian Red Cross and New Zealand Red Cross on Fashion Trade – a clothing exchange programme that rewards customers with a A\$10 voucher for donating pre-owned Country Road clothing to the Red Cross, and thereby saving clothing from going to landfill. During the past year almost 60 000 (FY2015: 44 000) items of clothing and accessories were donated to the Red Cross and saved from landfill. Of these, over 10 000 items were donated by customers, and close to 50 000 items were donated by the Country Road Group.

### DAVID JONES

David Jones has launched a clothing donations programme of Woolworths private label product in conjunction with The Smith Family. This programme has generated A\$700 000 to date in proceeds to support educational outcomes for Australian children from disadvantaged backgrounds.

**IN THE PAST 12 MONTHS,  
THE WOMEN HAVE  
CUMULATIVELY GENERATED  
PROFITS WORTH R12.6M,  
AND SINCE INCEPTION AN  
AMOUNT OF R38.1M.**



The Clothing Bank, South Africa

## RECYCLING

### CUSTOMER RECYCLING

Woolworths had committed to introducing a nationwide programme supporting the recycling of customers' waste by providing recycling facilities at selected Woolworths stores, Engen sites and school. We have recycling facilities at 30 schools in the Western Cape and are looking to roll these out at selected schools in other areas of the country. The relatively low oil price at present is putting major financial pressure on the recycling industry and we continue to look for new partners and ways of working in this area.

Due to collection challenges and concerns from Engen dealers we have had to withdraw recycling bins from a number of Engen sites and are reallocating these to schools in collaboration with the Wildlands Conservation Trust.

### STORE OPERATIONS

In our stores we are continually discovering ways to reduce and recycle waste. This comprises using recycled plastic in the lugs used to transport products to and from stores, and recycling all transit packaging used to protect clothes during transportation, including hangers. Our hangers are made of recycled material, as are our store signage, shopping baskets and trolleys. Through our partnership with Hangerman we have recycled nearly 350 million hangers since the project's inception. We also work with a number of partners on international coastal clean-up campaigns.

### PLASTIC AND REUSABLE BAGS

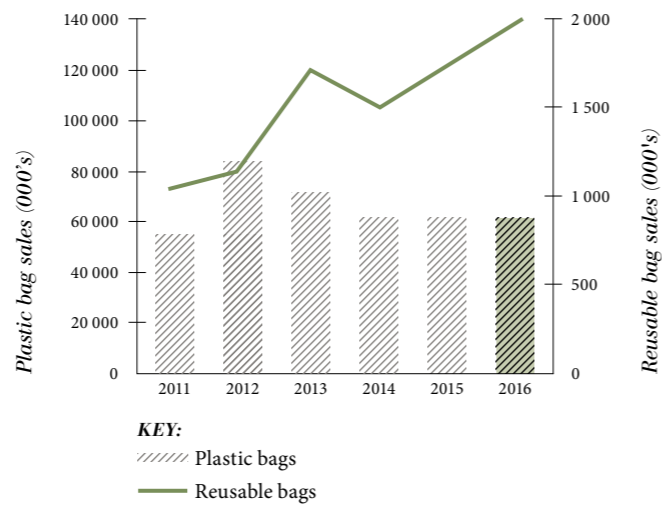
Reducing plastic bag usage is one of the strategies Woolworths is using in minimising impact on the environment, saving costs and assisting customers to save costs. To reduce our impact from plastic bag use, we follow two main strategies; firstly, promoting the use of recycled plastic within our single-use plastic bags and secondly, encouraging customers to buy and reuse one of our cause-related polypropylene or recycled plastic reusable shopper totes. Our plastic food carriers now contain a minimum of 70% post-consumer and manufacturing waste, while the shopping bags used for clothing and general merchandise contain 55% recycled material. We have also redesigned our bags to reduce the amount of raw material required to manufacture a single bag.

Plastic shopping bag usage has increased marginally from last year with 0.88 bags used per transaction compared to 0.87 last year. We have some work to do to better educate customers on this issue, and in incentivising behaviour change. Reusable bag sales also increased, with 1.89 million bags (2015: 1.73m) sold in FY2016.

Our ranges of the colourful fabric bags are made using 85% post-consumer PET waste (recycled polyethylene terephthalate bottles). Woolworths has used 360 tonnes of fibre to date made from recycled PET bottles to make the fabric bags. This translates to approximately 9.5 million bottles diverted from landfill, and reducing carbon emissions associated with producing virgin material by approximately 54%.

During the year Country Road offered customers in Australia a reusable cloth bag as an alternative to plastic carrier bags – of which 2 617 (2015: 3 497) units were sold in the last year.

Reusable bag sales (000's of bags)



Through selling reusable bags, we support 110 jobs and skills development at Woolworths' two main reusable bag suppliers, Isikhwama, based in Cape Town, and Gusco, based in Uitenhage.

## case study: BAGS 4 GOOD AND BEADS 4 GOOD

Since the launch of our first cause-related rhino bag in 2010, we have raised over R10.7 million for the conservation of endangered species and other causes such as breast cancer awareness and Operation Smile.

Through the sale of our cause-related reusable bags, Woolworths raised just over R2 million in FY2016. A number of new designs were launched to raise awareness and funds around sustainability and conservation-related issues.

Through partnerships with our customers and conservation organisations, Woolworths is increasing awareness of threats to South Africa's biodiversity, while actively supporting conservation projects in South Africa. Recently, through the sale of each bag, Woolworths has donated R10 from each bag to the Blood Lions™ awareness, education and action campaign. This campaign aims to end exploitative lion breeding, petting and hunting on farms across South Africa. By partnering with RELATE, we've also raised over R4 million by selling cause-related beaded bracelets in store, supporting a variety of social and environmental initiatives. Approximately a third of RELATE's proceeds are donated to Causes. Relate bracelets have supported over 82 charitable causes, to date and 12 in collaboration with Woolworths. Approximately a third of RELATE's proceeds are also invested in creating earning opportunities, skills training and enterprise development initiatives.



## WOOLWORTHS BEAUTY MICROBEAD COMMITMENT

Microbeads are plastic microspheres used predominately in exfoliating face and body washes. In personal care products, they act to gently scrub away dead skin in much the same way a sponge would. Recently, concerns have been raised about the environmental impact of plastic microbeads and our Good Beauty Journey means that we not only care about the safety of our consumers but also about our environment. Woolworths SA is in the process of phasing out and will eliminate plastic microbeads in our private label beauty and personal care products by 2017. We have stopped developing new products containing polyethylene microbeads and we have conducted assessments on using other suitable substitutes in our formulations that are just as effective on the skin as plastic microbeads but also safe for personal care use and safe for the environment. We have only one skincare item (exfoliating face cleanser) which still has the microbeads – this is from old stock which we are currently running down.

## I.T. PRODUCTS AND CONSUMABLES

We continue to drive reductions in printer consumables such as paper and ink. In partnership with Lexmark, we recycle all waste printer cartridges in our stores. In the last year, we diverted 5 300 kg (2015: 4 290 kg) of cartridges from landfill as a result of our ongoing collection initiative. The proceeds generated from the recycling initiative are donated to the charity 'Cotlands', which supports learning and development for vulnerable children in poor communities from birth to six years old.

## E-STATEMENTS

Over the last two years, Woolworths Financial Services has been driving significant printing reductions through the implementation of electronic statements. We continue to see an increase in uptake as customers switch from traditional paper statements to e-statements and today 64% of customers have made the switch, up from 63% in previous years.


# 93/ WATER

## IMPERATIVE

*Our operations stretch across Africa and Australasia, which are among the most 'at risk' regions in the world in respect of current and future projected water scarcity. We rely on a steady and clean supply of water across our entire value chain to grow, process and manufacture our clothing and food products, as well as to ensure the wellbeing and safety of our employees.*

The ongoing drought in South Africa has illustrated the critical interdependencies of the economy, society and the environment on the availability and quality of water resources. To Woolworths, navigating the impacts of the drought on commodity prices and the availability and quality of produce has proved challenging, but has highlighted the importance and immense opportunity to be gained from multi-stakeholder initiatives dealing with

these collective risks, as well as our delivery against Goal 6 of the United Nations Sustainable Development Goals. Woolworths is a signatory to the UN CEO Water Mandate, through which we have committed to making a positive impact with respect to the emerging global water crisis and to remaining transparent about our performance. This section presents a summary of progress against the core focus areas.

 To read our position statement on water, go to [www.woolworths.co.za/goodbusinessjourney](http://www.woolworths.co.za/goodbusinessjourney)

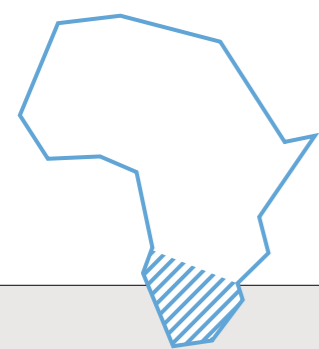
STRATEGY	RISKS AND OPPORTUNITIES	HIGHLIGHTS
Reducing water consumption and managing wastewater across our own operations as well as in our supply chain, through partnerships, collective action, research and education. We are also committed to creating awareness among employees, suppliers, customers and schools.	<ul style="list-style-type: none"> <li>Water scarcity, quality and extreme weather events (exacerbated by climate change)</li> <li>Freshwater used in the manufacture and use of our products</li> <li>Improving our measurement and management of water to reduce operational costs</li> <li>Collaboration through water stewardship to manage collective risks</li> </ul>	<ul style="list-style-type: none"> <li>Water use reduced by 41.9% since 2007 in South African stores</li> <li>First South African signatory to the WBCSD WASH pledge</li> <li>61% of Farming for the Future farmers deemed to be 'water-wise'</li> <li>Collective action projects initiated in the Ceres catchment</li> <li>Donated R500 000 to drought relief charities</li> <li>Woolworths working to eliminate 13 priority chemicals from clothing supply chain.</li> </ul>



## Mapping Our Risks Across the Supply Chain

KEY: Moderate Significant Major Not applicable

RISK IDENTIFIED	SUB ISSUES			
Water availability	<ul style="list-style-type: none"> <li>Water security</li> <li>Water quality</li> <li>Sanitation and hygiene</li> <li>Water consumption</li> </ul>			
Wastewater discharge	<ul style="list-style-type: none"> <li>Pollution of water resources from agricultural inputs and clothing manufacturing processes (dyes, chemicals, etc.)</li> </ul>			
Post-consumer water consumption	<ul style="list-style-type: none"> <li>Use of high-quality treated water for care/washing of garments</li> </ul>			



Reduced water use across SA stores by  
**41.9%**  
since 2007

**61%**  
Of Woolworths Farming for the Future suppliers have a Low Water Footprint Index

Donated **14** rainwater tanks to schools in **2016**

Our goal is to save  
**500BN**  
litres of water by 2020

**49%**  
Of water used at Woolworths head office complex comes from the Table Mountain aquifer via our own water treatment plant

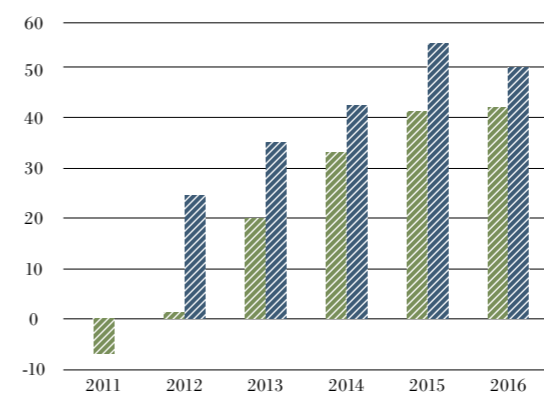
**388** Real-time water pulse meters in buildings across South Africa and Australia

## DIRECT OPERATIONS

Woolworths is on a journey to drastically reduce the amount of water we use by putting water use into focus in stores, head offices, distribution centres and across the supply chain. We continue to improve the monitoring, management and efficiency of water use across our growing property portfolio and seek to maximise opportunities presented in the real-estate space. The roll-out of our real-time water metering system in African and Australian stores is a priority, particularly in those regions experiencing water scarcity. Through our efforts in South Africa, we have already achieved 90% visibility across all our stores and have reduced water consumption by 41.9% since 2007.

Given serious constraints related to water availability, we are working to address possible disruption in business continuity through establishing opportunities for backup supply, and sustainable alternative water supplies in stores, head office and distribution centres. In 2015, we completed the expansion of the Woolworths head office renewable groundwater capture and treatment system, to encompass all four buildings. This system taps into water from the Table Mountain aquifer which was previously pumped to stormwater. This system currently provides 49% of the water used at head office – reducing our reliance on precious potable water resources.

Cumulative reduction in like-for-like water consumption (%)



KEY: Woolworths stores Woolworths head office

We have also made considerable savings at the Country Road Group head office in Melbourne where we captured approximately one million litres of rain water over the last year for use in toilets. In addition, the Omni Fulfillment Centre includes 100 000 litre water tanks for the facility's water re-use programme.

While these achievements are a step in the right direction, we recognise that we are only a part of the way there, and there is still a lot of work to be done in transferring our learnings to our Australian and other African operations.

### WASH PLEDGE

In March 2016, WHL became the first South African signatory to the World Business Council on Sustainable Development's (WBCSD) pledge for 'Water, Sanitation and Hygiene Implementation at the Workplace' (WASH). The pledge challenges companies to ensure access to safe water and sanitation, and appropriate facilities to ensure personal hygiene, to employees in all premises in their direct control, within three years of signing. The longer-term vision of the pledge is to advocate for access for all employees in the supply chain and ultimately employee homes and communities where employees live.

WATER WITHDRAWALS (KL)	2015/16	2014/15
<b>WOOLWORTHS</b>		
Stores	487 383*	472 143
Distribution centres	65 699*	54 384
Head office complex	23 508*	17 855
<b>DAVID JONES</b>		
	82 299	69 747

\* Part of EY's audited key performance indicators. The basis for measurement of this indicator can be found on <http://www.woolworthsholdings.co.za>

### case study: MAPPING DAVID JONES' WATER CONSUMPTION

While David Jones is a relatively low consumer of water, in comparison to other large organisations, water management has been identified as a key focus area for the business given the importance of drought resilience to the Australian community. To meet these expectations, David Jones will develop a water management plan in 2017, which will aim to reduce overall water consumption by increasing reuse and minimising leaks. A critical element of this plan is improving the organisation's ability to access accurate metering data, to improve the understanding of David Jones' current water usage.

To support this objective, the business recently commenced the roll-out of smart water meters, which provide water consumption data in real-time. Not only will this data facilitate the early detection of leaks, minimising water usage and potential loss or damage, it will also enable the business to identify future opportunities for improvement in its stores, fulfilment centres and corporate offices.

To date, smart water meters have been installed in David Jones' seven largest stores, representing 30% of total floor space, with the new solution already proving to be an effective tool in the proactive management of water consumption and leaks. Going forward, the installation of smart water metering will continue and data from all meters will be integrated into the overarching environmental reporting system, enabling David Jones to map and monitor its water usage in a more accurate and timely manner.

### SUPPLY CHAIN AND WATERSHED MANAGEMENT

Our direct operations account for a small portion of our overall water footprint; the bulk of water use is associated with the farming and manufacture of our products. Over the next few years, our goal is to significantly upscale the work we are doing in the supply chain to reduce water and manage wastewater. We are also addressing the sustainability of the water-intensive commodities we consume through implementation of responsible sourcing strategies (page 67). In achieving this we will require continued close collaboration with suppliers and key strategic partners such as WWF-South Africa, the National Business Initiative and the United Nations CEO Water Mandate.

#### FARMING FOR THE FUTURE WATER FOOTPRINT INDEX

Farming for the Future (page 73) continues to deliver strong results in helping participating farmers to improve their water efficiency. In 2015, we finalised our Water Footprint Assessment as part of the Farming for the Future audits. The custom Water Footprint index (WFI) methodology includes 116 water management parameters relating to practices on farms and in packing or processing facilities that may negatively impact on water quality, for example, fertiliser application processes, alien vegetation management etc. The main objective of the WFI is for suppliers to demonstrate a continual decrease to their WFI over time. Initial results suggest a strong correlation between farmers WFI and overall Farming for the Future score. Analysis from the 2014/15 WFI assessment indicates that 61% of participating farmers are classified as having a 'low' water footprint, according to the independently developed scoring system. Woolworths will continue assessing WFI at its suppliers on an annual basis as part of the independently assessed Farming for the Future audits.

#### WWF-WATER BALANCE

Alien plants use over 7% of South Africa's water resources. In partnership with the WWF's Water Balance project, Woolworths continues to invest in the clearing and removal of water-thirsty invasive alien vegetation in the Leeu River catchment and Ceres and Riversdale areas. Woolworths has invested in the WWF-SA Water Balance Programme for more than six years. The scheme, launched in association with the government's Working for Water programme, has multiple objectives, including reducing the impact of invasive alien plants on water supplies and restoring biodiversity and functioning ecosystems, as well as creating jobs and economic empowerment. Through this initiative over 200 condensed hectares, spread over an area of over 440 hectares have been cleared to date. This prevents approximately 330 000 kilolitres of water being lost to thirsty invasive alien plants annually and has generated approximately 5 000 person days of work.

#### CHEMICAL DETOX

Our clothing teams across the Group are engaging with our suppliers through supplier audits and are also working with them on our chemical detox strategy, in which we have committed to eliminate 13 key priority chemicals from our clothing supply chain in recognition of their harmful impacts on water resources if not properly managed. Woolworths' intent is to have all 13 chemicals removed from production by 2020 using the Oeko-Tex® standard as the chosen benchmark for ensuring compliance. We are also working to align this strategy with the development of green production facilities, and have engaged with the ZDHC group (Zero discharge of hazardous chemicals).

In support of these goals, a first step has been to develop a custom technical training module (to launch in August 2016) to assist Woolworths technical and buying teams in the identification of possible non-conformances related to water management during factory visits.


**WOOLWORTHS' INTENT IS TO HAVE ALL 13 CHEMICALS REMOVED FROM PRODUCTION BY 2020 USING THE OEKO-TEX® STANDARD AS THE CHOSEN BENCHMARK FOR ENSURING COMPLIANCE.**

**COLLECTIVE ACTION**

**CERES WATER STEWARDSHIP PROJECT**

Woolworths has been working in partnership with WWF-SA, the Alliance for Water Stewardship (AWS) and Marks and Spencer in the progression of the Ceres Water Stewardship project to address water-related risks in the supply chain since 2013. Nine stone-fruit farmers in the Western Cape of South Africa volunteered their co-operation. They have worked through the AWS certification standard, first understanding and putting in place steps to reduce farm level risks. This was followed by a process to determine catchment level initiatives to reduce collective risks. In the last year, the focus has been on implementing these catchment level initiatives which have included the formation of a community 'water savers' initiative to address challenges related to litter and sanitation in the local community, and co-ordinating alien clearing in the upper reaches of the catchment to provide better assurance of water supply to downstream users. Funding from Woolworths will see to the initial engagement and planning phase of a clearing initiative in this area, as well as the appointment of a local alien tree clearing coordinator in the area.

The project continues to provide invaluable insight to Woolworths and other project partners about the value and also the challenges of water stewardship approaches, which was the overall objective and will ultimately allow a more refined approach to be scaled up in other parts of the country in the future. One of the most significant outcomes has been facilitating the discussion between numerous catchment stakeholders resulting in the signing of a Memorandum of Understanding with the Breede-Gouritz Catchment Management Agency (CMA) and other project partners which, will continue to guide learning related to the ongoing role of CMAs in future water stewardship initiatives.

 [Read more about Making the Difference and EduPlant programmes on pages 45 to 47.](#)

**COMMUNITY ENGAGEMENT**

With water being such an important focus in South Africa, much effort was placed in engaging employees and customers on the topic of water-saving during the year – with activities including a water saving competition, for stores marketing campaigns, visuals as well as plasma screens showing water savings tips.

Over the past few years, Woolworths has embarked on a drive to create awareness in schools through social development initiatives including the Making the Difference and EduPlant programmes (pages 45 to 47). To support water-conservation efforts across the country Woolworths donated 14 rainwater harvesting tanks to schools during the year. Through EduPlant, we are supporting more than 2 000 schools in growing sustainable, water-efficient, permaculture food gardens to provide nutritious, fresh food for their communities.

**MAKING EVERY DROP COUNT**

We continue to engage with customers through marketing and communication campaigns, for example, through Woolworths' collaboration with Pharrell Williams in 2015/16. In this collaboration, water conservation formed one of the core communications topics for a two month period launched at Water Week 2016 (14–22 March). The impetus behind the campaign to promote water awareness among South African youth was supported by social, digital and print media.

**DROUGHT RELIEF**

The year 2015 was the hottest year on record in South Africa, with the lowest rainfall in 112 years. Eight provinces were declared disaster areas as a result of the drought, with many farms and communities unable to satisfy basic water needs for humans and livestock. To contribute to the drought disaster effort, Woolworths donated R500 000 to AgriSA's drought-relief programme and Gift of the Givers in support of drought-affected agricultural communities.

**THIRSTY FOR ACTION**

We are committed to water conservation education, through increasing awareness around water conservation in customers' homes and in schools. Through the Making the Difference programme, Woolworths once again hosted a 'Thirsty for Action' water-saving competition among primary and secondary school learners. This year, 10 rainwater tanks were awarded to the schools presenting the best letters on why it is important to save water and how a water tank would benefit their school. A further four tanks were donated as part of other initiatives throughout the year.

*case study:*  
**WOOLWORTHS AND SA DEPARTMENT OF WATER AND SANITATION 'DROP THE BLOCK'**

*In collaboration with the South African Department of Water and Sanitation (DWS), Woolworths engaged in a national water-saving initiative which highlights the method of dropping a plastic block into the toilet cistern to help reduce the volume of water used to flush a toilet. In this head-office activation campaign, employees were educated by the department on ways to save water at home and were provided with a block made from recycled plastic to reduce the volume used in each flush by two litres. The initiative was supported with an address from the director general of the DWS in the Western Cape, Rashid Khan (pictured below, left).*



**MAKE EVERY DROP COUNT**

**QUICK TIPS TO BE A WATER-WISE CHAMP**

- 1 SHOWER POWER**
  - Make it snappy and save.
  - Catch the warm-up water in a bucket and use it for plants.
- 2 CLEVER KITCHENS**
  - Stick to full loads for the dishwasher and washing machine.
  - Only fill the kettle with what you need.
- 3 CAP THE TAP**
  - Righty-tighty and save.
  - Turn taps off while brushing teeth.
  - Fix the leaks and reduce waste.
- 4 GREAT GARDENS**
  - Go for water-wise plants.
  - Plants thrive on leftover nutrient-rich water from boiled eggs. Re-use it.
  - Ditch your hose for a bucket when washing your car.


**ARE YOU WITH US?**  
#Pharrell  
WITHWOOLIES

*Woolworths Pharrell Williams water campaign 2016*

**PRODUCT DEVELOPMENT**

**ALTERNATIVE FIBRES**

Woolworths, Country Road Group and David Jones continue to expand clothing, homeware and general merchandise offerings which are made in an environmentally responsible manner (page 80). For example, the use of recycled fabric alternatives such as recycled polyester in Woolworths RE:cycled denim jeans, uses only around 35 litres of water compared to 90 litres used to manufacture a pair of 'normal wash' jeans. As a Group, we have also committed to sourcing 100% of cotton lint from sustainable sources by 2020 and have been working closely with the South African Cotton Cluster to develop a local pipeline of Better Cotton in South Africa (page 81).

 [Read more about Sustainable Fibres and Better Cotton on page 81.](#)

**TRANSPARENCY**

We report transparently on our water management performance and material risks posed by water resources in our business through various voluntary reporting mechanisms. For the last five years, we have voluntarily reported our performance through the CDP Water disclosure. We also respond to the Dow Jones Sustainability Index and the FTSE/JSE Responsible Investment Index.


**PUBLIC POLICY**

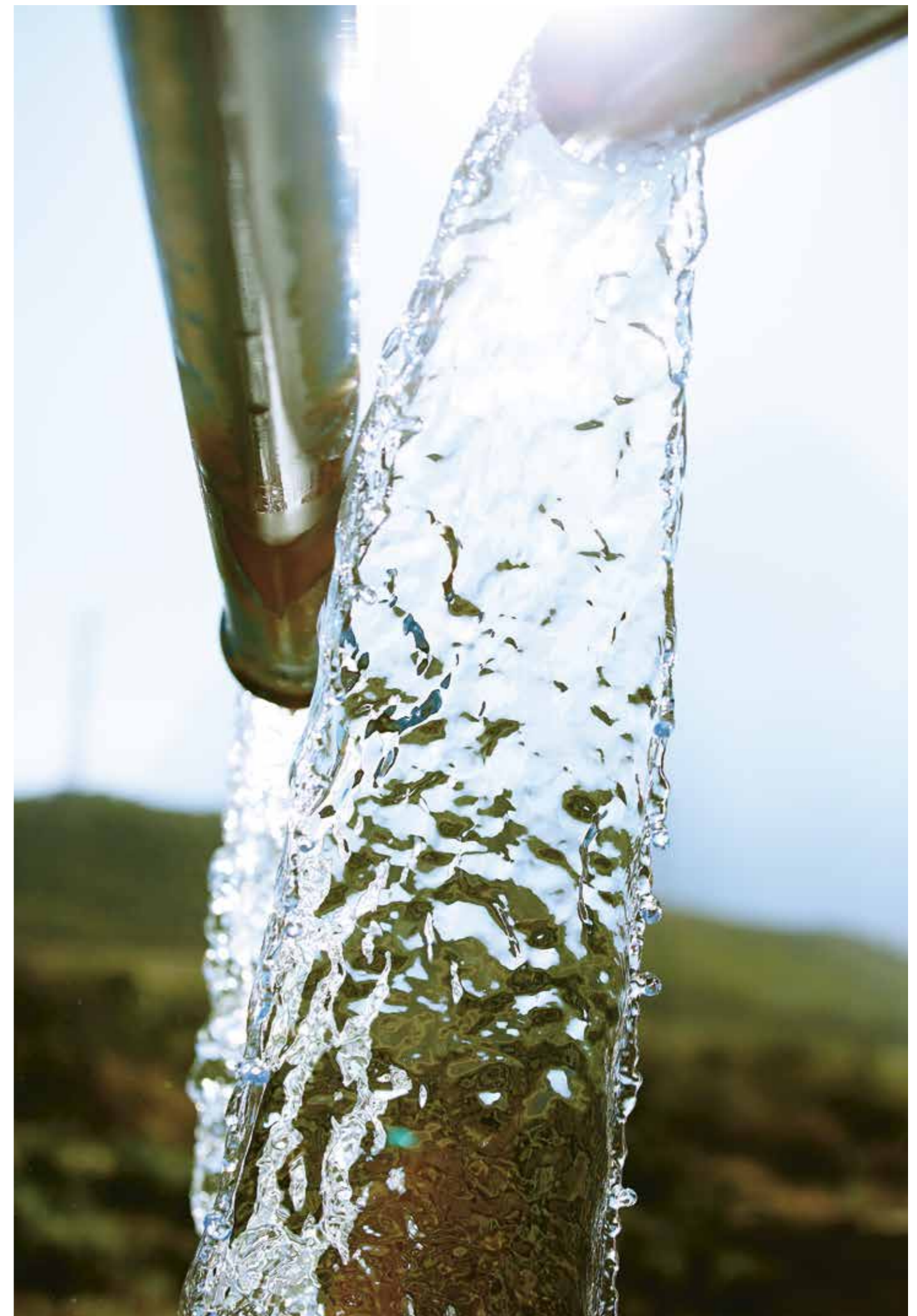
We support clear and decisive policy on water strategy and implementation planning and maintenance to ensure preservation of South Africa's scarce water resources and are committed to working in partnership with government, NGOs and the private sector. We continue to engage through membership of the UN CEO Water Mandate and through the NBI to advance sustainable water policies and management across the industry.

*case study:*  
**WILDERNESS  
FOUNDATION  
WOOLWORTHS  
SPRING WATER**

*Through the sales of Woolworths spring water in-store, R360 000 is donated each year to the Wilderness Foundations' Pride Project – developed to fulfil the need for an environmental education outreach programme among disadvantaged youth from urban and rural areas. The various Pride Projects scattered throughout wilderness areas in South Africa introduce over 3 000 previously disadvantaged primary and senior learners to a one-day, entry-level outdoor experience every year. The experience has been proven to help stimulate the learners' interest in their immediate natural environment and concern for its preservation and conservation. The bulk of the projects' running costs has been achieved through the sale of Woolworths spring water which carries the Wilderness Foundation logo and website address.*



 [See www.wildernessfoundation.co.za/pride](http://www.wildernessfoundation.co.za/pride)



# 103/ ENERGY AND CLIMATE CHANGE

## IMPERATIVE

*The year 2015 could go down in history as a game-changing year. We saw a record-breaking investment in renewables reported, signalling the continued upward trend in support of less fossil fuel intensive sources of energy, even with the drop in the price of crude oil.*

We also witnessed close to 200 countries sign and adopt the COP21 agreement in December 2015. This agreement calls for signatories to achieve net greenhouse gas emissions reduction in order to curb global temperatures to below 2 °C degrees. In the same year, the new United Nations Sustainable Development Goals were also signed.

Woolworths is committed to reducing energy consumption, carbon emissions and waste to landfill in order to mitigate the negative impacts of climate change across our supply chain. With energy and climate change one of our eight Good Business Journey pillars, we have put in place a coordinated energy programme that addresses all aspects of energy and climate change across our direct and indirect operations.

**Woolworths is committed to reducing energy consumption, carbon emissions and waste to landfill.**

## STRATEGY

Our strategy for energy and climate change aims to increase energy efficiency in our own operations and reduce our carbon emissions. Working with stakeholders in our supply chain is key to meeting the targets that we have set.

## RISKS AND OPPORTUNITIES

- Fluctuating commodity pricing affecting energy prices and high energy costs
- Climate change mitigation and adaptation
- Legislative frameworks and capital for clean energy generation
- Carbon tax, carbon budgets and mandatory emissions reporting
- Climate change adaptation across supply chain
- Global agreements and imperatives on climate change and energy efficiency



















## HIGHLIGHTS

- 96\* stores meet our green store status as per our rating model based on sustainability features
- R396 million worth of electricity saved to date through energy efficiency interventions
- 40% relative reduction in energy achieved from 2004 benchmark in Woolworths stores
- 10.9% relative reduction in energy achieved by African stores

*\*This includes 82 new SA corporate stores, as assured by EY, as well as other African stores and refurbishments.*

## Mapping Our Risks Across the Supply Chain

KEY:  Moderate  Significant  Major  Not applicable

RISK IDENTIFIED	SUB ISSUES			
Electricity pricing and availability	<ul style="list-style-type: none"> <li>Electricity prices</li> <li>Commodity prices (fuel)</li> <li>Electricity rationing (South Africa)</li> </ul>			
Energy efficiency	<ul style="list-style-type: none"> <li>Reducing energy use</li> <li>Reducing emissions</li> <li>Renewable energy</li> <li>Energy storage</li> <li>Climate mitigation and adaptation across supply chain</li> </ul>			
Extreme weather patterns	<ul style="list-style-type: none"> <li>Impact on supply chain</li> </ul>			
Climate framework	<ul style="list-style-type: none"> <li>Mandatory emissions reporting</li> <li>Voluntary emissions reporting</li> <li>Carbon tax and budgets</li> </ul>			
Consumer use	<ul style="list-style-type: none"> <li>Caring for clothing products</li> <li>Disposal of waste</li> </ul>			

**354 557 615** kWh used by Woolworths in 2015  
(2014: 337 013 947 kWh)

Woolworths relative energy usage  
**369** kWh/m<sup>2</sup>  
(2014: 375 kWh/m<sup>2</sup>)



**18**\* Green stores (10 platinum, 6 gold, 2 silver) added in the last year

Over **90%** of Woolworths Food sourced regionally

**33.9%** Woolworths clothing products with 'Think Climate' attributes

WHL **4** solar projects to date

**R396M** Woolworths electricity saving to date through efficiency interventions



### ENERGY USAGE

One of our most successful energy-saving interventions is the Metering Online monitoring system. This has allowed us to effectively track our energy and water consumption on a real-time basis. We have also been able to challenge inaccurate billing from municipalities or landlords.

Our electricity consumption for 2015 (January–December), verified as part of our carbon footprint verification, was 354 557 615 kWh (2014: 337 013 947 kWh). This only includes South Africa and international (African) stores, corporate buildings and distribution centres. Our overall coverage has increased due to an increase in actual footprint of stores and also increased accuracy in our reporting. We continue to successfully roll out the metering online system to cover all facilities under our operational control. Our relative energy usage was 369 kWh/m<sup>2</sup> for this year based on gross lettable area compared to 375 kWh/m<sup>2</sup> in the previous year. This figure is the measure of our energy efficiency – the average electricity used within the business will continue to increase as we expand but due to increased efficiency measures, the average used per square metre will decrease.

In the last year, the Country Road Group installed energy monitoring systems in 20 of its stores located in Melbourne and Sydney, with plans to roll this out to a further 30 stores in the next financial year. The ability to effectively track energy consumption on a real-time basis across a variety of stores has enabled Country Road Group to start identifying potential energy savings.

#### CLEAN ENERGY

During the course of FY2016 our solar photovoltaic (PV), the panels installed at our head office complex provided 246 059 kWh of electricity.

The panels installed at Country Road Group's channel Fulfillment Centre in Melbourne, Australia, generated 319 422 kWh of electricity in the first year of operations.

**COMMITTED TO 50% RELATIVE REDUCTION IN ENERGY USE BY 2020.**

### case study: DAVID JONES' INVESTMENT IN ENERGY EFFICIENCY

David Jones has been proactively reducing its electricity consumption through behavioural and structural changes since its energy efficiency programme commenced in 2007. In that time, the business has improved energy intensity by 41% resulting in a 36% reduction in energy consumption, exceeding its target of 30%.

The use of LED technology for ambient and accent lighting has been successfully applied in all new stores and refurbishments since 2014 because retrofitting LED lighting into existing stores has proved problematic due to technical constraints. To test this technology in a live environment, and assess the impact of LED lighting on employees and customers, a pilot study was conducted at David Jones, Hornsby. Work to retrofit the existing lighting grid with LED equivalents was done on the store; initially in one small section of the store. At each stage of the process, lighting levels were monitored and feedback was captured, to ensure no adverse impact on the customer experience.

As a result of this pilot study, energy consumption at Hornsby has been reduced by a further 20%–25% and the store has become one of the most energy efficient retail spaces operated by David Jones. Additional stores are now being assessed as potential candidates for a wider roll-out of LED technology into existing stores.

\* Part of EY's audited performance indicators. The basis for measurement of this indicator can be found on <http://www.woolworthsholdings.co.za>

### GREEN BUILDING INNOVATION

Whenever we design a new store, our teams look at how to include energy-saving elements. We have created our own green building rating model which we use to classify our stores, allowing us to easily identify stores that need improvement.

The Country Road Group continues to drive energy efficiency and sustainable store design by:

- installing LED light fittings in all new and refurbished stores;
- using timers on shop front lights and sensors in back areas;
- using only cold water in most stores and timers on hot water systems in large stores;
- encouraging employees to take public transport to work; and
- using low VOC paints in all new stores and refits.

In June 2015, Country Road Group opened a purpose-built facility to centralise distribution across both its online business and retail stores. The Channel Fulfilment Centre (OFC) was designed and built with sustainability in mind, not only to minimise environmental impact, but also to create a safe and positive working environment for the specialist fulfilment team. The building is the first facility in Victoria to receive a '5 Star Green Star – Industrial As Built v1' rating from Green Building Council of Australia and was named a finalist in the 2015 Victoria CitySwitch Awards. The key sustainability features for this facility include:

- 1200 solar panels that generate around 20% of OFC's energy requirements each year;
- additional ventilation and insulation to reduce heating and cooling, energy efficient sensor lighting and natural lighting;
- the installation of the latest technologies for energy efficiency, including energy efficient conveyor systems;
- reusable plastic pallets made from 100% recycled material are used for online picking;
- energy monitoring for the ongoing measurement and management of energy usage; and
- recycling facilities and a customised recycling system to reuse the majority of supplier cartons for outbound purposes.

### case study: WOOLWORTHS MIDRAND DISTRIBUTION CENTRE (DC) GOES SOLAR

*The Midrand DC is a 78 000 m<sup>2</sup> operation that was designed using our green building design criteria after being subject to thorough evaluation from a social and environmental perspective. Being a foods distribution centre, it has high energy consumption as a result of the cold chain requirements for the food products. To counter the need for increased dependency on the grid for energy, a solar installation was approved for the DC. This installation will provide 2 mW of photovoltaic power when completed. This translates to between 26% and 34% of the centre's energy needs per year provided via this renewable source every year.*

*Other design features that have been incorporated (previously at the DC) to ensure that its functioning does not negatively impact the environment and surrounding communities include:*

- *use of natural light;*
- *automated lighting systems that are capable of dimming to adjust to ambient natural light and switching off in unoccupied rooms;*
- *using heat recovered from refrigeration plant for under-floor heating;*
- *using solar thermal hot water production for ablution facilities;*
- *planting grass on the roofs for insulation, and to prevent solar heat from being reflected; and*
- *using evaporative cooling technologies for the refrigeration, etc.*

### CARBON FOOTPRINT

WHL's greenhouse gas (GHG) emissions were calculated for the period 1 January 2015 to 31 December 2015 with a focus on the company's South African and International operations and independently verified by Global Carbon Exchange (GCX). The verification statement (available on [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)) was carried out in accordance with ISO 14064 Part 3 'Specification with guidance for the validation and verification of greenhouse gas assertions'. Guidelines from the GHG Protocol Corporate Standard ([www.ghgprotocol.org](http://www.ghgprotocol.org)) were also followed during the verification process.

#### REPORTING BOUNDARY

WHL has stores and corporate buildings in the following countries:

- Woolworths: Namibia, Botswana, Ghana, Kenya, Zambia, Mozambique, Tanzania, Uganda, Swaziland, Lesotho, South Africa and Mauritius;
- Country Road Group: Australia and New Zealand; and
- David Jones: Australia.

The boundary excludes activities where data is currently not available (see verification statement) – this data is deemed not materially relevant.

#### KEY FINDINGS

Following verification by GCX, the WHL total Scope 1 and 2 GHG emissions increased by 0.76% and decreased by 0.38% with Scope 3 included. This is as a result of:

- organic business growth from store expansion;
- inclusion of more facilities for the carbon footprint as data capturing becomes more efficient and accurate;
- 50% more stores were captured this year than in the 2014/15 financial year for air-conditioning and refrigerant gases;
- the increase in stationary fuel is attributed to more international stores also reporting generator fuel usage; and
- business travel increased as a result of increased overseas travelling required visiting an increasing number of facilities abroad.

[Read more about our full year-on-year comparison of our emissions and intensity figures on page 124](#)



Solar installation at Woolworths head office

# 108/ WHL CARBON FOOTPRINT

## SCOPE 1\*

Mobile fuel

**1 762** tCO<sub>2</sub>e



Stationary fuel

**2 816** tCO<sub>2</sub>e



Air-conditioning and refrigerant gases

**37 698** tCO<sub>2</sub>e



## SCOPE 2\*\*

Purchased electricity

**4 426 673** tCO<sub>2</sub>e



Electricity from renewable sources

**5 654 811** kWh



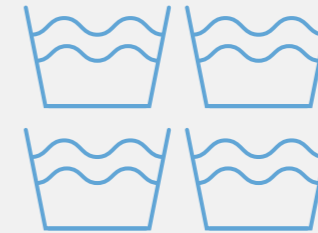
## SCOPE 3\*\*\*



Business travel  
(car rental, airlines  
and bed nights)

**13 215** tCO<sub>2</sub>e

Municipal water  
**597** tCO<sub>2</sub>e

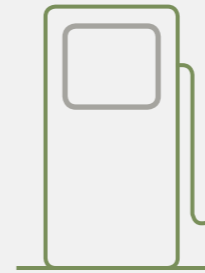


Plastic bags sold  
**3 598** tCO<sub>2</sub>e

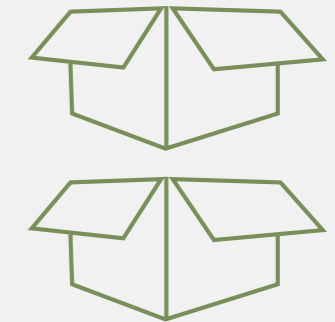


Fuel and energy-related activities  
(transmission and distribution losses)

**39 434** tCO<sub>2</sub>e



Office paper  
**330** tCO<sub>2</sub>e



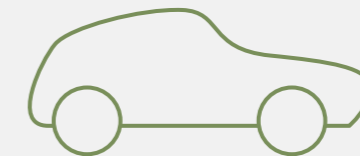
Cardboard packaging  
**8 879** tCO<sub>2</sub>e



Contracted solid waste disposal  
**2 590** tCO<sub>2</sub>e



Employee commuting  
**20 877** tCO<sub>2</sub>e



Third-party distribution (Imperial)  
**40 022** tCO<sub>2</sub>e

\* Emissions from sources owned and controlled by WHL (generators, refrigeration and air-conditioning units).  
\*\* Emissions associated with the generation or consumption of electricity.

\*\*\* Emissions from sources not directly owned by WHL, but relevant, excluding electricity.



# case study: WOOLWORTHS SA AND IMPERIAL LOGISTICS PARTNERSHIP

## ROUTE OPTIMISATION

Making our logistics operations more sustainable and efficient required a route optimisation process. This was achieved via vertically integrating our supply chain through taking ownership of our primary transport (inbound/outbound from suppliers) and also by establishing a logistics integration centre to house advanced logistics planning and also support more transparent reporting. By doing this, we have been able to achieve full visibility of our operations, optimise routes from suppliers to stores and also increase our competitiveness as a business. This also enabled us to build relationships with our suppliers for full integration across our supply chain. Since inception, this integration has also allowed us to move from a paper intensive logging system by our drivers and also reduce travel distance using an online route optimisation tool, thereby reducing carbon emissions associated with distributing our products. We have achieved the integration of our transportation schedules through a paperless control process and since inception, also seen a constant reduction in kilometres travelled and cost, which also reduces our carbon emissions footprint.

## FLEETBOARD

Fleetboard is a vehicle management system (a telematics-supported, internet-based system that provides real-time information on the operational performance of individual vehicles, fuel levels and consumption via a network) that has been fitted to our vehicles. A reduction of 5%–15% in fuel consumption can be achieved via this system. Driving scores are allocated to drivers in order to improve their skills that contribute to more efficient transport planning.

In the last year, Imperial Logistics held a Drivers' League competition to award drivers that showed change in driving performance and behaviour. Two drivers, Marshall Hendricks and Pieter Adriaanse, won and have been sponsored by Mercedes-Benz to travel to Germany. Marshall Hendricks finished 1<sup>st</sup> in the world and Pieter Adriaanse came 2<sup>nd</sup> in South Africa and 5<sup>th</sup> in the world. This is magnificent achievement not only for the drivers, but also for Imperial Fast 'n Fresh, as this is a direct result of our dedicated drivers and the driver training programme.

Transporting our products plays a huge role in the delivery of the Woolworths value proposition. This requires channels of distribution that align with our company values, are efficient and seek cost reduction through continuous innovation. In choosing a distribution partner, the environmental and social integrity of that company were an essential attribute because we not only wanted to have improved distribution capabilities to stores but we also needed to make our distribution more sustainable. It was for this reason that we have partnered with the Imperial Group.

When we partnered with Imperial Logistics, we had realised that our transport solutions prior to that time were unreliable, unsustainable and lacked the innovation to effectively integrate and optimise our logistics capabilities in a cost-effective manner. This relationship has continued to excel in driving innovation through our transport strategy. Our approach to sustainable transport involves behavioural change interventions for our drivers/employees and also introducing innovative technology across our logistics chain and vehicle fleet.

## MIXTELEMATICS

The rollout of MiXTelematics is also in progress. To date, we have installed approximately 54 units and plan to have the entire fleet fitted before the end of 2016. This improved technology allows for voice communications and in-cab video cameras as part of the vehicle tracking management system. The initial strategy was to fit the technology as and when vehicles are being replaced but it has proven essential in optimising our logistics and will therefore be fitted systematically into the existing fleet.

## I-PLEDGE

We continue to run the I-Pledge campaign aimed at addressing road safety by improving driver behaviour. This is a campaign for both our drivers and the public. Our drivers take the pledge as part of their driver training and responsible driving patterns are linked to their incentives.

## TK TRACKING

This is now a standard fixture on all new trailer fridge units that is web-enabled to track the temperature of the refrigeration unit in the trailer. The temperature can be adjusted remotely, reducing the overall potential of products rejected because of fridge failure.

## CRYOFRIDGE

This is a closed-loop system that was trialled at one of our distribution centres. Using liquid nitrogen as a coolant, air inside the trailer is distributed over pipes filled with liquid nitrogen in order to maintain cold chain temperatures. The CryoFridge technology to date has been very successful, with not a single temperature related issue to date. We have allocated resources to have three more units installed in the Cape Town secondary fleet. Part of this rollout is the installation of a bulk liquid nitrogen vessel at our Montague Gardens depot, which is in its planning stage at this point. The solar panels installed on some of our trailers assist with the charging of batteries of these units.

## CLEANER FUEL

We have tested the usage of low sulphur diesel to reduce our carbon emissions. Bulk low-sulphur fuel tanks will be available in all our main distribution centres.

## SOLAR-POWERED TRAILERS

Solar panels have been installed to power internal load body LED lights and supply power to the tail lift via independent batteries. This intervention will reduce fuel consumption, emissions, noise levels and also extend the lifecycle of component parts on the trailer.



Imperial truck, Woolworths SA

*“Imperial Logistics’ relationship with Woolworths has positively progressed over the years. The prerequisites to the success of a strategic alliance include profit generation, information sharing, shared risk taking and responsibility, collaboration, open communication, initiative and innovation. The two organisations jointly focus efforts on activities resulting in cost savings and improved business efficiency. Focus is placed on business simplification in eliminating duplicate activities resulting in holistic benefits to the supply chain, and both organisations. We have experienced that the greater the integration between Woolworths and Imperial Logistics, the greater the performance. The relationship is governed by jointly agreed performance measures that link the execution of the outsourced function with collaborative plans.”*

Angela D’Amato, Strategic Client Lead, Imperial Logistics

## CLIMATE FRAMEWORK AND STAKEHOLDER ENGAGEMENT

Our progress in meeting the goals we have set would not be possible without the guidance of global policies that advocate for collective effort. Our energy management commitments have also taken a holistic approach to enable meaningful contribution from our stakeholders, customers and employees.

### LEGISLATIVE REQUIREMENTS

Government departments are crucial in assessing and discussing regulatory risks associated with climate change and in turn, assisting us in finding ways and partnerships to mitigate where required. We are also able to provide input on policy formation through these engagements.

### COLLECTIVE ACTION

Woolworths signed the National Energy Efficiency Leadership Network (EELN) with the then Minister of Minerals and Energy in 2006 and is working towards achieving the National Energy Efficiency Strategy targets as part of the EELN.

We also have a formal and broad-based sustainability partnership with WWF-SA to drive greater sustainability through selected Woolworths products and operations. Through this partnership, we have agreed to collaborate around a proactive response to addressing climate risk in the supply chain.

Our engagement with the National Business Initiative allows us to partner and contribute to collective engagement with other corporates on issues regarding climate, energy and water in South Africa and how businesses can actively respond to these challenges.

### CUSTOMER ENGAGEMENT

We communicate with customers on our energy management initiatives and how they can contribute towards them, through a suite of platforms. We also guide customers on textiles care using a wash care label on our textiles that encourage washing at 30°C.

### EMPLOYEE ENGAGEMENT

Across our corporate buildings, we ensure visibility of our energy-savings focus through strategic communications, including plasma screens in our corporate buildings.

We conduct training workshops for our store employees through the GBJ Champ programme and continue to distribute energy and water packs to all stores containing a DVD, stickers and a poster guiding our champs on how to implement water and energy saving initiatives in their stores.

### TRANSPARENCY

Woolworths is committed to improving disclosure about the financial and material risks posed by energy resources and our own usage reduction strategies. We voluntarily report our performance through the CDP Climate Change programme, with our 2015 score being 98%/B. We also respond to the Dow Jones Sustainability Index and FTSE/JSE Responsible Investment Index.

David Jones also reports to the National Greenhouse and Energy Reporting Act (2007) (NGER), a mandatory federal legislation in Australia that establishes a national framework for the reporting of greenhouse gas emissions and energy consumption.

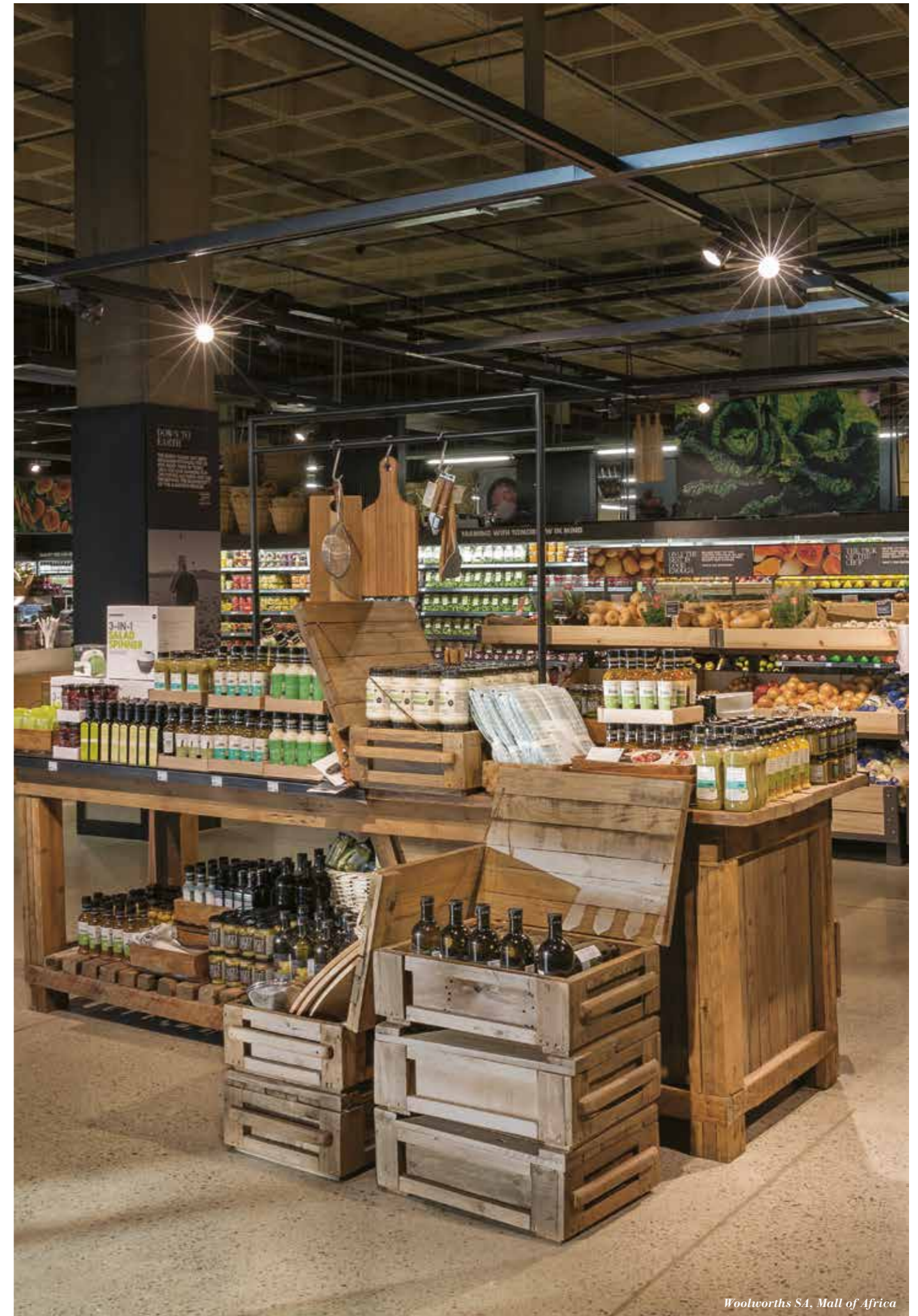
We have also made a commitment via the 'We Mean Business' call-to-action to set science-based targets for emissions reduction.

### case study: UBERGREEN



*The transportation options that we choose have an impact on our carbon emissions and footprint as individuals. Uber has identified an opportunity in this space by not only evolving the way the world moves – connecting riders to drivers through smartphone technology; but also connecting riders to more sustainable modes of transport. In order to empower our stakeholders to make a sustainable and emission-free transportation choice, Uber, BMW and Nissan partnered with Woolworths to bring UberGREEN to Woolworths customers through the*

*WRewards programme. This was a pilot initiative that saw BMW availing their i3 and Nissan availing their Leaf electric vehicles for customers to choose when calling the services of an Uber, in Johannesburg and Cape Town. Both these car models are fully electric. Woolworths WRewards members had exclusive access to the BMW i3 vehicles for a limited period of time. After this, the UberGREEN services were opened to the public. See [www.uber.com/go](http://www.uber.com/go).*



Woolworths SA, Mall of Africa

# 16

# APPENDICES

*116 Key Sustainability Indicators*

*118 Awards and Recognition*













*120 Material Impacts to our Business*

*122 Key Stakeholder Groupings*

*124 WHL Carbon Footprint*

*126 Independent Assurance Report*

# KEY SUSTAINABILITY INDICATORS

	INDICATOR	2016	2015	2014	2013	2012	2011	PROGRESS	2016 TARGETS
	Revenue	R66.9bn	R58.1bn	R39.9bn	R35.4bn	R28.8bn	R25.8bn	▲	-
	Return on equity (ROE)	25.6%	26.3%	46.7%	49.7%	47.1%	44.1%	▼	-
	Adjusted Headline Earnings per Share (aHEPS)	456.6	419.4	365.2	340.4	267.3	214.9	▲	-
	Share price appreciation	604	2 092	1 228	1 402	2 129	567	▲	-
	Customer tracking study regarding Good Business Journey elements	37%	35%	35%	26%	26%	29%	▲	32%
	Inclusion in FTSE/JSE Responsible Investment Index	✓	✓	✓	✓	Top performer	Top performer	▶	✓
	Inclusion in Dow Jones index	✓	✓	✓	✓	✓	✓	▶	✓
	Good Business Journey index overall score (new targets from 2012 to 2015)	86%	87%	91%	90%	85%	86%	▼	80%
	Estimated GBJ savings (Woolworths)	R743m	R567m	R269m	R189m	R105m	R80m	▲	R700m
	Number of permanent employees (Woolworths only prior to 2016)	43 141	28 344	25 598	23 538	22 462	20 433	▲	-
	Training spend (Woolworths)	R117.7m	R131.4m	R110.2m	R99.8m	R75.1m	R58.2m	▼	-
	BEE score (Woolworths)	Verified in arrears	Level 8	Level 3	Level 3	Level 4	Level 4	▶	-
	Corporate Social Investment contribution (2016 onwards includes WHL Group)	R693m	R588m	R518m	R500.1m	R438m	R370m	▲	R600m
	Health and safety – number of injuries on duty (Woolworths)	672	771	735	682	778	563	▲	-
	% of Woolworths Clothing products with a sustainability attribute	65%	60%	60%	48%	50%	New focus areas	▲	70%
	% of Woolworths Food products with a sustainability attribute	59%	63.3%	58.4%	57.4%	52%	New focus areas	▼	68%
	Woolworths produce suppliers qualifying for the Farming for the Future programme	94%	98%	98%	98%	95%	70%	▼	95%
	Foods packaging (target has changed)	1 significant packaging project	92 packaging improvements	238 packaging improvements	185 packaging improvements	105 packaging improvements	8.24% reduction	▼	2
	Water (reduction in relative consumption from benchmark Woolworths stores)	41.9%	41.35%	34%	20%	1%	(5%)	▲	43%
	Energy (reduction in relative consumption from benchmark Woolworths)	40%	40%	38%	31%	27%	22.5%	▶	41%
	Green buildings (as per Woolworths model)	96 (82 of these are new SA corporate stores, as assured by the EY)	64	45	29	24	18	▲	100
	Carbon footprint (total tonnes of CO <sub>2</sub> ) (2015 onwards includes WHL group)	657 965.29	621 132.72	444 249.80	398 568	411 522.35	452 996.73	▼	-

# AWARDS AND RECOGNITION

## WOOLWORTHS HOLDINGS LIMITED

- Woolworths Holdings won the award for Best Public Company at the Ethical Corporation Responsible Business Awards in London.
- Woolworths Holdings was a finalist in the Responsible Retailer of the Year award, at the World Retail awards 2016.
- Woolworths Holdings was included in the FTSE/JSE Responsible Investment Index for 2015/2016.
- Woolworths Holdings was included in the Dow Jones Sustainability Index (DJSI), the world's most respected sustainability index for 2015/16. Woolworths is one of only five

- South African-listed companies included, and also included in the DJSI Emerging Markets Sustainability Index.
- Woolworths Holdings was included in the Euronext Vigeo index: Euronext Vigeo – Emerging 70 (the 70 most-advanced companies in the Emerging Market Region).
- Woolworths Holdings rated as 'excellent' in the EY Excellence in Intergrated Reporting awards.
- Woolworths Holdings has been shortlisted for the IGD Sustainable Future Award.

## WOOLWORTHS

- Woolworths won the Corporate Citizenship Award at the 14th Annual National Business Awards as well as being Highly Commended for the Sustainability Award.
- Woolworths was finalist in the headline Award at the 14th Annual National Business Awards.
- Woolworths was a finalist for Energy Company of the Year and the Excellence Award in Energy at the Southern African Association for Energy Efficiency Awards.
- Woolworths was once again ranked as the supermarket industry leader for customer satisfaction. The South African Customer Satisfaction Index (SACSI) measures the things that drive customer satisfaction.
- Woolworths retained our position as South Africa's most reputable retailer for the third consecutive year in the annual Reputation Institute's (RI) National RepTrak™ Pulse survey for 2016. Our reputation score also increased from 71.2 last year to 75.4 this year.
- Woolworths was awarded the National Disability Company Award in the 2015 National Disability Awards.
- Zinzi Mgolodela (Woolworths Head: Transformation) won the Black Management Forum's National Manager of the Year Award.
- Woolworths received an honorary Legends of Empowerment and Transformation Award at the 15th Annual Oliver Empowerment Awards.
- Woolworths won the Best Marketing Campaign linked to Loyalty, at the 2016 International Loyalty Magazine Awards held

- in London for our WRewards, 'Are you with us' campaign that featured Grammy Award-winning musician, record producer and philanthropist, Pharrell Williams.
- The MySchool MyVillage MyPlanet programme won Best Loyalty Programme of the year for the Middle East and Africa for the MyPlanet Rhino campaign.
- Woolworths was a finalist in the Eco-Logic Awards, announced in April 2016, in the Water Conservation (Bronze award received) and Business Green Economy (Silver award received) categories.
- Woolworths has won the 2015 PETCO Best Product Award using recycled PET (rPET) category of the PETCO awards, for its denim range of clothing.
- Woolworths is a finalist in two categories for the 2016 Mail & Guardian Greening the Future Awards:
  - Water Efficiency and Management
  - Innovations for Climate Change Adaptation
- Woolworths has won Most Outstanding Online Retailer in South Africa in the Corporate Livewire Innovation and Excellence Awards 2016.
- Woolworths was rated the Coolest Grocery Store in the country in the 12<sup>TH</sup> annual Sunday Times Generation Next youth survey. Our clothing business also came second in the Coolest Fashion Retailer category, which is a significant improvement from 4th position last year.
- TASTE magazine won a Gold award at the 2015 Eddies and Ozzies Awards in New York.

## WOOLWORTHS FINANCIAL SERVICES

- Woolworths Financial Services won the South African National Best Captive Call Centre Award.

## DAVID JONES

- David Jones Eastland in Melbourne was named the best new department store globally in the Retail Design Institute's international store design competition.
- David Jones received a B- in the 2016 Baptist World Aid Australian Fashion Report. A report that grades the efforts made by fashion brands to mitigate the risks of forced labour, child labour and worker exploitation in the supply chain.

## COUNTRY ROAD GROUP

- Country Road Group received a B+ in the 2016 Baptist World Aid Australian Fashion Report.
- Country Road Group was a finalist for the Retail Customer Excellence Awards in the category of 'Responsible Impact Excellence Award'.
- Country Road Group was named a finalist in the 2016 National Retail Association (NRA) Rewards for Excellence, in the Sustainability Excellence Award category.
- Country Road was a finalist in the annual Victorian CitySwitch Awards for 2015.



# MATERIAL IMPACTS TO OUR BUSINESS

FOCUS AREA	IDENTIFIED RISKS	MATERIAL ASPECTS INCLUDED (SOME DERIVED FROM GRI G4 INDEX <sup>2</sup> )
<b>GOVERNANCE<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Ethics and values</li> <li>Verification/assurance</li> <li>Risk management and business continuity</li> <li>Anti-corruption</li> <li>Human rights</li> </ul>	Labour/management relations (G4) Employment (G4) Economic performance (G4) Market presence (G4) Indirect economic impacts (G4) Procurement practices (G4) Public policy (G4) Investment (G4) Anti-corruption (G4) Anti-competitive behaviour (G4) Governance (G4) Ethics and integrity (G4) Non-discrimination (G4)
<b>TRANSFORMATION</b>	<ul style="list-style-type: none"> <li>Addressing diversity</li> <li>Talent management</li> <li>BEE Codes of Good Practice and Reconciliation Action Plan</li> </ul>	Equal remuneration for men and women (G4) Diversity and equal opportunity (G4) Broad-based black economic empowerment Enterprise and supplier development Training and education (G4) Freedom of association (G4)
<b>SOCIAL DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>Food security</li> <li>Education</li> <li>Child vulnerability and safety</li> </ul>	Local communities (G4) Food security Education Charitable donations
<b>HEALTH AND WELLNESS</b>	<ul style="list-style-type: none"> <li>Nutrition and wellness</li> <li>Employee health and safety</li> </ul>	Occupational health and safety (G4) Customer health and safety (G4) Product and service labelling (G4) Marketing and communications (G4) Compliance (G4) Child safety Responsible marketing Nutrition Food safety

<sup>1</sup> Governance underpins all focus areas.

<sup>2</sup> G4 denotes that the aspect is aligned to the GRI G4 reporting guidelines.

FOCUS AREA	IDENTIFIED RISKS	MATERIAL ASPECTS INCLUDED (SOME DERIVED FROM GRI G4 INDEX <sup>2</sup> )
<b>ETHICAL SOURCING</b>	<ul style="list-style-type: none"> <li>Ethical conditions in supply chains</li> <li>Traceability</li> <li>Environmental conditions in supply chains</li> </ul>	Supplier assessments labour practices (G4) Investments (human rights) (G4) Supplier human rights assessments (G4) Supplier assessments impacts on society (G4) Environmental assessments (G4) Grievance mechanisms (G4) Non-discrimination (G4) Child labour (G4) Forced or compulsory labour (G4) Supplier capacity building Deforestation Wages
<b>SUSTAINABLE FARMING</b>	<ul style="list-style-type: none"> <li>Ecological health</li> <li>Climate change</li> <li>Farmer access to market</li> <li>Animal welfare</li> </ul>	Supplier environment assessments (G4) Supplier assessments labour practices (G4) Environmental assessments (G4) Biodiversity (G4) Environmental grievance mechanisms (G4) Compliance (G4) Animal welfare
<b>WATER</b>	<ul style="list-style-type: none"> <li>Water availability</li> <li>Wastewater discharge</li> <li>Post-consumer water consumption</li> </ul>	Effluent and waste (G4) Water (G4) Water stewardship
<b>WASTE</b>	<ul style="list-style-type: none"> <li>Waste generation</li> <li>Waste disposal</li> <li>Natural resource consumption</li> </ul>	Materials (G4) Products and services (G4) Product and service labelling (G4) Responsible marketing
<b>ENERGY AND CLIMATE CHANGE</b>	<ul style="list-style-type: none"> <li>Electricity availability and pricing</li> <li>Energy efficiency</li> <li>Extreme weather patterns</li> <li>Climate framework</li> <li>Post-consumer use</li> </ul>	Energy (G4) Emissions (G4) Transport (G4)

# KEY STAKEHOLDER GROUPINGS

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE IN
<b>OUR CUSTOMERS</b>	<ul style="list-style-type: none"> <li>To meet our customers' needs</li> <li>To enhance the WHL brand and thereby grow revenue</li> <li>Increase customer awareness and understanding of sustainability issues</li> </ul>	<ul style="list-style-type: none"> <li>Advertising</li> <li>In-store communication and campaigns</li> <li>Group company websites</li> <li>Social media</li> <li>Customer service centre</li> <li>Focus groups and surveys</li> <li>WRewards loyalty programme</li> <li>MySchool MyVillage MyPlanet programme</li> </ul>	<ul style="list-style-type: none"> <li>Product value and choice</li> <li>Service</li> <li>Rewards</li> <li>Key sustainability issues: animal welfare, packaging and recycling and responsible sourcing are among the issues we receive the most customer feedback on</li> <li>Innovation</li> </ul>
<b>OUR EMPLOYEES</b>	<ul style="list-style-type: none"> <li>To share relevant information and get input and feedback</li> <li>Increase employee awareness and understanding of sustainability issues and our Good Business Journey</li> </ul>	<ul style="list-style-type: none"> <li>Exco talks and blog</li> <li>ShopTalk magazine</li> <li>GBJ Champ programme</li> <li>'Let's Talk' team meetings</li> <li>'Let's Ask' employee opinion survey</li> <li>Pulse survey</li> </ul>	<ul style="list-style-type: none"> <li>Business strategy and performance</li> <li>Rewards and recognition</li> <li>Training and development</li> <li>Employee wellness</li> <li>BBBEE and transformation</li> <li>Our Good Business Journey</li> </ul>
<b>UNIONS</b>	<ul style="list-style-type: none"> <li>To engage on collective employment issues in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Participation in CCMA, Nedlac and other labour market institutions</li> </ul>	<ul style="list-style-type: none"> <li>Wages and conditions of employment</li> <li>Retail and textile-sector issues</li> </ul>
<b>OUR SUPPLIERS</b>	<ul style="list-style-type: none"> <li>To deliver consistent quality and standards</li> <li>To support the development of small black-owned businesses</li> <li>To deliver socially and environmentally responsible and innovative products</li> </ul>	<ul style="list-style-type: none"> <li>Supplier conferences</li> <li>Supplier visits and audits</li> <li>Supplier and Enterprise Development programme</li> </ul>	<ul style="list-style-type: none"> <li>Timely payment and favourable terms</li> <li>Product offering and innovation</li> <li>Infrastructure and logistical support</li> <li>BBBEE</li> <li>Resource efficiency</li> <li>Key sustainability issues in the supply chain – ethical trade</li> <li>Research, e.g. life cycle assessments, water foot-printing of key products</li> </ul>
<b>OUR BUSINESS PARTNERS</b>	<ul style="list-style-type: none"> <li>Support on issues of common interest</li> <li>Create better sustainability solutions</li> </ul>	<ul style="list-style-type: none"> <li>Joint projects</li> <li>Partner meetings and reviews</li> </ul>	<ul style="list-style-type: none"> <li>Strategy and product expansion</li> <li>Key sustainability issues</li> </ul>
<b>NGOs (SUCH AS WWF, THE RED CROSS, BAPTIST WORLD AID, FOOD &amp; TREES FOR AFRICA, CHILDSAFE AND THE UNITED NATIONS GLOBAL COMPACT)</b>	<ul style="list-style-type: none"> <li>To share expertise, industry insights, local knowledge, research capabilities and networks</li> </ul>	<ul style="list-style-type: none"> <li>Formal partnerships and projects</li> <li>Participation in benchmarking and surveys</li> </ul>	<ul style="list-style-type: none"> <li>Driving sustainability through our operations, products and supply chains</li> <li>Social development</li> <li>Ethical sourcing</li> </ul>
<b>DEBT FUNDERS</b>	<ul style="list-style-type: none"> <li>To enable effective funding of Group expansion and acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings held with funders through Group Treasury function</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance and strategic focus areas of the Group</li> </ul>

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE ON
<b>OUR COMMUNITY</b>	<ul style="list-style-type: none"> <li>To contribute to the socio economic development of the communities in which we trade</li> </ul>	<ul style="list-style-type: none"> <li>EduPlant workshops</li> <li>Making the Difference educational programmes</li> <li>MySchool MyVillage MyPlanet programme via charity partners</li> <li>CRG and DJ community partners</li> </ul>	<ul style="list-style-type: none"> <li>Education</li> <li>Capacity building on relevant issues such as food security, nutrition and child safety</li> <li>Health and disease prevention</li> </ul>
<b>OUR SHAREHOLDERS AND INVESTORS</b>	<ul style="list-style-type: none"> <li>To create an informed perception of Woolworths and create a positive investment environment</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Biannual analysts results review</li> <li>Store walkabouts</li> <li>Annual Integrated Report</li> <li>Participation in the Dow Jones World Sustainability Index, FTSE/JSE Responsible Investment Index, Carbon Disclosure (CDP) and other assessments</li> </ul>	<ul style="list-style-type: none"> <li>Business performance, expectations and strategy</li> <li>Economic, social and environmental risks</li> </ul>
<b>INDUSTRY ORGANISATIONS (SUCH AS THE NBI, THE CONSUMER GOODS FORUM, PETCO, PLASTICS SA AND THE AUSTRALIAN PACKAGING COVENANT)</b>	<ul style="list-style-type: none"> <li>To discuss and contribute to issues of mutual concern and optimise opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Membership and engagement with industry bodies</li> <li>Commentary and advice on emerging issues</li> </ul>	<ul style="list-style-type: none"> <li>Policy development</li> <li>Retail sector-related issues</li> <li>Key sustainability issues</li> </ul>
<b>GOVERNMENT AND REGULATORS</b>	<ul style="list-style-type: none"> <li>To discuss issues of mutual concern and optimise opportunities</li> <li>To share our industry expertise and contribute to policy formation</li> </ul>	<ul style="list-style-type: none"> <li>Meetings and presentations</li> <li>Drafting of submissions</li> <li>Engagement via industry bodies</li> <li>Participation in government forums</li> </ul>	<ul style="list-style-type: none"> <li>Policy development</li> <li>Labour market issues and legislation</li> <li>Food standards and safety</li> <li>Consumer credit and protection issues</li> <li>Employment equity and transformation</li> <li>Social development and education</li> <li>Sustainability priorities for South Africa and Australia</li> </ul>
<b>ACADEMIC INSTITUTIONS</b>	<ul style="list-style-type: none"> <li>To contribute towards research</li> <li>To share our industry expertise and case studies</li> </ul>	<ul style="list-style-type: none"> <li>Participation in postgraduate research and surveys</li> <li>Experiential learning opportunities for students</li> <li>Presentations</li> <li>Participation in the Network for Business Sustainability (NBS)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate sustainability</li> <li>Reporting and governance</li> </ul>
<b>THE MEDIA</b>	<ul style="list-style-type: none"> <li>To influence stakeholder perceptions, differentiate the WHL Group company brands and market our products</li> <li>Raise the profile of key sustainability issues in South Africa and Australia</li> </ul>	<ul style="list-style-type: none"> <li>Interviews and opinion pieces</li> <li>Press releases</li> <li>Publications</li> <li>Television</li> </ul>	<ul style="list-style-type: none"> <li>Retail and consumer issues</li> <li>Product information</li> <li>Key sustainability issues</li> <li>Good Business Journey</li> </ul>

# WHL CARBON FOOTPRINT

## WHL EMISSIONS YEAR-ON- YEAR

SCOPE 1*	2015 (tCO <sub>2</sub> e)	2014 (tCO <sub>2</sub> e)
Mobile fuel	1 761.86	1 509.09
Stationary fuel	2 816.39	2 102.40
Air-conditioning and refrigerant gases	37 697.87	20 388.57
<b>SCOPE 2**</b>		
Purchased electricity	442 672.50	436 867.24
<b>SCOPE 3***</b>		
Business travel – flights	12 320.27	8 693.19
Business travel – car rental	111.36	113.88
Business travel – accommodation	783.22	410.91
Employee commuting	20 876.96	18 984.41
Contracted solid waste disposal	2 590.04	4 446.96
Third-party distribution	40 022.40	38 542.44
Water	597.15	532.85
Office paper	329.50	100.56
Cardboard packaging	8 878.50	8 619.90
Plastic bags	3 598.22	2 896.88
Fuel and energy-related activities	39 433.50	36 638.10
<b>TOTAL SCOPE 1, 2 AND 3</b>		
Fugitive emissions (non-Kyoto)	43 475.55	40 285.35
<b>TOTAL WHL</b>	657 965.29	621 132.72
<i>Total Woolworths SA</i>	<i>551 592.87</i>	<i>510 411.93</i>
<i>Total David Jones</i>	<i>95 854.72</i>	<i>97 329.21</i>
<i>Total Country Road Group</i>	<i>10 517.71</i>	<i>13 391.57</i>

\* Emissions from sources owned and controlled by WHL (generators, refrigeration and air-conditioning units).

\*\* Emissions associated with the generation or consumption of electricity.

\*\*\* Emissions from sources not directly owned by WHL, but relevant, excluding electricity.

## INTENSITY FIGURES YEAR-ON-YEAR

These figures show our progress per unit measure in emissions.

INTENSITY FIGURES	2015	2014	TREND
Emissions per full-time equivalent employee (tCO <sub>2</sub> e/FTE)	17.68	17.99	▼
Emissions per square metre store/trading GLA (tCO <sub>2</sub> e/m <sup>2</sup> )	0.58	0.57	▼
Emissions per square metre GLA including non-trading area (tCO <sub>2</sub> e/m <sup>2</sup> )	0.47	0.46	▲
Emissions per square metre of trading area (tCO <sub>2</sub> e/m <sup>2</sup> )	0.81	0.80	▲
Emissions per million turnover in rands (tCO <sub>2</sub> e/turnover)	15.63	16.14	▼
Emissions per million EBITDA in rands (tCO <sub>2</sub> e/EBITDA)	148.92	124.37	▲



# 126/ INDEPENDENT ASSURANCE REPORT

## TO THE DIRECTORS OF WOOLWORTHS HOLDINGS LIMITED

We have completed our independent limited assurance engagement in respect of the Good Business Journey Report ("the Report") for the year ended 26 June 2016 and in respect of selected key performance indicators identified below contained in the Report ("specified KPI's").

### SCOPE OF OUR ENGAGEMENT

We performed our limited assurance engagement for the purpose of expressing our conclusions as to whether anything has come to our attention that causes us to believe that:

- a) the Report is not prepared, in all material respects, in accordance with the Global Reporting Initiative (GRI) G4 Guideline's Principles of materiality, completeness and sustainability context, and
- b) the specified KPIs contained in the Report at the page references shown below, are not prepared, in all material respects, in accordance with the basis of preparation described on the website ([www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)) for each of the specified KPIs ("management's sustainability criteria"):
  - Water usage (in kilolitres) at the head office buildings, for the twelve months ended 26 June 2016 as disclosed on page 95;
  - Water usage (in kilolitres) at the Maxmead, Montague Gardens, Racecourse Gardens and Midrand distribution centres for the twelve months ended 26 June 2016 as disclosed on page 95;
  - Water usage (in kilolitres) for the South African corporate stores for the twelve months ended 26 June 2016 as disclosed on page 95; and
  - Green stores rating as at 26 June 2016 as disclosed on page 104.

These specified KPIs are highlighted for identification purposes in the Report by use of an asterisk "\*\*".

Our responsibility in performing our independent limited assurance engagement is to Woolworths Holdings Limited only, under the terms of engagement (including the release letter dated 29 August 2016) we have agreed with the Directors, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Woolworths Holdings Limited for our work, for this report, or for the conclusions we have reached.

Woolworths Holdings Limited has elected to prepare the Report in accordance with the Principles contained in the G4 Guidelines published by the Global Reporting Initiative (GRI), a full copy of which can be obtained from the GRI website.

### DIRECTORS' RESPONSIBILITY

The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders, to identify key issues, to respond appropriately to key issues identified, to determine those key performance indicators which may be relevant and material to the identified stakeholders, and to design and apply appropriate sustainability reporting policies. The directors are also responsible for the preparation and presentation of the Report, the information and assessments contained in the Report and for such internal control as the directors determine necessary to ensure that the information and data reported meet the requirements of the relevant criteria, contain all relevant disclosures that could materially affect any of the conclusions drawn, and otherwise as necessary to enable preparation of the reported information and data free of material misstatement, whether due to fraud or error.

### OUR RESPONSIBILITY

Our responsibility is to express our limited assurance conclusions on the Report and on the specified KPIs indicated above based on our independent limited assurance engagement. Our engagement was performed in accordance with the International Auditing and Assurance Standards Board (IAASB)'s International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement so as to obtain sufficient, appropriate evidence to form our conclusions in relation to the Report and in relation to the specified KPIs, as stated below.

### BASIS OF WORK AND LIMITATIONS

Our evaluation included performing such procedures as we considered necessary based on the purpose of our engagement and our professional judgment, including our assessment of the risks of material misstatement of the subject matter. In making these assessments, we considered internal control relevant to the entity's preparation and presentation of the Report and of the specified KPIs contained therein, in order to design procedures appropriate for gathering sufficient appropriate evidence to enable us to form

our limited assurance conclusion as set out in the summary of work performed below. Our assessment of internal control was not performed for the purpose of expressing an opinion or conclusion on the effectiveness of the entity's internal controls.

We planned and performed our work to obtain the information and explanations that we considered necessary to provide a basis for our limited assurance conclusions set out below.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than that which would have been obtained had we performed a reasonable assurance engagement. Accordingly we do not express a reasonable assurance opinion either on the Report or on the specified KPIs that are the subject of this engagement.

Our assurance report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Report, nor to KPIs included in the Report other than the specified KPIs.

### SUMMARY OF WORK PERFORMED

A summary of the assurance procedures we performed in relation to the Report and the specified KPIs that were included in the scope of our limited assurance engagement is set out below.

- We obtained an understanding of:
  - The entity and its environment;
  - Entity-level controls;
  - The stakeholder engagement process;
  - The selection and application of sustainability reporting policies;
  - How management has applied the principle of materiality in preparing the Report and the specified KPIs; and
  - The significant reporting processes including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.
- We made such enquiries of management, employees and those responsible for the preparation of the Report and the specified KPIs, as we considered necessary.
- We inspected relevant supporting documentation and

obtained such external confirmations and management representations as we considered necessary for the purpose of our engagement.

- We performed analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including comparison of judgementally selected information to the underlying source documentation from which the information has been derived.

### CONCLUSIONS

Based on the work performed described in this report, nothing has come to our attention that causes us to believe that:

- The Report is not prepared, in all material respects, in accordance with the GRI G4 Guideline's Principles of materiality, completeness and sustainability context; and
- The specified KPIs are not prepared, in all material respects, in accordance with management's sustainability criteria as described on the website ([www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)) for the year ended 26 June 2016.

### OTHER MATTER

The maintenance and integrity of the Woolworths Holdings Limited's website is the responsibility of Woolworths Holdings Limited management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our assurance report that may have occurred since the initial date of presentation on the website of Woolworths Holdings Limited.

### *Ernst & Young Inc.*

Ernst & Young Inc.  
Director – Anthony Cadman  
Registered Auditor  
Chartered Accountant (SA)  
Ernst & Young House  
35 Lower Long Street  
Cape Town  
29 August 2016

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TO FIND OUT MORE ABOUT WHAT WE'RE DOING, VISIT  
[WWW.WOOLWORTHS.CO.ZA/GOODBUSINESSJOURNEY](http://WWW.WOOLWORTHS.CO.ZA/GOODBUSINESSJOURNEY)  
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