



WWHL

WOOLWORTHS HOLDINGS LIMITED 2013 GOOD BUSINESS JOURNEY REPORT

BUSINESS' ROLE IN DRIVING
SUSTAINABILITY IS BECOMING
EVER MORE IMPORTANT.
THIS APPLIES TO BOTH THE
COMMUNITY AROUND US
AND TO THE ENVIRONMENT
THAT SERVES US ALL.
OUR RESPONSE IS OUR
GOOD BUSINESS JOURNEY.





CONTENTS

4 / **Setting out**

- 6 KEY SUSTAINABILITY INDICATORS AND RECOGNITION
- 10 ABOUT US
- 10 VISION
- 10 INTEGRATED SUSTAINABILITY REPORTING
- 12 CEO/CHAIRMAN'S STATEMENT
- 14 MANAGING SUSTAINABILITY
- 19 VALUE CREATED
- 20 STAKEHOLDER ENGAGEMENT

32 / **Transformation and Corporate Social Investment**

- 34 OUR BBBEE STRATEGY
- 37 BBBEE SCORECARD
- 37 BBBEE EMPLOYEE SHARE OWNERSHIP SCHEME
- 37 MANAGEMENT CONTROL
- 37 EMPLOYMENT EQUITY
- 37 SKILLS DEVELOPMENT TRAINING
- 38 PREFERENTIAL PROCUREMENT
- 38 ENTERPRISE DEVELOPMENT
- 39 CORPORATE SOCIAL INVESTMENT
- 43 SPONSORSHIP

46 / **Social**

- 49 OUR PEOPLE
- 54 OUR CUSTOMERS
- 58 OUR SUPPLIERS

61 / **Environment**

- 64 SUSTAINABLE AGRICULTURE AND MANAGEMENT OF BIODIVERSITY
- 65 FARMING FOR THE FUTURE
- 69 FISHING FOR THE FUTURE
- 72 ANIMAL WELFARE
- 74 WATER
- 73 WASTE

81 / **Climate change and energy**

- 84 CARBON MANAGEMENT PROGRAMME
- 87 GREEN BUILDING INNOVATION
- 88 CARBON FOOTPRINT

90 / **The broader WHL Group**

- 92 WOOLWORTHS FINANCIAL SERVICES
- 93 AFRICA
- 95 COUNTRY ROAD GROUP

98 / **Independent assurance report**

SETTING OUT

6 / Key Sustainability Indicators and Recognition

10 / About us

10 / Vision

10 / Integrated Sustainability Reporting

12 / CEO/Chairman's Statement

14 / Managing Sustainability

19 / Value Created

20 / Stakeholder Engagement



KEY SUSTAINABILITY INDICATORS AND RECOGNITION

INDICATOR	2013	2012	2011	2010	2009	PROGRESS	2015 TARGETS
Revenue	35.4bn	28.8bn	R25.8bn	R23.7bn	R21.9bn	▲	
Return on equity (ROE)	49.7%	47.1%	44.1%	39.4%	26.3%	▲	
Headline Earnings per share (EPS)	340.4	267.3	214.9	157.2	126	▲	
Share price appreciation	1 402	2 129	567	1 225	275	▲	
Good Business Journey index overall score (new targets from 2012 to 2015)	90%	85%	86%	81%	79%	▲	
Customer tracking study regarding Good Business Journey elements	26%	26%	29%	26%	24.9%	►	28%
Number of permanent employees	23 538	22 462	20 433	18 836	17 551	▲	
Equity ownership score (out of 15)	7.63	7.89	8.26	8.94	4.7	▼	
Training and skills development score (out of 15)	13.21	11.0	11.5	10.3	7.7	▲	11.87
Management control score (out of 15)	9.75	9.7	9.42	9.03	7.3	▲	9
Training spend	R99.8m	R75.1m	R58.2m	R51.4m	–	▲	22
Employment equity score (out of 15)	10.87	12.32	11.22	10.6	9.8	▼	12.01
Preferential procurement score (out of 20)	18.99	14.62	17	10.4	5.7	▲	14
Enterprise development score (out of 15)	15	12.39	9.71	8.15	6.3	▲	11
Corporate social investment contribution (Rm)	R500.1m	R438m	R370m	R314m	R292m	▲	R300m p/a

INDICATOR	2013	2012	2011	2010	2009	PROGRESS	2015 TARGETS
Estimated GBJ savings to date	R189m	R105m	R80m	–	–	▲	R100m
Health and safety – number of injuries on duty	682	778	563	693	551	▲	
Energy (reduction in relative consumption from benchmark)	31%	27%	22.5%	18%	12%	▲	40%
Green buildings (as per Woolworths model)	29	24	18	13	–	▲	
Carbon footprint (total tons of CO ₂)	398 568	411 522.35	452 996.73	422 897.34	408 627	▲	40% relative reduction
Water (reduction in relative consumption from benchmark stores)	20%	1%	(5%)	26%	11.5%	▲	50%
Foods packaging	185 packaging improvements during the year	105 packaging improvements during the year	8.24%	6.6%	3.3%	▲	At least 100 pack improvements per year
Produce suppliers qualifying for the Farming for the Future programme	98%	95%	70%	68.4%	Benchmark year	▲	100%
Inclusion in JSE SRI index	X	X Top performer	X Top performer	X Top performer	X Top performer	►	Retain position
% of Clothing products with a sustainability attribute	48%	50%	New focus area			▼	60%
% of Food products with a sustainability attribute	57.4%	52%	New focus area			▲	60%

HOW WE'RE RATED

Woolworths was again included in the **JSE Socially Responsible Investment (SRI) index** for 2012/13

Woolworths has been included in the **Dow Jones World Sustainability Index**, for 2012/13.

We are one of only five South African-listed companies included.

Woolworths has been recognised as one of the top 6 companies in SA for performance in reducing carbon emissions by the **Carbon Disclosure Project (CDP)**. Woolworths also achieved a score of 94% in the Carbon Disclosure Leadership index.



RECOGNITION

Woolworths was a joint winner of the International Responsible Retailer of the year award at the 2012 World Retail Awards – an award we also won in 2008 and 2010. We have been chosen as a finalist for the 2013 Awards as well in the Corporate Social Responsibility Initiative of the year category.

Woolworths achieved second position in the RepTrak™ Pulse survey. The seven reputation drivers used in the Reputation Institute's survey are products and services, innovation, performance, citizenship, workplace, governance and leadership.

Woolworths was recognised as one of the Ten Most Innovative Companies in Africa in 2012 by Forbes Magazine.

Woolworths was chosen as the winner in the Supplier Development category of the Oliver Empowerment Awards

Woolworths has been awarded the ET Scope 3 Disclosure Leader Award for the 2013 ET Global Carbon Rankings. Woolworths is being presented with this award in recognition of the high degree of its greenhouse gas emissions (Scope 3) supply chain disclosure.

Woolworths was a finalist in the Water management category of the 2012 Sustainability Leaders Awards.

Woolworths claimed the sustainability business award within the Trade and Services Category for its Farming for the Future programme in the inaugural Nedbank Capital Sustainable Business Awards.

Woolworths was a finalist in the 2012 African Access National Business Awards in the category – Recognition of Social Responsibilities.

MySchool MyVillage MyPlanet won the 'Best Corporate Social Responsibility Initiative Linked to Loyalty' award for their 'Doing Good Is Good Business' campaign at The International Loyalty Awards.

Woolworths Foods came first overall in the Orange® Index Benchmark winner for 2012 – an accolade we have won four times in the past 12 years. Woolworths also won the clothing retail category. The Ask Afrika Orange® Index is the largest and most widely referenced service excellence benchmark in South Africa.

The South African Customer Satisfaction Index (SAcsi) is a national economic indicator of customer satisfaction in the quality of products and services available to household consumers in South Africa. The customer satisfaction score recorded for Woolworths is the highest current score for comparable supermarkets in the USA and in the UK.

Woolworths is the industry leader in South Africa, scoring 6.2% above the industry average satisfaction score.

Woolworths was recognised for Outstanding Merit in the category, Supermarket/Grocery Store for our Nicolway store in Johannesburg by the Association for Retail Environments (ARE), an international non-profit trade association advancing the retail sector.

REPORTING AWARDS

Nkonki Integrated Reporting awards 2012 – Woolworths was chosen as the overall winner of the JSE top 40 listed companies assessed for their integrated reporting practices.

EY Excellence in Integrated Reporting – the 2012 Woolworths Integrated report was rated as 'excellent'.

Woolworths was recognised for the Best Sustainability Reporting (Non Resources) in ACCA's annual sustainability reporting awards.

Woolworths was recognised for Best Sustainability Reporting for the year at the Institute of Chartered Secretaries Annual Report Awards.

GBJ TIMELINE



'04

Stopped selling battery eggs



'07

- Good Business Journey strategy formalised and publicly announced
 - Set five year targets – to be BBBEE Level 4 by 2012
 - Launched BEE Employee Share Option Scheme
-



'08

- Introduced our Sustainable Seafood Policy
 - Achieved BBBEE Level 6 (with 45.16 points)
 - Woolworths won the International Responsible Retailer of the year award at the 2008 World Retail Awards
-



'09

- Farming For the Future programme publicly launched
 - Launched our Enterprise Development/Supplier Development programme
 - Achieved BBBEE Level 5 (with 56.93 points)
-



'10

Woolworths won the International Responsible Retailer of the year award at the 2010 World Retail Awards



'11

- Won Oliver Empowerment Sector Award
 - Achieved BBBEE Level 4 (with 72.05 points) a year in advance
 - Woolworths was named as one of the 16 sustainability champions in the developing world by the World Economic Forum
-



'12

Acknowledged by the Employment Equity Commission for our EE Compliance

ABOUT US

Woolworths Holdings Limited ("WHL") is the parent company of Woolworths (Proprietary) Limited ("Woolworths"), commonly known as Woolworths in South Africa. It is one of two WHL subsidiaries, the other being Country Road (Proprietary) Limited ("Country Road Group"), listed on the Australian stock exchange, and Woolworths Financial Services ("WFS"), a joint venture with Barclays Africa Group (previously Absa bank).

VISION

TO BE A WORLD LEADER IN RETAIL BRANDS THAT APPEAL TO PEOPLE WHO CARE ABOUT QUALITY, INNOVATION AND SUSTAINABILITY.

INTEGRATED SUSTAINABILITY REPORTING

Woolworths 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. The focus of our sustainability report is to provide readers with an overview of the highlights and challenges of Good Business Journey (GBJ) progress, as well as our future objectives, in the context of our operations and geography. This context, and the feedback we receive from stakeholders, informs the material issues that we focus on in the report. We hope that our reporting credibly portrays the work we are doing to allow stakeholder groups to understand the strategy of the company and assess our prospects in a way that covers our financial and sustainability risks and opportunities.

This annual sustainability report covers the period from 1 July 2012 to 30 June 2013, is the successor to the 2012 report and

focuses largely on South African-owned operations, as well as including information on our Australian subsidiary, Country Road Group. Our carbon footprint information covers the period from 1 January 2012 to 31 December 2012, based on the timelines for our submission to the Carbon Disclosure Project.

There have been no significant changes in reporting standards regarding sustainability reporting, and any restatement of information is noted in the section concerned.

This volume should be read together with the 2013 Integrated Report and the 2013 Annual Financial Statements, as a compendium of our strategy and performance.

As with our 2013 WHL 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 G3.1 guidelines of the Global Reporting Initiative (GRI) form the basis for this report cycle (we have also looked ahead to the G4 guidelines that will come into effect in the near future), and an analysis of the Group's compliance with the G3.1 guidelines appears in the GRI Index. 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.

APPROVAL AND ASSURANCE

The Social and Ethics committee and the Sustainability committee reviews and recommends the Good Business Journey Report to the Board for approval.



Woolworths has always looked at obtaining independent opinion on our progress as being a crucial part of gaining and maintaining credibility with our stakeholders. Over the last five years of the Good Business Journey programme we have worked with a range of internal and external assurance providers to achieve this.

In the current financial year, in line with King III, we have again engaged Ernst & Young Inc. (EY), to provide limited assurance over certain quantitative and qualitative aspects of the 2013 Good Business Journey Report:

1. The statistical data of the following KPIs:
 - a. green stores – ratings of stores;
 - b. water usage – head office, stores and distribution centres; and
 - c. percentage of Woolworths foods rigid packaging containing recycled material.
2. The GRI G3.1 principles for defining report content.
3. The self-declared GRI G3.1 application level.

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

- Percentage of foods with one and/or four sustainability attributes; and
- Percentage of revenue (including cash) being tracked against a Woolworths card.

Their assurance statement can be found on page 98¹.

Initially, much of our assurance of sustainability issues was provided by the Woolworths internal audit team, which had a plan in place to cover all indicators, focusing on the processes followed to measure data and track changes. This internal audit framework has added a robust oversight mechanism to the Good Business Journey measurement process and helped to prepare the business for external assurance, which is where our assurance effort is now concentrated.

Our BBBEE status has been assured by BEE Verification Agency CC for the 2013 financial year. Through the external assurance received from the agency, we have been assessed as a Level 3 contributor to transformation².

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 website².

Our Farming for the Future programme is audited by an independent body – Enviroscientific.

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



¹ EY Assurance Statement can be found on page 98



² Our BEE Verification statement, Global Carbon Exchange Assurance Statement and GRI Index can be found at www.woolworthsholdings.co.za

CEO/CHAIRMAN'S STATEMENT

The sustainability agenda of a retail group in the southern hemisphere is vastly different from that of a retailer in the UK or China. Even more so if the group is South African. Consequently, the issues that impact the WHL group have a unique flavour and character. We are a deeply values-based organisation and this has driven us to look even more deeply at our broader impact on the world around us.

We started on our sustainability journey in 2007. We did not have a set plan but called it a journey as we recognised that real change cannot be achieved overnight. We also knew that it would be a journey of learning and that we did not have all the answers from the outset and would need to adapt as we progressed.

Our Good Business Journey is now in its seventh year, but essentially still has the same two objectives:

- Measuring and managing our direct and indirect impact on the community and world around us, right across our value chain, and
- Educating and influencing our customers towards responsible consumption.

This supports the WHL group vision:

To be a world leader in retail brands that appeal to people who care about quality, innovation and sustainability.

Although we have refined our over 200 individual Good Business Journey targets since starting the journey (the original five year plan was updated in 2011 by launching the “beyond 2012” targets) we remain committed to six areas of focus:

- transformation
- social development
- energy
- waste
- water and
- sustainable farming

BUSINESS' ROLE IN DRIVING SUSTAINABILITY IS BECOMING EVER MORE IMPORTANT: THIS APPLIES TO BOTH THE COMMUNITY AROUND US AND TO THE ENVIRONMENT THAT SERVES US ALL.

Business' role in driving sustainability is becoming ever more important: This applies to both the community around us and to the environment that serves us all. Ultimately, protecting the environment and its ability to support our natural and human resources is crucial for our economic growth, and job creation.

The strategy, objectives and performance of the group are evaluated with reference not only to its financial results, but to its overall fully integrated performance. We believe that focusing on all the elements of governance, economic growth, transformation, social development and the environment will create shared value for the group and all our stakeholders.

Looking back at the 2013 financial year, the Good Business Journey brought some significant achievements, and, as always, some challenging areas where we can still improve.

Our highlights for the year again featured a number of awards from a range of stakeholders and institutions that rate and evaluate the group from very different perspectives.

These include being named joint winner of the International Responsible Retailer of the year award (for the third time in five years), being selected as one of the Ten Most Innovative Companies in Africa in 2012 by Forbes Magazine and once again being included in both the JSE Socially Responsible Investment (SRI) index and the Dow Jones World Sustainability Index for 2012/13. We are one of only five South African-listed companies included in this index.

Of course awards are great recognition, but what is key is that we continue to deliver and change things on the ground in meaningful ways.

Contrary to the common belief that sustainability is a 'cost that eases conscience' we continue to deliver financial results that show strong growth, lower costs and real improvements to communities and the environment in which we operate.

2013 also saw our best achievement to date in Broad-Based Black Economic Empowerment (BBBEE). Following a strong focus on improvement in skills development and procurement, we have been rated a level 3 contributor. Besides employing over 23 500 people directly, our supply chain supports more than double that amount. Indeed, as 70% of total product and more than 96% of our food comes from South Africa, we are a significant provider of jobs at home.

OUR CUSTOMERS REMAIN OUR MOST IMPORTANT STAKEHOLDERS AND ARE THE MOST PASSIONATE AND MOST VOCAL IN THEIR ENGAGEMENT WITH US

During the year we directed more than R500 million to a range of charity organisations as part of our commitment to food security and education – most of this through our store-based donations to local charities of past-sell by date, but still fresh food. Partners and beneficiaries have included our EduPlant, Making the Difference and MySchool programmes as well as the recipients of our surplus food and clothing, such as the Clothing Bank. We also doubled the amount of funding allocated to our Enterprise Development partners.

Overall we have made good progress on our Good Business Journey targets – our overall score for 2013 is

90%

Another highlight was the launch of a multi-faceted partnership with the World Wide Fund for Nature South Africa (WWF-SA) – the first initiative of its kind for African retail. The partnership aims to drive collaboration across the supply chain towards greater sustainability in sourcing and consumption.

Overall we have made good progress on our Good Business Journey targets – our overall score for 2013 is 90% and we have achieved a score of 72% against our 2015 objectives.

The most important challenges faced by the group during 2013 related to internal transformation and ethical sourcing – both issues that received a high level of engagement in the media from a number of stakeholders. Our commitment to meeting our employment equity targets met with quite some controversy. We fully believe that we can both achieve our targets and offer growth to high calibre people from all sectors of our country. We import much of our clothing from Asia, and despite a string of reports of unacceptable industrial practice in the East, we were able to hold our heads up high. We have rigid codes of practice in place throughout our supply chain, in South Africa and beyond.

Further, whilst the meat scandal in the UK, and the subsequent reports on similar integrity challenges in South Africa did not affect our business directly, it again confirmed the importance of our ethical sourcing and traceability. We have though increased the very stringent supplier code of conduct, and put more regular audits in place.

Since the start of our Good Business Journey we have shifted our thinking from the direct impacts of WHL's business to our entire value chain. As a group we have the ability to control our supply chain, to trace products back to source and to influence how these products are being produced. To support this work, we continue to do lifecycle research on our products – all to improve our understanding of supply issues.

In the same vein, we are in a position to educate and influence our customers and change their buying behaviour. We can do this, for example, by incentivising our customers through our loyalty programmes

toward buying products with sustainability features. In the coming year, we plan to launch a green rewards component as part of the WRewards loyalty programme.

Our customer research around our campaigns and initiatives such as 50/50 inserts and 3Talk appearances, as well as tracking studies, show a growing awareness of the Good Business Journey and our conservation objectives.

Our customers remain our most important stakeholders and are the most passionate and most vocal in their engagement with us (see page 20 for more detail about all our stakeholders)¹. They interact with us increasingly through social media channels, and are a key source of fresh ideas and priorities for the business. We see these interactions as opportunities to improve our business, to bring innovation and to better understand what is important to our customers.

Our group is expanding and we need to align the Country Road group and our business in Africa with the Good Business Journey values and priorities. We believe we can continue to do good business by doing business in a good way, and bring real value to all our stakeholders.



SN Susman
Chairman



I Moir
Group chief
executive officer



¹ Stakeholder Engagement section
can be found on page 20

MANAGING SUSTAINABILITY

SUSTAINABILITY CONTEXT

WWF's Latest Living planet Report raises further alarms about the ability of our planet to supply food and other ecosystem services to a growing population, and emphasises the need for resource efficiency and biodiversity protection.

The retail sector specifically continues to be under the microscope in terms of its direct and especially supply chain, impacts. In a year that was marked by public concerns around meat sourcing, and a number of tragedies in the global textiles sector in Bangladesh, 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.

In South Africa, this is overlaid by the need to alleviate poverty and create jobs, to improve education and grow the number of skilled people ready to join the economy, whilst labour unrest and

concerns about corruption continue. Environmental challenges include energy supply stability and costs, water scarcity and quality issues, and a host of agricultural concerns including security of land tenure, GMO uncertainty 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 need to increasingly provide such product choices to them, without a significant premium.



OUR CONSUMERS CONTINUE TO SHOW A STRONG INTEREST IN ENVIRONMENTALLY RESPONSIBLE AND ETHICAL SOURCING, AND WE NEED TO INCREASINGLY PROVIDE SUCH PRODUCT CHOICES TO THEM, WITHOUT A SIGNIFICANT PREMIUM.

KEY SUSTAINABILITY RISKS

Managing risk is an integral part of our strategy in protecting the Group's assets, including reputation, and 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 2013 Good Business Journey targets and related mitigating actions were reviewed during the current year, and are identified as follows:

RISK	MITIGATION PLANS
We are unable to achieve our transformation targets.	<p>We are focused on employment equity targets which are fully integrated into management teams' and line managers' performance targets.</p> <p>We have a procurement policy which supports transformation of our supplier base.</p> <p>We continue to engage with and assist suppliers to increase their contributor status.</p> <p>We provide enterprise development support to a number of enterprises.</p>
We are unable to attract, retain and develop talent.	<p>We continue to build on the employee value proposition.</p> <p>We utilise retention mechanisms for key and scarce skills.</p>
Water scarcity could negatively affect our operations.	<p>We have invested in WWF-SA's Water Balance Programme, covering the water used in our direct operations.</p> <p>We have a Farming for the Future programme which ensures our food products are farmed in a more sustainable manner.</p> <p>We continue to measure water and drive efficiency across all our operations and our supply chain.</p>
We do not achieve our energy reduction targets which could lead to increased costs.	<p>We continue to implement more efficient refrigeration and air-conditioning technology in stores.</p> <p>We will continue with the energy saving campaign to deliver savings in usage and costs.</p> <p>We will roll out the green store model to more stores. We will investigate clean energy options appropriate to our business.</p>
Our customers expect our food products to be traceable, ethically sourced, safe and of a high quality.	<p>We have a Food technology team who are actively involved in product development to ensure compliance with Food quality standards.</p> <p>We have a defined recall process, which is tested annually, to remove and, where required, destroy product from our stores and distribution centres.</p> <p>Bi-annual review performed by IBL on all suppliers.</p> <p>Internal audit perform a Foods brand integrity and traceability review.</p> <p>We work with a range of certification schemes – MSC, FairTrade etc to ensure ethical sourcing.</p>
We ensure the health and safety of our employees and our customers.	<p>We have a comprehensive health and safety framework that sets out the required policies and standards for suppliers, distribution centres and stores.</p> <p>We have occupational health practitioners who manage a comprehensive health and wellness programme throughout the business.</p> <p>We have an HIV/AIDS awareness and treatment programme that is offered to our employees.</p>

GOVERNANCE OF SUSTAINABILITY

The Social and Ethics committee, a formal sub-committee of the Woolworths Holdings Board, integrates 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 a non-executive director and meets quarterly to oversee progress in achieving all aspects of the Good Business Journey programme. The Group chief executive officer and Managing director: Food are members of the committee, together with three independent directors, one of whom chairs the Social and Ethics committee. These independent directors each have significant expertise and experience in a range of corporate sustainability issues. (see the "Our Board and Our Key Executives" sections of the Integrated Report)

The main purpose of the committee is to ensure that the sustainability strategy and objectives are effectively integrated into the business. The committee has considered the contents of this report.

Progress towards meeting 2015 targets and the related one-year goals, is monitored at an operational level by the executive committee and championed by the Group director: Marketing.

SUSTAINABILITY AND OUR STRATEGIC OBJECTIVES

Sustainability is one of our strategic focus areas as a business and is integrated into the strategic planning cycle and balanced scorecard process. To ensure consistency across our operations, each business unit has a set of Good Business Journey objectives against which they are measured twice per annum. This includes Country Road Group and Woolworths Financial Services (Proprietary) Limited.

PROGRESS MEASUREMENT 2013

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.

Updated targets were set across the business through to 2015 as part of our Good Business Journey – Beyond 2012 programme. Work will start soon on defining a revised set of targets through to 2020.

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 to one- and four year targets.

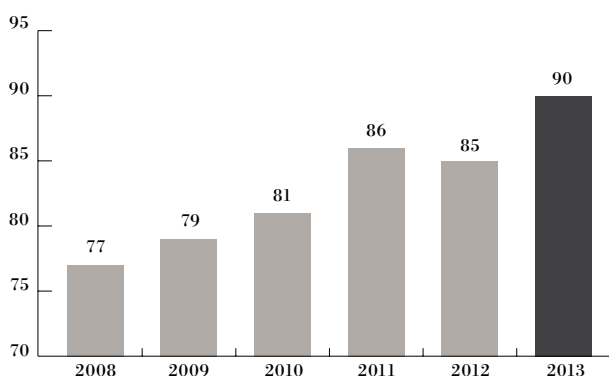
The total sustainability measurement score for the year 2013 was 90% (2012: 85%). This shows that good progress has once again been made.

The progress to the 2015 score of 72% (2012: 65%) is by necessity lower than the 2013 score, because more stringent targets apply for many of the measures.

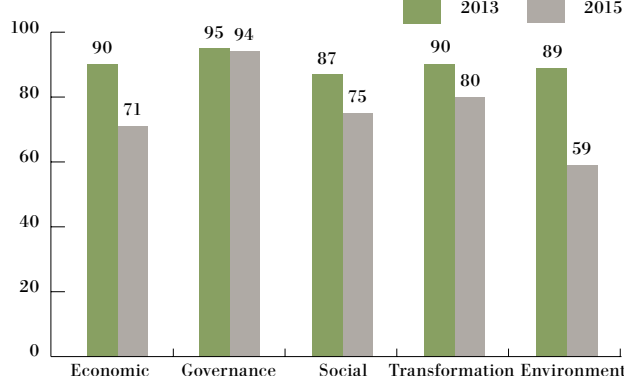
We had set 80% as a benchmark for good performance and are pleased to continue to score above that benchmark. Steady progress has been made over the lifetime of the Good Business Journey programme, and the targets have been well integrated into our strategy and balanced scorecards.

The scores per factor are shown below. The biggest challenges lie within the environment factor for 2015.

CORPORATE SCORE OVER TIME



FACTOR SCORES



“SUSTAINABILITY” IS ONE OF OUR SEVEN WOOLWORTHS VALUES, ENTRENCHING ITS IMPORTANCE IN THE CULTURAL FABRIC OF THE ORGANISATION, AND JOINING “QUALITY AND STYLE, VALUE, SERVICE, INNOVATION, INTEGRITY AND ENERGY” AS THE COMPASS FOR DECISION-MAKING AT WOOLWORTHS.

ETHICS AND INTEGRITY

A strong value system has always been at the core of the WHL group. As a group, we have adopted the set of values as formulated by Woolworths (below). Country Road has its own values, which are well-aligned to our group belief and behaviours.

Quality and style	When I deliver the best I stay focused, adopt a professional approach and demonstrate awareness of market trends
Value	When I offer value to the business I encourage collaboration, show effective decision making and influence others
Service	Service means I demonstrate commitment and built effective relationships
Innovation	When I embrace innovation I improve processes and seek creative solutions
Integrity	When I demonstrate integrity I operate with integrity, develop myself and others and communicate effectively
Energy	When I act with energy I inspire and engage and I recognise and value others
Sustainability	When I contribute to the sustainability of Woolworths, I share the vision and plan for success, support and initiate change and embrace diversity

Our internal Let's Ask survey has shown that 81% of our employees feel positive about Woolworths as an ethical company over the last year. In addition, values and behaviour continue to form a material part of each employee's performance appraisal process.

“Sustainability” is one of our seven Woolworths values, entrenching its importance in the cultural fabric of the organisation, and joining “quality and style, value, service, innovation, integrity and energy” as the compass for decision-making at Woolworths.

Our ethics programme is supported by corporate policies covering gifts, insider trading and conflict of interest.

As a company we have a zero tolerance policy towards fraud, theft, corruption or any similar illegal behaviour. We will take disciplinary action against any employee who is involved in, or assists with, committing fraud, theft and corruption. In terms of the company's disciplinary code, involvement in these acts is a dismissible offence. We continue to promote the Tip-offs Anonymous line run by Deloitte and the rewards for information, which leads to successful preventions of fraud and shrinkage. Through our induction process, and awareness creation around our policies, we specifically cover training around ethics, bribery and anti-corruption.



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 23 500 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 1 076, a portion of which is due to the purchase of our franchise business, where Woolworths made offers to all the employees in these businesses. We have also created over 5 000 new jobs directly in the last five years.

Woolworths has done a country of origin assessment in order to confirm that 96% of the food that it sells is South African in origin – a significant contribution to the South African economy, especially the agricultural sector.

The vast majority of goods sold in our stores, by volume, are manufactured in South 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 Enterprise Development projects and has set up teams devoted to working more closely with emerging suppliers, further supporting South African business first as part of our indirect economic contribution.

One of our key contributions is to provide safe, healthy and 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.

Woolworths' expansion programme has moved to a focus on store extensions and modernisations, as well as the continuation of our supermarket strategy, through the launch of the Parkview Kimiad store in Pretoria. The current retail footprint includes: 461 stores – 330 corporate stores and 131 franchise stores. During 2014 we will continue the push into Africa with three new stores.

THE RETAIL SECTOR AND CONSUMPTION

A key retail sector sustainability issue is dealing with the inherent conflict of the sector in promoting consumption. Woolworths attempts to do this in a responsible manner by ensuring the majority of promotions we offer are linked to long-term shopping behaviour (via our loyalty programme, WRewards) or do not promote food wastage (our Eat in for a family of 4 for R150 promotions). Our WRewards programme now offers a green rewards component, which will reward customers for making more sustainable choices.



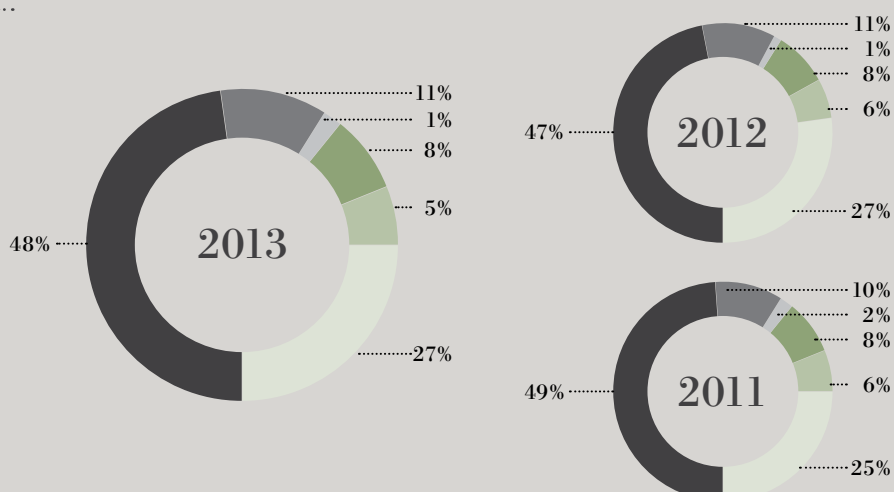
VALUE CREATED

The value that we have created for our various stakeholder groups is a key measure of the positive impact that we have on the South African economy. The table below shows our value added over the last three years.

	2013 Rm	2012 Rm	2011 Rm
VALUE-ADDED			
Revenue and earnings from joint ventures and associate	35 588	28 952	25 977
Less: Cost of sales	21 674	18 419	16 683
Cost of services and other operating expenses	4 337	3 114	2 871
	9 577	7 419	6 423
DISTRIBUTION OF WEALTH			
To employees as salaries, wages and other benefits	4 636	3 478	3 166
To government as income tax (including deferred tax)	1 009	811	659
To lenders as finance costs	68	38	84
Depreciation, amortisation and impairment	767	606	513
Social contribution	500	438	370
To shareholders: – Earnings retained	957	749	713
– Dividends	1 640	1 299	918
	9 577	7 419	6 423

DISTRIBUTION OF WEALTH

- To employees as salaries, wages and other benefits
- To government as income tax (including deferred tax)
- To lenders as finance costs
- Depreciation, amortisation and impairment
- Social contribution
- To shareholders



STAKEHOLDER ENGAGEMENT

WE BELIEVE THAT BUILDING STRONG STAKEHOLDER RELATIONSHIPS AND PARTNERSHIPS IS KEY TO BUILDING A MORE SUSTAINABLE BUSINESS AND FUTURE.

Woolworths has always focused on understanding the needs and views of a range of stakeholders – customers, shareholders and employees being arguably the most developed areas – but we have been working to refine our approach, and ensure greater consistency and improved feedback loops across all stakeholder groups.

With the developments in regulation and oversight around governance set out by King III, and the concept of integrated reporting in particular – formalising a corporate approach to stakeholder engagement has become increasingly important.

We have made good progress on consolidating our stakeholder engagement activities, understanding the “relationship owner” and consolidating information resulting from these activities. In the process we prioritise our input and feedback based on the degree to which a particular stakeholder or group is impacted upon by our activities and the degree to which a particular stakeholder or group can influence the outcome or success of our activities.

Some of the key principles upon which we are basing our stakeholder engagement approach are:

- Constructive and co-operative engagements
- Openness and transparency
- Mutual respect
- Supportive and responsive interaction
- Work towards regular and structured engagements
- Engagements to be based on business critical aspects, national priorities and material issues for the business
- Recognising that all stakeholders are also existing or potential customers

The WHL group’s stakeholder universe includes communities, business partners, unions, industry bodies, government, regulators etc. 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.



The following spread illustrates our stakeholder engagement programme in more detail:

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE ON	HOW WE HAVE RESPONDED/ ADAPTED
Our customers	<p>To become a more customer-centric business, aligning our products, services and formats to meet our customers' needs.</p> <p>To enhance the Woolworths brand; and thereby grow revenue.</p> <p>Enhance our customer segmentation models.</p> <p>Drive new opportunities.</p> <p>Increase our customers' awareness and understanding of sustainability issues and our Good Business Journey.</p>	<p>Advertising.</p> <p>In-store communication and campaigns.</p> <p>Woolworths website.</p> <p>Social media (288 868 likes on Facebook and 80 717 followers on Twitter).</p> <p>Customer service centre.</p> <p>Focus groups and surveys.</p> <p>WRewards loyalty programme (3 million card holders). 67% of spend tracked through our rewards programme.</p> <p>MySchool MyVillage MyPlanet fundraising programme (808 000 active supporters).</p>	<p>Product value and choice.</p> <p>Service.</p> <p>Rewards.</p> <p>Supply chain transparency.</p> <p>Key sustainability issues.</p> <p>Our Good Business Journey, specifically our commitment to ethical and environmentally responsible sourcing, such as our Farming for the Future¹ and Fishing for the Future² programmes, animal welfare³; and opportunities for active engagement, such as recycling .</p>	<p>Ongoing product development and innovation.</p> <p>Business focus on key issues: product availability, choice (e.g. bigger sizes), value, packaging, store location and service.</p> <p>Adopting methods of communication to meet customer preferences (e.g. increased social media).</p> <p>Investment in upgrading the online experience.</p> <p>Increased focus on the life cycle management of our products, including end use of products.</p> <p>Increased offering of products with ethical and environmental attributes, without an increase in price.</p> <p>Implementation of in-store and Engen recycling facilities.</p>
Our employees	<p>To share relevant information and get input and feedback.</p> <p>To develop a high-performance organisation.</p> <p>To enable access to recognition, development opportunities, good working conditions and competitive remuneration.</p> <p>Increase employee awareness and level of understanding of sustainability issues and our Good Business Journey.</p>	<p>EXCO talks and blog.</p> <p>Intranet and e-mail.</p> <p>Shoptalk magazine.</p> <p>Store communications.</p> <p>GBJ Champ workshop and newsletters (see page 29).</p> <p>Let's Talk team meetings.</p> <p>Let's Ask employee opinion survey.</p> <p>Focus groups.</p> <p>Diversity committees across the business.</p>	<p>Business strategy, developments and performance.</p> <p>Reward and recognition.</p> <p>Training and development.</p> <p>Employee wellness.</p> <p>BBBEE and transformation.</p> <p>Key sustainability issues.</p> <p>Our Good Business Journey.</p>	<p>Focus on employee wellness – employee development, remuneration and benefits updated.</p> <p>Focus on increasing understanding of sustainability and our Good Business Journey.</p>



1 Farming for the Future
can be found on page 65



2 Fishing for the Future
can be found on page 69



3 Animal welfare information
can be found on page 72

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE ON	HOW WE HAVE RESPONDED/ ADAPTED
Unions	To engage on collective employment issues in supply chain.	Participation in CCMA, Nedlac and other labour market institutions.	Wages and conditions of employment. Retail and textile sector issues.	A better understanding and response to employee concerns. Revision of remuneration and benefits policies.
Our suppliers	To deliver consistent quality and standards; drive resource efficiency, and drive new and innovative products, which also furthers the ambitions of our Good Business Journey. To support the development of small black owned businesses and job creation.	Supplier conferences and forums. Visits and meetings. Technical support. Supplier audits. Our code of business principles. Through our dedicated Enterprise Development programme (see page 38) ¹ . Partnering on sustainability solutions.	Timely payment and favourable terms. Infrastructure and logistical support. Risks and opportunities. Product innovation. BBBEE. Resource efficiency. Social and environmental responsibility in the supply chain (see page 58).	Review of product offering and ongoing innovation. Revised code of business principles. Research support (e.g. life cycle assessments and water foot-printing of key products to inform priority areas in the supply chain).
Our franchisees	To ensure a consistent customer experience.	Ongoing electronic and personal engagement, including meetings and regular franchise buying weeks.	Fair price for acquisition of local franchises. Partnership expansion in Africa. Engen recycling.	Negotiated sales for willing franchisees. Engen expansion.
Our business partners	To gain support and leverage on issues of common interest. Create better sustainability solutions.	Joint projects, including our sustainable transport partnership with Imperial and Mercedes-Benz (see page 84) ² , and recycling partnership with Engen and Nampak (see page 78) ³ . Partner meetings and reviews.	Strategy and product expansion. Business sustainability issues. Our Good Business Journey.	Co-ordination of retail input to textile and clothing issues. Expansion of Engen recycling facilities.



*1 Enterprise Development
can be found on page 38*



*2 Sustainable transport
can be found on page 84*



*3 Recycling partnership
can be found on page 78*

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE ON	HOW WE HAVE RESPONDED/ ADAPTED
Our NGO partners	<p>To get their input into our strategic aims.</p> <p>To share expertise, industry insights, local knowledge, research capabilities and networks in order to leverage change and address our Good Business Journey focus areas more effectively.</p>	<p>Ongoing electronic and personal engagement.</p> <p>Formal partnerships such as our fundraising partnership with MySchool MyVillage and MyPlanet⁴, our broad-based multifaceted sustainability partnership with WWF-SA⁵ and sustainable seafood partnership with WWF-SASSI⁵.</p> <p>Joint projects including EduPlant with Food and Trees for Africa⁶ and child safety campaigns with Childsafe⁶.</p> <p>We are members of the United Nations Global Compact.</p>	<p>Driving greater sustainability through our products and operations.</p> <p>Resource efficiency and protection.</p> <p>Social Development.</p>	<p>Ongoing modifications to product strategy and range.</p> <p>Ongoing review of impacts in the supply chain.</p> <p>Greater transparency and communication.</p>
Our community	<p>To contribute to the society in which we trade.</p> <p>Invest in socio-economic development.</p>	<p>Through forums and workshops, including EduPlant community workshops (see page 41).</p> <p>Through our Making The Difference Educational Programme curriculum-linked resources and experiential components⁶.</p> <p>Community outreach initiated by the Woolworths Trust as well as individual stores⁶.</p>	<p>Education and capacity building on relevant community issues, such as food security, nutrition and child safety.</p> <p>Our Good Business Journey.</p>	<p>Refinement of our Corporate Social Investment (CSI) strategy and approach to ensure that we make the most meaningful and sustainable difference in our communities.</p>



4 MySchool MyVillage MyPlanet can be found on page 41



5 WWF-SA Partnership case study can be found on page 30



6 Corporate Social Investment can be found from page 39

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE ON	HOW WE HAVE RESPONDED/ ADAPTED
Our shareholders and investors	To create an informed perception of Woolworths, ensure more accurate expectations and create a positive investment environment.	Annual general meeting/general meetings. Biannual analysts' results review. Individual, documented analysts' meetings and store walkabouts. Webcasts and updates on our Woolworths Holdings website (www.woolworthsholdings.co.za). Integrated Annual Report. Participation in the Dow Jones World Sustainability Index, JSE Socially Responsible Investment (SRI) Index, Carbon Disclosure Project (CDP) and other assessments.	Business performance. Business expectations and strategy. Economic, social and environmental risks. Progress against our Good Business Journey targets.	Integrated reporting. Increased electronic communication tools.
Our industry organisations	To discuss and contribute to issues of mutual concern, and optimise opportunities. To strengthen our engagement with policy makers.	Membership and engagement with industry bodies including National Business Initiative (NBI), Consumer Goods Forum, PETCO, PlasticsSA. Commentary and advice on emerging issues and programmes.	Policy development. Retail sector related issues. Key sustainability issues. Our Good Business Journey.	Consolidation of combined retail input to government.



Go to www.woolworths.co.za
and woolworthsholdings.co.za

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE ON	HOW WE HAVE RESPONDED/ ADAPTED
Government and regulators	<p>To discuss issues of mutual concern, optimise opportunities and minimise risks of regulation and non-compliance.</p> <p>To anticipate and assess potential policy and regulatory impact.</p> <p>To share our industry expertise and contribute to policy formation.</p>	<p>Ongoing electronic and personal engagement.</p> <p>Drafting of submissions.</p> <p>Participation in research.</p> <p>Meetings with and presentations to government ministries such as the Departments of Health; Trade and Industry; Agriculture, Forestry and Fisheries; and Social Development.</p> <p>Engagement via industry bodies such as Nedlac, Business Unity South Africa (BUSA), the Retail Association and National Business Initiative (NBI).</p> <p>Participation in government forums and initiatives such as 110% Green.</p>	<p>Policy development.</p> <p>Labour market issues and legislation.</p> <p>Food standards and safety.</p> <p>Agricultural issues.</p> <p>Consumer credit and protection issues.</p> <p>The Green Economy.</p> <p>Our Good Business Journey, specifically employment equity and transformation, social development and education, and sustainable agriculture.</p>	<p>Consolidation of combined retail positions as input to government.</p> <p>Sharing of information on business practice with government.</p> <p>Revision of processes to become compliant to new legislation such as the Consumer Protection Act, Carbon Tax, etc.</p> <p>Alignment of our sustainability priorities to those issues facing South Africa.</p> <p>Committed to extending Engen recycling facilities as a Flagship project to the Western Cape Government 110% Green initiative.</p>
Academic Institutions	<p>To contribute towards research and thus understanding of how to address business and sustainability issues better.</p> <p>To share our industry expertise and case studies.</p>	<p>Participation in PhD, Masters and Honours level research and surveys.</p> <p>Hosting of students and providing them with experiential learning opportunities.</p> <p>Presentations to students and academic institution led events.</p>	<p>The role of corporate culture in embedding sustainability.</p> <p>Reporting and governance.</p> <p>Sustainability business issues.</p> <p>Our Good Business Journey.</p>	<p>Revision of students research and recommendations.</p> <p>Participation in the Network for Business Sustainability (NBS) to enable better alignment in researching and addressing business sustainability issues within Africa¹.</p>
The media	<p>To influence stakeholder perceptions, build the Woolworths brand and market the business and products.</p> <p>Raise the profile of key sustainability issues in South Africa.</p>	<p>Ongoing electronic and personal engagement.</p> <p>Interviews and opinion pieces.</p> <p>Press releases.</p> <p>Publications.</p> <p>Television, specifically 3Talk, 50/50, Top Billing.</p> <p>Increased interaction via social media.</p>	<p>Business and consumer issues.</p> <p>Macroeconomic issues that affect retail.</p> <p>Product information</p> <p>Key sustainability issues.</p> <p>Our Good Business Journey.</p>	<p>Ongoing review and challenging of business practices.</p> <p>Improved transparency.</p> <p>Improved information provision.</p>



4 Network for Business Sustainability case study can be found on page 28

CASE STUDY: WOOLWORTHS EMPLOYMENT EQUITY EMPLOYMENT (EE) PRACTICES

In September 2012 Woolworths received accusations of racist recruitment processes, and specifically of not employing white candidates. These accusations were sparked by some of our recruitment ads specifying designated EE positions and spread via social media, occupying our social media platforms for weeks.

As per the Employment Equity Act, Woolworths is expected, like all SA companies with more than 50 employees, to plan our workforce by race, gender and disability. Beyond this legal requirement, transformation is one of the key pillars of our Good Business Journey, and we appreciate the value diversity brings to our business.

In order to meet our transformation commitments we use various mechanisms, such as designation to deliver on our Employment Equity Plan (see page 37), which is in line with the Employment Equity Act. Jobs are designated

and preference indicated where there is a need to address representation and ensure the diversity of our teams. However, it is not true that all positions are reserved for designated groups. We remain open and transparent about which vacancies are designated in our job adverts.

The management of this issue was an important learning area for how quickly one needs to respond to customers and other stakeholders on social media platforms, and the need for greater and immediate accessibility of senior executives to media channels, based on the spread of an issue via social media. We learned a salutary lesson on stakeholder engagement in a modern wired world through this issue.

STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY

We believe that building strong stakeholder partnerships is key to building a more sustainable business and future. Whilst we aim to engage with all our stakeholders around key sustainability issues and our Good Business Journey, as outlined in the previous pages, this section shall reflect on our focused efforts and achievements in growing our customer engagement and employee understanding around sustainability, as well as growing our partnerships for sustainability.

GROWING OUR CUSTOMER ENGAGEMENT AROUND SUSTAINABILITY

Research across the globe has shown an increase in customer understanding of social and environmental issues. Customers are demanding more information about where products come from and expect products to have ethical and environmental attributes, without an increase in cost. South Africa has followed these trends.

The impact of this for a retail organisation extends far beyond their own operations, which means that life cycle management of our products becomes a key focus area. Woolworths has always had a strong focus of embedding our values into our products and this extends far and beyond our own operations. This life cycle approach ensures that we work closely with both our suppliers and our customers to make a real difference in sustainability.

We have grown our customer engagement around sustainability issues, with in-store awareness campaigns, increased use of our social media platforms and a relationship on TV with 50/50. The results have shown substantial customer support around the Good Business Journey, as measured in the customer tracking study, and our other customer research.

With increasing communication to customers, we have seen a growth in customer queries and views on our Good Business Journey, and a few actual queries and comments follow as an example of this:

HOW WE HAVE RESPONDED TO OUR CUSTOMERS

CUSTOMER FEEDBACK OR QUERY	WOOLWORTHS' RESPONSE
Woolworths has a number of recyclable containers that it sells to customers. But when I take them to be recycled, some of the recyclers only take the milk and water bottles, the other recyclable plastic they refused?	We have some challenges with the recycling of all types of plastics, on a consistent basis across South Africa, as some recyclers only look to recycle the highest value materials, such as glass and PET plastic bottles. We are working with our suppliers to drive the market for recycled material in our products and packaging, as well as simplifying our on product recycling logos, to assist customers with recycling.
In an effort to continue striving to be a consumer who is conscientious, I would like to know how the lovely fresh prawns that you have in your shops conform to "Fishing for the Future"? Apparently those bottom feeding creatures that are fished for our consumption, carry just about the highest load of wasted by-catch in fishing terms?	Fishing for the Future is not a fixed standard that all our species must/can conform to. It's rather a set of principles that we apply when we make the procurement decision. There is also an element of progression involved – everything is not perfect now, but we strive to make it better. The fishing method for wild caught prawns is certainly associated with high percentages of by-catch. We are working with our supplier of this product to ensure that they procure from fisheries that are involved in credible improvement projects. Note that there are improvement projects underway in the area where our prawns come from. Improvement projects such as these are designed to address various issues related to the specific industry and recording and reducing by-catch are some of the outcomes.
Why is Woolworths selling Kenyan roses?	Over 96% of our Food is sourced from within South Africa, but we do look at other African countries, and then internationally, when there is a seasonal shortage, as occurs during the South African winter, or quality challenge for a particular product. Our research shows that growing products out of season in South Africa can actually have a higher carbon footprint than importing from other African countries with the right growing conditions. With our growing African footprint in terms of stores, we also do see African suppliers as a valuable part of our supply chain.
I would like to know if there is evidence regarding your organic products. Whether it is true or you are simply just labelling them as 'organic'. I have never been suspicious until these recent horse meat scandals in the UK and elsewhere.	All products in our store that are labelled as 'organic' have been certified by independent organic certifiers who conduct stringent audits against set organic standards to ensure the authenticity of both the organic ingredients and production processes. The information we provide you on product labels is also rightly regulated by law. The integrity of our labelling is very important to our brand.



1 Packaging improvements
can be found on page 76



2 Fishing for the Future
can be found on page 69



3 Food Safety and Integrity Case
Study can be found from page 56

GROWING OUR EMPLOYEE UNDERSTANDING AROUND SUSTAINABILITY

We are also focused on communicating sustainability issues and our response to them to our employees so that they have a deeper understanding and backing of our Good Business Journey, and can apply this thinking at work and in their homes, as well as better engage with their colleagues and customers on these issues.

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, and a growth in this level of support over the last year. This year 74.1% of the scores in our Let's Ask employee opinion survey were positive compared to 75.1% last time.

As part of growing our understanding about what our employees think, we conducted 17 focus groups across stores, divisional offices and head office. The feedback from our colleagues showed very good levels of awareness around the Good Business Journey, and indeed Good Business Journey was raised as a strategic focus that they know about, more than twice as often as any other focus. Despite the high levels of

awareness, levels of understanding are still fairly low, although these are better where there is a Good Business Journey Champ that is very active in the store.

Far more difficult to quantify is the innovation and enthusiasm of employees across the business in integrating sustainability thinking into their daily jobs, and bringing new projects to life that have changed the way we operate. The role of our employees in enabling our transformation endeavours has become more critical and better entrenched. The year under review has also seen an increased enthusiasm in Woolworths employee community involvement, particularly around the Woolworths Trust's 10th birthday celebrations⁴ initiatives (see page 39).

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 customer recycling.

CASE STUDY: THE NETWORK FOR BUSINESS SUSTAINABILITY

The Network for Business Sustainability (NBS) is a Canadian not-for-profit organisation that connects thousands of researchers and business leaders worldwide, with the goal of creating new, sustainable business models for the 21st century. The NBS has signed a memorandum of understanding with the Gordon Institute of Business Science (GIBS) at the University of Pretoria and the Graduate School of Business (GSB) at the University of Cape Town for the first regional affiliate of NBS in South Africa.

NBS: South Africa (NBS: SA) will adapt NBS's successful model for bridging academia and business. It will serve as an innovative hub of academics and business leaders focused on addressing business sustainability issues within an African context while underscoring NBS core values of purposeful collaboration.

The following organisations are participating – Altron, Barloworld, De Beers, Discovery, Exxaro, Institute of Directors, National Treasury, Nedbank, Old Mutual, Santam, Transnet, Unilever, Woolworths, WWF-SA, Yellowwoods.

Some of the shared learnings/feedback around Sustainability was:

- *Corporate culture in support of sustainability is key – ambassadors at senior level is crucial.*
- *Limited resourcing and the need to balance strategic focus vs reporting vs visibility in/engagement with business.*
- *Challenges around measuring social impact – what value does business add to the growth of our country?*
- *Challenges in that people are not taught to make 3 dimensional decisions – currently only look at commercial/technical dimensions. There is a need to incorporate and value sustainability considerations into investment decisions.*
- *Transgressions of environmental laws/social license to operate are not seen as serious as commercial infringements (competition law as an example) either internally or by government.*
- *Challenges shared around systemic water risk and the future of fossil fuels in SA.*



⁴ Woolworths Trust case study can be found on page 39

These sustainability initiatives have often been a natural extension of the longstanding partnerships we share with our suppliers and corporate partners such as Imperial Group, Mercedes-Benz and Engen, and specialist non-profit organisations including the World Wide Fund for Nature (WWF-SA) and Food and Trees for Africa, amongst 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.

Woolworths and WWF-SA's broad-based, multifaceted partnership and our participation in the Network for Business Sustainability (NBS) are two exciting and significant partnerships formed in the past year.



CASE STUDY: GBJ CHAMP PROGRAMME

In 2012, at the same time as expanding and re-launching our sustainability commitments, we launched our GBJ Champ programme – to ensure that sustainability is integrated even further into Woolworths' stores and to help colleagues understand and live our sustainability value every day, both at work and at home. Every store has selected a GBJ Champ to "champion" the Good Business Journey, responsible for working with their colleagues to ensure that it is consistently and accurately delivered, communicated and promoted within their store.

One of the GBJ Champs' main responsibilities is to share monthly GBJ newsletters with their colleagues during a Let's Talk meeting. These discussions aim to provide colleagues with the opportunity to grasp issues such as climate change, water scarcity, food security and biodiversity, and learn how Woolworths is tackling some of these issues. Colleagues will also be introduced to new

products and what it is that makes them more sustainable, and will be empowered with ideas as to how they can apply GBJ principles in their own homes.

This past year, we hosted our GBJ Champs at the second annual GBJ Champ Workshops. The highlight of this year's workshops was the guest speakers. GBJ Champs in the Western Cape were invited to the Two Oceans Aquarium, where they learned why the plastic bag has such a devastating impact on our marine life. Greentouch equipped our Champs in Gauteng with 10 simple and affordable ways to 'green' their home and Dr Simon Morgan of Wildlife ACT Fund, one of our limited edition reusable bag and MyPlanet beneficiaries, spoke to our Champs in Durban about the importance of wildlife conservation. These sessions both challenged and inspired our Champs, growing their understanding of their role in protecting our environment, both at work and at home.

CASE STUDY: WOOLWORTHS AND WWF-SA'S TARGETED SUSTAINABILITY PARTNERSHIP

In a first for African retail, the World Wide Fund for Nature South Africa (WWF-SA) and Woolworths announced a broad-based, multifaceted partnership in November 2012, to drive greater sustainability through selected Woolworths products and operations.

The collaboration is timely, reflecting a trend that recognises that the private sector and the non-governmental sector can work together on common interests.

The three year partnership aims to achieve conservation outcomes by helping Woolworths suppliers to produce more sustainable products and creating awareness about these products among Woolworths

customers. The partnership recognises the growing congruence between WWF-SA and Woolworths interests in, among others:

- *The conservation of energy;*
- *Freshwater ecosystems;*
- *The promotion of sustainable agricultural practices; and*
- *The protection of fish stocks*

This partnership brings together significant technical expertise, research capabilities, industry insights and networks.

Woolworths will work with its suppliers on targets in its dairy, beef, seafood and textiles operations as well as furthering its carbon and water efficiency strategies.

WWF-SA will be addressing its priorities of meeting the challenge of transforming the food and fibre production system to ensure sustainable production as well as exploring broader opportunities for low footprint business operations.

WWF-SA has already been a key adviser to our seafood and fresh produce departments and we believe that this partnership will help us deliver greater sustainability, to benefit both the environment and the people we support through our business.

WOOLWORTHS AND WWF-SA'S PARTNERSHIP – THE FIRST EIGHT MONTHS

At the end of 2012 the World Wide Fund for Nature South Africa (WWF-SA) and Woolworths established a full transformative retail partnership, with an initial time period of three years. The purpose of the partnership is to formalise collaboration on various technical projects, some of which had been running since 2007, and ensure clearer benefits for both parties while setting more ambitious transformational targets.

Woolworths was identified by WWF-SA as a key retailer and important player in the supply of priority commodities not because of volumes traded, but rather in view of its potential to catalyse change in the sector. The influence of Woolworths' adoption of sustainability as its seventh value is evident in its business strategy and

has had a demonstrable effect on the retail climate in South Africa. Moreover, it has the ability to implement effective change through direct supplier relationships and short supply chains, making it influential in fresh produce, seafood, dairy and beef, despite its smaller market share in some areas comparative to competitors. Woolworths has also demonstrated a willingness to embrace sustainability innovations in its retail operations and products.

It is also worth noting that the Woolworths consumer, a predominantly affluent demographic, has a significant footprint and positive behaviour change in this group has the power to make a measurable conservation contribution. Recent research found that the typical Woolworths consumer requires on

average 21 planets (City of Cape Town research, 2011) compared with the Bottom of the Pyramid (BOP) urban consumers' 1.4 planets. So although this target audience is comparatively small its impact is significant and there is a viable trend within this group to adopt ethical change.

A WWF Transformational Partnership means WWF working with businesses to influence their value chain, industry and own organisation to make direct and indirect impact on the places, species and issues WWF cares about. This is a true transformational partnership – multifaceted challenge components – influencing core operations, influencing the supply chain and changing behaviour both internal and external.

Progress on Objectives

1. Commitments have been made to reduce production impacts and adopt sustainable procurement guidelines for specific private label products in dairy, beef, seafood (wild-caught and farmed), fruit and wine.

Seafood: Woolworths recently announced its procurement commitments. Although these have come later than some competitors' announcements it is clear that Woolworths effectively assessed its current supply and determined a realistic but still challenging stepwise approach to sustainable seafood procurement.

Dairy: WWF-SA will support the development of sourcing policies and test conservation benefits in priority regions. WWF-SA has completed a literature review of global best practice and provided input on key principles for good environmental practice on farm. The process has been slower than anticipated owing to staff changes at Woolworths but the draft environmental dairy procurement guidelines will be finalised in the final quarter of 2013.

Beef: The adoption of procurement guidelines in beef farming has been on hold while the dairy work has been underway but the process will begin towards the end of the year.

Wine: Woolworths has met its target of ensuring that the wine inventory is fully compliant with the Biodiversity and Wine audit requirements.

Fruit: Woolworths has recognised the need for convergence in labelling and audit requirements and committed to supporting SIZA, the SA fruit sector's sustainability programme.

2. Commitments have been made to reducing environmental impact of retail operations through a revised climate change strategy, freshwater strategy and particular initiatives such as product life cycle.

Textiles: The textile Life Cycle Assessment (LCA) is in the process of being finalised and draft results have provided interesting insights into textile selection and impact reduction. The intention is that this enhanced understanding will influence procurement practices and provide factually sound customer communication opportunities to reduce impacts post purchase.

Freshwater: WWF-SA is currently conducting a study of a major risk 'hot-spot' in the Western Cape, taking into account the density of suppliers, the water footprint of the produce, and the basin water risk. The study incorporates 8 to 10 stone fruit growers spread across four main basins. M&S and Woolworths are partnering in the study. The work presents an opportunity to conduct further

trials of the second draft Alliance for Water Stewardship's (AWS) standards and the work feeds into the larger WWF work to establish good environmental practice in the fruit sector.

The partnership also includes implementation of a Water Balance agreement based on the accurate quantification of operational water use to ensure a proportional investment in replenishing.

Carbon: A greenhouse gas research project into Woolworths food distribution logistics aimed at understanding and further managing associated transport emissions, is under way but progress has been impeded by slow responses from Woolworths service providers.

Communications and Performance measurement

WWF-SA and the Woolworths team have set meaningful environmental performance targets that will lead to conservation results through the partnership. Transparency and public reporting on specific measures of environmental performance are keys to ensuring the success of this partnership.

The partnership targets are measured continuously with the aim of informing the conservation objectives and evaluating the gains. Publicity and communications are restricted to internal and external communication on targets, activities and achievements.

Tatjana von Bormann

WWF Market Transformation Manager,
and lead on the Woolworths and WWF-SA partnership



WORKING WITH
WOOLWORTHS
ON THEIR JOURNEY
TOWARDS
SUSTAINABILITY



TRANSFORMATION AND CORPORATE SOCIAL INVESTMENT

34 / Transformation
34 / Our BBBEE Strategy
37 / BBBEE Scorecard
37 / BBBEE Employee Share Ownership Scheme
37 / Management Control
37 / Employment Equity
37 / Skills Development Training
38 / Preferential Procurement
38 / Enterprise Development
39 / Corporate Social Investment
43 / Sponsorship



OVER THE YEARS WOOLWORTHS
HAS SEEN ITS VISION OF
TRANSFORMATION BECOMING
A REALITY AND MAKING A
DIFFERENCE IN THE LIVES OF
MANY PEOPLE IN SOUTH AFRICA.

*Jacky Goliath, one of our local hero
suppliers from Defynne Nursery*

TRANSFORMATION AND CORPORATE SOCIAL INVESTMENT

COMMITMENTS AND PROGRESS

	2013	2012	BY 2013
Overall BEE level	Level 3 (80.45)	Level 4 (72.93)	Level 3
Equity ownership	7.63	7.89	7.5
Management control	9.75	9.7	9.71
Employment Equity	10.87	12.32	12.74
Skills development	13.21	11.00	11.47
Preferential procurement	18.99	14.62	15
Enterprise Development	15	12.4	15
Socio economic development	5	5	5
Total CSI contribution - including:	R500.1m	R438m	R300m minimum
Surplus product distributed	R448m	R393m	n/a
My School contribution	R41m	R35m	R38m

TRANSFORMATION

The year under review has been a year where Woolworths embedded its transformation strategies and processes firmly in anticipation of the imminent changes in the BEE Codes of Good Practice. Our Level 3 BEE contribution level is a reflection of the effort invested in a sustainable Broad-based Black Economic Empowerment (BBBEE) strategies. Woolworths was this year also chosen as the winner in the supplier development category of the Oliver Empowerment Awards.

OUR BBBEE STRATEGY

At the heart of our BBBEE strategy are the following principles:

- **True empowerment in line with 'the difference'** that we strive to be in the South African economy and society. Whilst we ensure compliance with relevant legislation, embracing the spirit of the law is paramount.
- **Broad-based beneficiation** of our efforts where jobs are created, businesses are grown and communities developed sustainably.
- Some level of **commercial relevance** to ensure that our involvement is sustainable. Employment Equity and Skills Development, for example have become a critical aspect of ensuring we have the right and appropriately skilled and diverse talent to meet our customer needs and stakeholder value.

- **Partnerships** with our employees, suppliers, business partners, government, development agencies and other organisations are key in ensuring sustainability of impact beyond Woolworths' transformation vision.

- In the pursuit for sustainability of transformation as an integral part of the business, Woolworths set up a proper **governance and organisational developmental approach** to transformation

TRUE EMPOWERMENT IN LINE WITH "THE DIFFERENCE"

Woolworths transformation efforts are aligned with the company values. One of the most important values that drives transformation is innovation. We have stretched ourselves to think out of the box and be innovative in coming up with strategies, processes and initiatives that make a difference in Woolworths and to the beneficiaries of our transformation efforts. In the year under review, for example, we have launched an automated BEE scorecard tool that tracks the impact of transformation using the BBBEE scorecard on a monthly basis and for each business unit. We have come to appreciate the impact of measurement and linking transformation with integrated performance as a motivation to stay on the journey for all involved. We also stretch our imaginations when we come up with initiatives, for example JMH transport:

CASE STUDY: JMH TRANSPORT

Jabulani Hlophe was one of the exceptional taxi drivers transporting some of our store employees in KwaZulu-Natal (KZN) home each night after dark. It was his reliable service that made Jabulani the obvious choice when a Woolworths procurement manager came to rethink the transport available to store staff and identify a service provider to pilot a more efficient system.

Woolworths worked alongside Jabulani to appropriately gear Uyaya Trading Enterprise T/A JMH Transport to service Woolworths effectively and develop an alternative centralised staff transportation system, which would decrease the distance and time travelled by each employee when they go home late at night.

A loan of R3.3 million, financed through the Woolworths Enterprise Development programme, with further support from Mercedes-Benz, helped Jabulani purchase his fleet of vehicles. This fleet regularly loops 15 collection points (14 stores and the Distribution Centre), collecting staff and dropping them off at a central point, where they hop onto another taxi to take them home. Another one of our service providers, Imperial, is supporting Jabulani, helping with the scheduling of routes, to ensure that the system is as efficient as possible, especially as the number of stores serviced increases.

Since JMH Transport started operating, Jabulani has been able to employ 28 people. With the incentive of driving Mercedes-Benz sprinters, absenteeism of drivers has been reduced. The business is 50% black woman owned by Jabulani's wife, who manages administration.

The distance and time travelled by each employee has decreased significantly, ensuring that they get home to their family sooner at night. Employee morale has increased so much that participating stores have encouraged other stores to enquire and sign up. The new system has also helped reduce costs to Woolworths as well as decreasing our environmental impact, by reducing kilometres travelled. In addition, this is a great example of the importance and added value in strategically partnering with existing service providers such as Mercedes-Benz and Imperial.

This is a pilot project for Woolworths, with huge opportunity to grow in the future, not only within KZN itself, but across the country, to eventually service all our store employees.

BROAD-BASED BENEFICIATION

The following are some of the indicators that demonstrate the impact of our transformation efforts:

- We currently have a total of 6 284 participants in the BEE Employee Share Option Scheme with approximately, 7 762 beneficiaries at the end of the scheme in 2015. The impact of economic empowerment for this scheme will therefore be felt in at least 7 762 South African families.
- In the last three years Woolworths increased employment of People with Disabilities from 181 to 422 by the end of 2012/13 financial year. We strive to make a deliberate and empowering recruitment drive that is sustainable and making a meaningful contribution in empowering People with Disabilities.
- The number of jobs created by our Enterprise Development and Supplier Development initiatives in the past three years is approximately 808. In the way we approach Supplier Development, we are confident that these are permanent jobs created with a huge potential to grow into bigger numbers as the businesses we have supported grow to be sustainable businesses.
- The Woolworths Trust, has in the past ten years of its existence invested in excess of R34 million in development of South African communities and donated food and clothing to thousands of charities.

COMMERCIAL RELEVANCE

We establish a compelling business case for most of our transformation efforts as a motivator for us and our internal change agents to do more, for example:

- Our supplier development initiatives have to meet our expected return on sales whilst the small/medium business involved makes profit.
- We share some of our stories of empowerment with our customers, especially when there's a product linked to the specific Supplier Development initiative. Our customers have appreciated this through great customer feedback and are asking for more of the 'product with a difference'.



For more examples of suppliers who have become part of our Enterprise Development programme, see www.woolworths.co.za/goodbusinessjourney

PARTNERSHIPS

Our journey has reinforced the need for partnerships in the BBBEE initiatives we have embarked on. There's been welcomed partnership from:

- Our employees who have become change agents by embracing the company's transformation and making it happen. The growing community of BEE Champions in Woolworths have proven that BEE has to start with a shift in an individual mind-set, and they have committed to making a difference in their sphere of influence. Line managers commitment has been seen in the increasing diversity of talent in the business and development thereof. The procurement teams' and buying groups' transformation efforts have made an impact in the transformation of Woolworths supplier base through creation of procurement opportunities for black-owned suppliers, Supplier Development and Enterprise Development.
- A number of suppliers have partnered Woolworths in Supplier Development, for example Qutom, our tomato supplier:

GOVERNANCE AND ORGANISATIONAL DEVELOPMENT APPROACH

Under the governance of the WHL Social and Ethics committee of the board, management has continued to improve on ensuring that there are appropriate strategies, policies and processes in place in order to drive sustainable transformation. There are other forums in Woolworths that play a role in monitoring transformation progress against targets, consulting, driving strategy, and helping us reflect on this journey.

We continue building capacity to transform as a business and in turn contribute to the transformation of the country. Our capacity building efforts expand to the supply chain as a way of supporting suppliers own transformation journeys.

CASE STUDY – ELUKWATINI TOMATO FARMERS

Deep in the rolling farmlands of Elukwatini, Mpumalanga, lie several small plots of land that are bringing renewed hope to an impoverished community of former subsistence farmers. Elukwatini's red soil produces healthy vegetable crops, but the distance to market had effectively destroyed any attempts by small-scale farmers to make a profit, forcing them to remain subsistence farmers.

Woolworths, in partnership with Technoserve (Enterprise Development partner) and Qutom (Woolworths tomato supplier), stepped in to provide training, mentoring, technical assistance and establish essential links to both finance and retail markets. The farmers were also assisted with a grant and have since used 'top up' and production loans. Woolworths has given a production loan for R350 000.

The pilot project started in 2011 with 13 one-hectare crops of tomatoes. The first crop was harvested in April 2012. They harvested 570 tons of round tomatoes of which 202 tons went to Qutom (with 80% of those being packed

for Woolworths) and 268 tons went to local traders and some were exported, with an estimated additional 100 tons sold by the farmers locally. With an increase in yield in 2013, the top farmers generated net profits of more than R75 000 from 1.5 hectares. The farmers are creating employment for 80 – 90 local people during the nine-month tomato production period.

One of the farmers said the Woolworths Enterprise Development programme and the training received have helped her become a more successful farmer. She has been able to build a house with the money she has earned and support her four children. She has five permanent employees and also hires seasonal workers during harvest time, which means she supports about 30 people in her local community.



For more examples of suppliers who have become part of our Enterprise Development programme, see www.woolworths.co.za/goodbusinessjourney

BBBEE SCORECARD

BEE Verification Agency CC was once again appointed to provide an independent BBBEE verification process for the 2013 financial year. Through the external assurance received from the agency, we have achieved a 80.45 score, taking Woolworths from Level 4 (2012) to a Level 3 BBBEE Contributor status (see www.woolworthsholdings.co.za for the BEE Certificate for 2013).

The graph below depicts progress made in each of the BBBEE scorecard elements against our 2013 objectives. Details on the individual sections of the BBBEE scorecard follow below.

BBBEE EMPLOYEE SHARE OWNERSHIP SCHEME

The BEE Employee Share Ownership Scheme (BEESOS) was established in July 2007 with the intention of empowering and benefiting Woolworths employees. A Board of trustees, with a majority of employee representatives, was established, chaired by Dolly Mokgatle, and the trustees met twice during the year with full attendance at both meetings. The trustees exercised the voting rights of the preference shares at all the company's general meetings. Our BEESOS Trust continues to disburse financial benefits to staff participants, who have collectively received R144.3 million (2012: was at R82.7 million) in dividend payments from inception of the trust to 30 June 2013. The total number of employees who benefited from the BEESOS as at 24 June 2013 was 6 687 compared to 7 157 in 2012. The decrease in numbers is due to labour turnover. This has impacted our equity ownership score as it has decreased from 7.89 in 2012 to 7.63 in 2013. The full benefit of the BEESOS will be realised in 2015.

MANAGEMENT CONTROL

Woolworths continues to focus on representivity of black non-executive directors and senior executives through:

- Deliberate strategy to ensure, not only diversity of skills at board level, but diversity of decision making through diverse demographic representation.
- Succession planning and talent management processes.

The management control score has increased marginally from 9.7 in 2012 to 9.75.

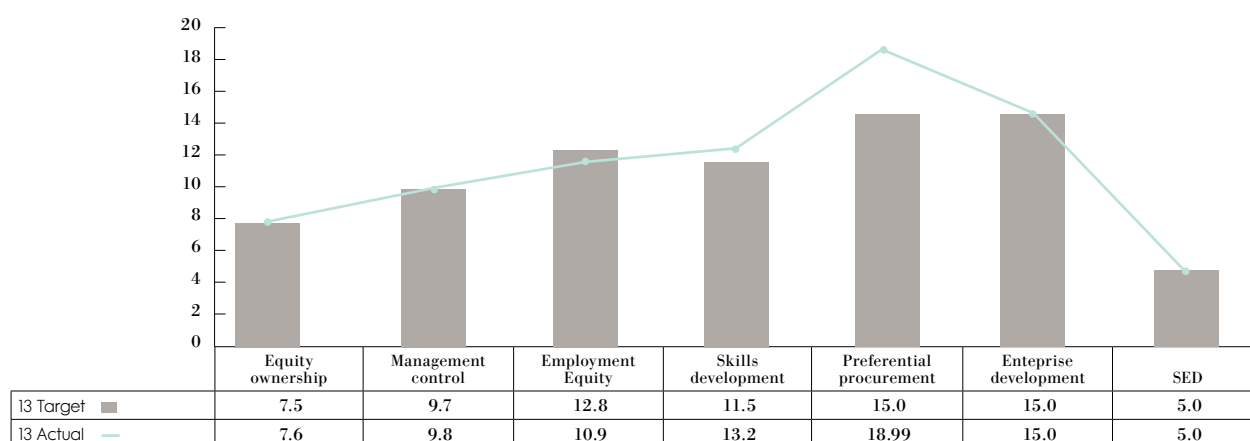
EMPLOYMENT EQUITY

Diversity of workforce and compliance with the Employment Equity Act are critical for the transformation of Woolworths. This is embedded and aligned to the business strategy, succession planning, talent management processes and employee engagement. There has been extensive work done to ensure integrated and sustainable Employment Equity (EE) Act compliance and consultation across the business via diversity committees in all business units. These committees are meeting, on average, on a monthly basis. The mandate of these committees has been well-defined through training of diversity committee members. 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, contribute in embedding BBBEE as a way of working that is integral to business strategy. There has been more focus put on the management of barriers to EE by integrating these identified barriers into the HR strategy.

SKILLS DEVELOPMENT TRAINING

Woolworths is committed to the skills development of our employees in line with our business strategies and country's

PROGRESS AGAINST TARGET 12/13 FY



Go to www.woolworthsholdings.co.za

skills development needs. We see investment in our employees' skills development as critical for our business growth as well as employee individual growth and empowerment. There has been an increase in our skills development score from 11 in 2012 to 13.21 in 2013. This has been due to:

- Increased focus on having most of our training initiatives accredited.
- Better management and delivery of our Skills Plan using a well-defined learning academy framework.
- Increased number of employees on learnerships, from 1 011 in 2012 to 1 587 in 2013.
- A much more stringent individual performance management that aligns skills development to building competence.

PREFERENTIAL PROCUREMENT

At the beginning of our Good Business Journey commitment in 2007, we started engaging our business partners, including our main suppliers, to embark on this journey with us. With that, we used our Enterprise Development programme as a tool to remove barriers to entry into our supply chain for small, medium, black and black women- owned enterprises. These strategies have seen us through the increased targets for Preferential Procurement as per the BEE Codes of Good Practice. We managed to come out higher than the set target, with 18.99 for this component of the BBBEE scorecard (2012: 14.62)

Our commitment to build sustainable supply chains is maintained in all our efforts to transform these supply chains. Some of our established suppliers have been instrumental in contributing to this transformation journey and their dedication is commendable.

ENTERPRISE DEVELOPMENT

The Woolworths Enterprise Development (ED) programme has been designed primarily to support emerging black-owned organisations in the Woolworths greater supply chain, including primary and secondary suppliers. Based on an individual needs analysis approach, Woolworths is able to assist emerging black-owned suppliers to become truly sustainable businesses.

Assistance is provided by:

- ensuring the ED beneficiary is on shorter payment terms to assist with cash flow;
- identifying development needs and assisting in ensuring that there is a programme of interventions to address gaps; and
- making finance available through the ED loan fund.

The ED support is afforded to black enterprises for a three- to five-year period, after which it should be demonstrated that the enterprise has reached a certain level of sustainability. Woolworths has intensified support to 51 enterprises, which are receiving business development support and financial assistance. Woolworths has disbursed R27 million in loans and provided business opportunities worth R650 million to these small enterprises. Over 5 000 people are either employed or supported by the employees of these small enterprises.

CASE STUDY: CHIC SHOES

When their previous employer shut its doors in 2004, three of the managers took over the machinery and started Chic Footwear. Despite their skills and the hard work of their 95 employees, difficulties with raw materials supply and a shortage of funds stood in their way. When they approached Woolworths it was apparent that some changes were needed before they could supply a world-class leather product at a competitive price. So our buying and design teams stepped in to help with product development. We helped get their production line

operating more efficiently. Their raw material suppliers came on board. A loan of R1.9 million financed through the Woolworths Enterprise Development programme, helped them procure fabric and cover operational costs.

In November 2011, they delivered their first order of 5 000 pairs of leather pumps to Woolworths. By mid-2012, they'd produced over 100 000 pairs, employed 110 more staff, and had started looking forward to a brighter future. Today they have 250 employees and have produced over 400 000 pairs of leather pumps for Woolworths to date.

CORPORATE SOCIAL INVESTMENT

The Woolworths Corporate Social Investment (CSI) strategy is aligned both to our core business strategy and to national development priorities of South Africa. We strive to make a meaningful difference in the lives of vulnerable children by supporting programmes that:

- address food security mainly through schools as hubs of community development;

- reduce child vulnerability by supporting child safety; and
- contribute towards education by providing educators with much needed resources.

Key to our CSI approach is the involvement of our stakeholders including employees, customers, business partners, government departments, NGOs and the communities themselves.

CASE STUDY: THE WOOLWORTHS TRUST CELEBRATES ITS TENTH BIRTHDAY

The Woolworths Trust was formed in 2003 to co-ordinate our community development and charity activities. This year is a very special year for the Woolworths Trust as we celebrate our tenth birthday – a decade of making the difference for others.

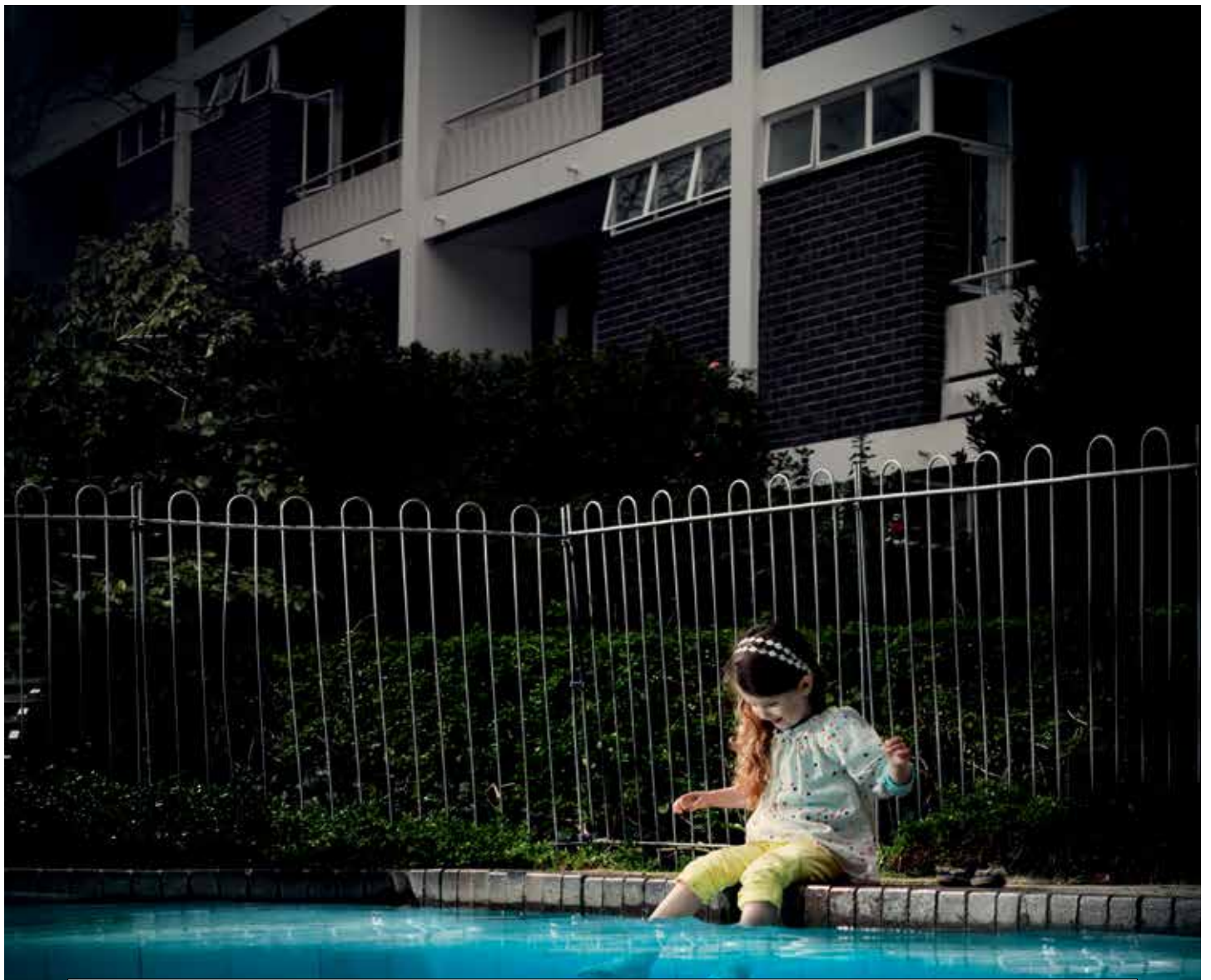
Over the past ten years the Woolworths Trust has strived to make a difference by funding programmes that address the vital issues of food security, child vulnerability and education, as well as supporting our own employees' involvement in the community. For example, we have:

- *Held nearly 1000 EduPlant workshops for 50 000 educators who went back to their schools and started food gardens;*
- *Supported thousands of orphaned children, enabling them to develop to their own unique potential;*
- *Exposed more than 500 under-resourced schools and 35 000 learners in the Eastern Cape and Gauteng to much-needed class lessons through the Making the Difference Educational Programme;*
- *Upgraded 11 Heartbeat after-care centres which provided support to over 3500 children;*
- *Donated 75 water tanks to EduPlant schools;*
- *Supported thousands in communities impacted by natural disasters with funding and product donations;*
- *Raised awareness of preventable childhood injuries through our campaign (in partnership with Childsafe) 'You're Bigger. Be the Adult.';*
- *Donated over R2 million to charities nominated and supported by our employees; and*
- *Supported more than 1000 needy charities annually by distributing surplus food from our stores.*

As part of our birthday celebration the Woolworths Trust has committed a further R1 million to make an even bigger impact in our communities in 2013. Over and above our existing commitments, our efforts include:

- *Working in partnership with NewKidz and Woolworths colleagues to brighten up two children's homes, seven Educare centres and a soup kitchen.*
- *Enabling Woolworths colleagues to spend Mandela Day helping to make a difference to 77 communities across South Africa;*
- *Planting food gardens at 10 EduPlant schools, in partnership with Food & Trees for Africa, with the involvement of Woolworths colleagues across the country;*
- *Providing child safety training to EduCare centres;*
- *Giving 10 schools access to much needed educational resources by donating two container libraries to two schools and books for other school classroom reading corners; and*
- *Providing charities supported by department or store CSI initiatives as well as individually nominated organisations with much needed funds by increasing the 'Matching Fund' fund and the reach of the 'Just Because' initiative.*





CASE STUDY: CHILD SAFETY

Every year, more than 250 children die on the roads because they weren't strapped in. 573 child pedestrians are knocked down and die because someone didn't see them. Another 554 children lose their lives as a result of either burns or drowning. A staggering number of accidents happen around the home and on our roads – many of them fatal and, tragically, many of which might easily have been avoided had adults been more responsible and in control.

During Child Safety month in August 2012, the Woolworths Trust, in partnership with Childsafe, embarked on a campaign creating much needed awareness on child safety. Childsafe is a campaign run by the Child Accident Prevention Foundation of Southern Africa which is based at Cape Town's Red Cross Children's Hospital. They work tirelessly to prevent serious trauma and deaths of children involved in preventable accidents.

With the support of various media partners and production suppliers, the national media campaign highlighted the campaign line: "You're bigger. Be the adult." This compelling plea was seen on bus shelters, posters, billboards, taxis, plasma screens in store, in the electronic media and in evocative television commercials that drive home the idea that adults can and must take the lead, by being more in charge.

The campaign appealed to adults to strap children in when they are in the car, keep kettle cords out of reach of toddlers, ensure that medicines and poisons are not accessible to children, and to be aware of children on the roads, around swimming pools and on the beach, amongst other things.

FOOD SECURITY IN SCHOOLS

Woolworths is in its eighth year of supporting the EduPlant programme. The past year with Engen as a corporate partner, the programme was adapted to have more impact in the communities. The introduction of the cluster workshops to this award winning programme has added a new dimension which is contributing greatly to achieving the aims through the transfer of skills and information as a result of more direct contact with schools. Food and Trees for Africa, the partner NGO in the programme, has managed to reach 2 427 schools covering 5 274 participants (including learners, educators and community members) through workshops held across the country.

The programme also successfully held the bi-annual EduPlant Finals competition where over 300 learners and educators representing 60 schools from across the country were provided with an opportunity to show case their food gardens and win much needed prizes towards assisting with the sustainability of their gardens.

The deepest intent of the EduPlant programme is to impart skills to enable communities to grow their own healthy food in the most sustainable and cost-efficient way i.e. using permaculture principles. We believe this is one of the most sustainable ways of addressing food insecurity in our country where many children go to bed hungry and nutrition levels in our food intake are continuously challenged.

CHILD VULNERABILITY

The Woolworths Trust is committed to playing a role in reducing child vulnerability by supporting initiatives that focus on child safety. In partnership with Childsafe – a campaign of the Child Accident Prevention Foundation of Southern Africa, we launched a successful national campaign “You’re bigger be the adult” raising awareness of preventable childhood injuries and how to prevent them. We continue to partner with Childsafe and in 2013 will see a continuation of the national campaign and support for a programme that provides training on health and safety for Early Childhood Development practitioners. This work aligns itself with our commitment to maintaining the highest possible levels of product safety through the design and manufacturing of Woolworths baby and children’s products (see page 56).

IMPROVING EDUCATION

Through MySchool (the project also includes MyVillage and MyPlanet, which support selected charities and environmental organisations) and the Woolworths Making the Difference Educational Programmes for primary and secondary schools, Woolworths contributes to the improvement of education in South African schools.



MYSCHOOL MYVILLAGE MYPLANET

We have contributed almost R250 million to date to MySchool on behalf of our customers. In 2013 alone we contributed R41 million to the MySchool programme through over 808 000 active MySchool supporters. The contributions have supported more than 10 951 beneficiaries (includes Schools, Villages and Planet). R2.6 million of the total was given to our 90 MyPlanet charities over the past year (charities that care for animals and the environment).

With the launch of the ‘Every Paw Print Counts’ range of sweets, bracelets and reusable bags, Woolworths and MyPlanet are helping raise additional awareness and funds for MyPlanet beneficiaries Wildlife ACT Fund and the EWT MyPlanet Rhino Fund, to aid their efforts in saving our endangered species. Since their launch in April 2013, over R100 000 has been raised for conservation efforts through the sale of these products.

In addition, MyPlanet and Woolworths ran a ‘Swipe for Africa’ campaign in over 400 schools around the country, encouraging learners to find out more about our endangered animals as well as raise money for rhino conservation. Three schools won R100 000 each plus the chance to donate R100 000 to the animal charity of their choice.

The MySchool MyVillage MyPlanet programme has won the prestigious ‘Best Corporate Social Responsibility Initiative Linked to Loyalty’ award at the annual International Loyalty Awards EMEA 2013 in London. Competing with over 250 entries internationally, we won in the following category: ‘MySchool MyVillage MyPlanet (South Africa) – Doing good is good business’.

MySchool MyVillage MyPlanet was also voted the number one Community Programme in the Sunday Times Generation Next brand awards in 2012. The research was conducted by HDI Youth Marketeers on a target audience called “Generation Next” (8- to 22-year-old age bracket).



*Baby and Child Safety in clothing
can be found on page 56*

MAKING THE DIFFERENCE EDUCATIONAL PROGRAMMES

Our Making the Difference Programme for primary schools and the Making the Difference Through Design Programme for high schools are two Woolworths initiatives designed to enrich education in South African schools.

There are 2 148 primary schools and 339 high schools across the country currently benefiting from the Woolworths Making the Difference Educational Programmes – based on a R4.7 million annual contribution by Woolworths.

SURPLUS FOOD AND CLOTHING DONATIONS

Woolworths is committed to using its surplus products to further contribute in addressing food insecurity in South Africa. Each year, Woolworths gives away millions of Rands worth of its clothes and surplus food to South Africans in need and in disasters. The surplus food is edible Woolworths products that are past "Sell By" date but before "Best Before" and "Use By" dates. Most surplus food and some surplus clothing are distributed by Woolworths to local charities through stores and other partners.

A total of R438 million worth of surplus foods and R10.7 million of clothing were donated by Woolworths to needy causes in 2013 (2012: R393 million). Note: These figures represent the cost to company, not the retail price of the items.

EMPLOYEE COMMUNITY INVOLVEMENT

Woolworths stores are encouraged to support social development projects, schools and charities in their local communities. The Woolworths Trust matches the funds raised by stores with contributions of up to R4 000 per store. In addition, stores have their own community giving programmes distributing surplus food and clothes to local charities.

The year 2012 saw a greater focus being placed on employee community involvement with a formalised community forum driving a number of community involvement initiatives across the business. These included the successful introduction of an initiative that saw 67 colleagues selected to spend the day at a charity of their choice on Mandela Day and the introduction of the 'Just Because' initiative, providing another opportunity for Woolworths employees to support their communities. The Woolworths Trust chose thirteen needy causes nominated by employees and donated R10 000 to each one, helping make a difference to the specific needs of that community.

Supporting and enabling colleagues to get involved in their communities will continue to be a focus with the Trust's tenth birthday celebrations providing extensive opportunities for colleagues to make a difference.

R438 m 

worth of surplus foods and

R10.7 m 

of clothing were donated by Woolworths to the Clothing Bank in 2013

R41 m

contributed to MySchool in 2013

R250 m

contributed to Myschool beneficiaries since inception

SPONSORSHIP

Our Sponsorship Policy aims to facilitate our activity as a dynamic role player and deliver to our business strategy, aligned at all times to our vision and values. Some of our key sponsorships include:

MASTERCHEF SOUTH AFRICA

MasterChef is internationally the most successful reality cooking show and is by far the most credible cooking show on South African television.

Our sponsorship supports our strategic position as THE food authority, and allows us to be part of the growing trend of social cooking, inspiring South Africans to come to Woolworths for good food to cook at home.

THE CAPE EPIC

Our sponsorship underscores Woolworths position as the leader in good food and a healthy lifestyle. We prepare special meal packs containing foods specifically chosen by the Woolworths dietician according to international guidelines for peak performing endurance athletes. This year marked the fourth year of our sponsorship.

DESIGN INDABA

Design Indaba is one of the foremost design events in the world, bringing the world's foremost design thinkers to Cape Town every year. Woolworths has been a sponsor for ten years. Our sponsorship highlights innovation as one of our values and how design and innovation are at the core of decision-making around our products and services at Woolworths. It also reaffirms our commitment to design and design education as part of our Good Business Journey.

No political donations were made, in line with our policy.



CASE STUDY: WOOLWORTHS MAKING THE DIFFERENCE EDUCATIONAL PROGRAMMES

In 2003, Woolworths decided to further its investment in communities through the Making the Difference Programme. Drawing on our own expertise on good food and in conjunction with the Western Cape Education Department, the Sports Science Institute of South Africa and its dietetic practitioner Shelly Meltzer and associates, the Making the Difference Programme for primary schools was launched, offering curriculum-linked resources for Grade 4 teachers, as well as a number of experiential components on the topics Healthy Eating and Physical Activity. In 2008, in line with our Good Business Journey, we extended the programme to include Sustainable Living.

We're pleased to say that this programme is now used in over 2 000 schools around the country, and, through its resource material, interactive classroom activities and teacher training, continues to make a valuable contribution to the education and skills development of South Africa's young people. The content has now been revised and expanded, and the target group broadened to include the entire Intermediate Phase of Grades 4, 5 and 6. The programme now includes three modules: Life Skills for Grades 4 and 5, Social Sciences (Geography) for Grade 4, and Natural Sciences and Technology for Grade 6.

Like the previous modules, the three new modules have been developed in collaboration with the Western Cape

Education Department, and with contribution from the Marine Stewardship Council, Woolworths Good Business Journey team and our in-house and consulting dietitians. All the material is curriculum based and designed to meet the requirements of the new Curriculum and Assessment Policy Statement (CAPS) introduced in January 2013.

Our experiential components include:

- Curriculum-based store tours focusing on where food comes from and healthy eating.
- Learner Talks hosted in the classroom by dietitians.
- Class Lessons hosted by trained presenters using storytelling, group participation and movement to convey the messages of healthy and sustainable living.
- Moms' Tours take moms on a tour through a Woolworths store with a dietician, focusing on child nutrition.
- Schools are invited to attend EduPlant Workshops teaching them how to grow food naturally using permaculture.
- We also invite our schools to participate in a number of events which include Arbour Month activities, beach clean-ups across the country in celebration of International Coastal Clean-up Day, and our annual World Teachers Day competition, run in conjunction with MySchool.



Principals' seminars

Woolworths was approached by the Department of Education in 2011 to co-host a seminar for principals, sharing our best practice insights regarding our Values and Quality-driven business approach.

This past year, topics included 'Leadership', presented by Simon Susman, and 'Educating for the workplace', presented by Sam Ngumeni. This year's seminar will include Ian Moir, Woolworths CEO, presenting 'Leadership' and 'the Woolworths Values'; Mike Gardiner, Regional Manager Western Cape, covering 'Operational Excellence'; and Braam Malherbe extreme adventurer and MySchool ambassador.

Making the Difference Through Design

The Making the Difference Through Design Programme for High Schools, developed by Woolworths in conjunction with the Western Cape Education Department, was launched in February 2006 as an aid to Design and Visual Arts teachers. The programme aims to create a greater awareness and appreciation of design, to inspire Design learners in Grades 10 to 12 to develop their own talents, and to help them gain valuable life skills which they will be able to apply no matter what career path they follow. Today, through the Resource Guides, an annual design competition, teacher workshops and website, and with the support of our programme partners – Sappi, Design Indaba, Western Cape Education Department,

Open Window School of Visual Communication and Learning Curve, the programme plays an integral role in Design and Visual Arts classes.

Our 2012 design competition challenged learners to solve a problem in their community, using only recycled materials to develop the final product or prototype. Artemis Spyropolous, a Grade 10 learner from Redhill High in Gauteng, was crowned the National Winner. She designed a scooter made from recycled material that addresses the problem of learners in townships having to walk long distances to schools.

Each year, the winner's work is exhibited at the Woolworths stand the Annual Design Indaba Expo. We also have the opportunity to host 400 Design learners and their teachers at the Design Indaba Expo on the opening morning of the event. Our 2013 design competition, which is currently in progress, now challenges learners to identify a problem at their schools or neighbouring schools which can be solved by Design. A national winner and two runners-up will be announced in September 2013

SOCIAL

49 / Our People

54 / Our Customers

58 / Our Suppliers



"WOOLWORTHS IS A MODERN
RETAIL BRAND WITH A STRONG
VALUES-BASED CULTURE."

SOCIAL

ENTRENCH A CULTURE WHERE BOTH HIGH PERFORMANCE AND ADHERENCE TO OUR VALUES ARE RECOGNISED AND REWARDED

COMMITMENT AND PROGRESS	2013	2012	2011	BY 2013
Number of employees	23 538	22 462	20 433	n/a
Conversion of part-timers to flexible 40 hours	90%	49%	42%	44%
Union membership	11.22%	15%	21%	n/a
Labour turnover (Management)	8.31%	9%	7%	12%
Number of injuries on duty	682	778	563	n/a
Full compliance with supplier code: Foods	96.6%	96.1%	95.5%	95.5%
Full compliance with supplier code: Clothing	94%	90%	89%	95%



OUR PEOPLE

Woolworths is a modern retail brand with a strong values-based culture. Our people are the heart and foundation of the business that enable the execution of our business strategy to deliver sustainable profit growth. Our intent continues to be to establish and drive an employment value proposition (EVP) that will continue to attract, engage and retain the best, diverse talent required to deliver the Woolworths strategy. Our focus remains on appointing the right leaders to source, develop, lead and retain the right talent, in the right roles, performing optimally, enabled by the right culture.

The key objectives of the People Strategy are to:

1. Entrench a culture where both high performance and adherence to our values are recognised and rewarded,
2. Uphold our commitment to diversity of our workforce, including Employment Equity (EE)¹, by developing integrated people plans and strategies that will transform our workforce and achieve EE targets,
3. Enhance values based leadership and engagement by increasing the focus and commitment to demonstrating behaviours consistent with the Woolworths values,
4. Attract, develop and retain talent by delivering a compelling employment brand and developing our workforce and structures to support the delivery of Woolworths' strategic plans and grow the next generation of leaders from within,
5. Entrench transformation including BEE as an integral part of how we do business through internal capacity building, external partnerships and meaningful stakeholder engagement, and
6. Align the structure, people and processes with the Woolworths future-fit business strategies and growth initiatives and improve overall productivity.

EMPLOYEE OPINION SURVEY

Let's Ask is Woolworths' annual, organisational employee engagement survey, focussed on understanding employees' experience of Woolworths as an organisation and employer.

The annual employee engagement survey (Let's Ask) was completed with a final achievement of 74.1% versus 75.1% last year. This is a very good achievement as we have remained in our targeted range, while at the same time increasing the overall response rate to 86.6% – 20 305 out of a possible 23 437 participants versus the response rate in 2012 of 19 009 out of a total of 22 561 (84%) (This figure excludes the 345 out of a possible 463 (74.5%) completed by staff outside of South Africa in international stores.)

TALENT MANAGEMENT

Talent and succession management is a key focus of both the Board and EXCO as a critical enabler of the people and business strategies.

We are currently reviewing our strategic talent management process to ensure that we have a robust process that supports our strategy of building a future fit organisation.

In line with our strategy of growing and developing our internal talent and leaders from within, the percentage of internal appointments was 63.95 for Corporate Head Office, Supply Chain Head Office and Stores Divisional and Regional management. This is slightly down on last year, due to external appointments being made in line with scarce and specialist skill requirements and EE planning. For the entire category of junior management and above (including junior management in Supply Chain and Retail Operations), the internal appointment percentage was 15.57%, with labour turnover for the same category at 8.31%. The labour turnover is slightly down from last year on the back of a continued focus on delivering a compelling employment proposition.

Staff turnover in corporate stores was 27.4% which is slightly up on last year, but still within the targeted range.

All employees receive performance reviews twice per year and career development reviews on at least an annual basis.

SKILLS AND LEADERSHIP DEVELOPMENT

Developing and sharpening the skills of our people remains an integral part of our people strategy. In line with the Woolworths vision of being a values-led organisation, the roll-out of the Values-Based Leadership Programme (VBL) that was launched in January 2011 was continued. In this financial year 1 546 staff members have received this training. In addition to leadership development, there was also a focus on developing specific skills identified as critical to enable the business strategy.

We boast a wide range of in-house and external training and development programmes that are designed to help employees deliver our business strategies; foster talent and equip our employees with vital skills and experience. In addition to offering fully accredited NQF-aligned training programmes and funding for tertiary studies we offer specialised

OUR FOCUS REMAINS ON APPOINTING THE RIGHT LEADERS TO SOURCE, DEVELOP, LEAD AND RETAIN THE RIGHT TALENT, IN THE RIGHT ROLES, PERFORMING OPTIMALLY, ENABLED BY THE RIGHT CULTURE.



¹ Employment Equity (EE)
can be found on page 37

formal and informal development to both internal and external learners, to prepare employees and candidates for the demands of the retail profession.

We are deeply committed to transformation and extend opportunities to learners from disadvantaged backgrounds, including people with disabilities.

With the national challenge of inadequate skills levels, and poor work readiness of many young people leaving formal education and entering the labour market for the first time, we're also focused on helping narrow the skills gap that exists within the broader South African context, so that we can also be lead role players for the skills transformation of our labour force. This also assists in career pathing for the progression of our employees and to educate potential employees about careers in retail.

There was a significant increase in the number of unemployed graduates that

were offered workplace experience across our business; the total number of tertiary students that were offered the opportunity to complete their practicals (co-op training) with us and the total number of unemployed South Africans that were offered bursaries. Since 2011 we've employed 3 600 youth in our stores in entry level positions. The ongoing development of the unemployed youth to help them become employable into entry level retail positions is essential to sustaining our business and achieving the transformation agenda.

Woolworths has also been a leader in piloting the FET College Lecturer Capacitation Programme for the sector. The programme supports the government's strategy to increase the numbers of young people who access education, training and employment opportunities through programmes that are geared towards alleviating many of the social and economic challenges our youth finds itself faced with today.

For this year we're partnering with Western Cape based FET college lecturers to expose them to retail in order for them to be able to deliver the skills that are required by our sector and thereby help improve the employability of the many young people that study at these FET colleges.

As part of our strategy we've seen a shift in the number of people that have successfully completed accredited programmes and qualifying for credits towards a nationally recognised qualification.

CORE AND SCARCE SKILLS

The work to ensure the identification, development and retention of core and scarce skills has continued in 2012/13. Processes to enable continuous and sustainable review and oversight of these skills have been embedded into the existing talent and succession and remuneration management processes in the business cycle.

	2013	2012	2011	2010
Number of employees trained (includes employees that have since left the business)	24 531	22 538	19 898	17 746
Black employees trained as a % of employees trained	94%	93%	92%	91%
Number of employees trained on scarce skills	7 935*	2 323	11 524	11 155
Black employees trained as a % of scarce skills	94%	77%	95%	94%
Number of learning interventions	102 017	70 584	84 747	61 802
Number of learnerships registered	1 366**	1 011	904	775
Number of employees on skills programmes	599***	538	426	168
Average number of training days	3.8	3	N/A	N/A

* The definition of scarce skills is revised annually by the sector. In the 2010/11 year till operators, sales assistants and office administrators, which are all large pools of employees, were included in the scarce skills definition, whilst in the 2011/12 year they were excluded. At the beginning of the 2012/13 skills year the sector once again revised its scarce skills list and included in the number is Sales Assistants (General). It is for this reason that there is now a significant increase in the black employees trained as a % of scarce skills

** This number includes all employees on a recognised learnership as well as co-op students whose learnership start date is within the current financial year. The numbers exclude workplace experience students and internal unaccredited trainee programmes as these do not fall under the current definition of learnership in the BEE codes of good practice and Skills Development act.

*** This number includes employees on a skills programme as well as those studying towards a national degree, diploma or certificate.

EMPLOYMENT EQUITY (EE)

In 2012/13 there continued to be a focus on integrating EE and skills development in order to deliberately build and progress an EE talent pipeline through the business in line with our strategy.

Following the completion of the 3-year income differential strategy to address income differentials based on race and gender, work is underway to embed a sustainable income differential governance framework.

Woolworths strives to provide equal employment opportunity, development and support for our employees with disabilities to ensure that their work environment is comfortable and one they can thrive in.

The percentage of disabled people employed in the wholesale and retail sector remains low despite it being a low-risk environment. Nationally, there is

a strong drive to increase the recruitment and development of people with disabilities within organisations.

Our strategic approach to people with disabilities is aligned with the Woolworths People and Transformation strategies and the National Skills Development strategy and has been 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 and external providers.

The total number of people with disabilities constitutes 1.79% of our employees. The Department of Trade and Industry (DTI) has set a BBBEE target for black people with disabilities of 3% of the company workforce.

Significant progress has been made in 2013 and currently black employees with disabilities constitute 1.64% of our workforce, which places us over the minimum threshold of 1.2% of the workforce.

EMPLOYMENT EQUITY PROFILE 2013

	A	C	I	W	FN	TOTAL
Top management	2	2	0	4	3	11
Senior management	9	17	22	69	17	134
Middle management	254	443	144	613	44	1 498
Junior management	1 107	992	226	400	23	2 748
Semi-skilled	11 509	3 762	568	268	23	16 130
Unskilled	2 159	740	76	40	2	3 017
TOTAL – PERMANENT	15 040	5 956	1 036	1 394	112	23 538
Temporary employees	23	14	3	7	0	47
TOTAL	15 063	5 970	1 039	1 401	112	23 585
Male	5 010	2 097	384	593	56	8 140
Female	10 053	3 873	655	808	56	15 445

EMPLOYMENT BRAND

Building our employment brand linked to our employment value proposition continues to be a strategic focus.

A key initiative in this regard has been the implementation of an integrated Career Path Framework in our stores. This provides employees with a clear understanding of the different levels of work, the associated remuneration and career progression plan, supported by the necessary development programmes.

Union membership continues to drop, with voluntary withdrawal being the major reason for a drop in membership. It is anticipated that proposed Labour Law amendments coupled with a difficult period in South African labour relations will provide for a more complex labour environment going forward, and the employment brand, employment value proposition and engagement will continue to be critical strategic focus areas.

REMUNERATION

Woolworths' remuneration is managed within the principles applied in the integrated remuneration policy, namely:

- The remuneration framework supports the delivery of the company strategy.
- Guaranteed pay (TCoE) is benchmarked against major South African retail and non-retail companies to ensure competitiveness.
- Market conditions, company performance, internal comparability, individual responsibility, performance and behaviour are all taken into consideration.
- A balance is created between short- and long-term incentive schemes. All employees have the opportunity to participate in a short term incentive scheme linked to business and individual performance.
- Annual review of salaries takes into account both financial and non-financial individual performance against agreed goals, individual behaviour against company values and market competitiveness.

NUMBER OF INJURIES ON DUTY

PERIOD	
July 2012 to June 2013	682
July 2011 to June 2012	778
July 2010 to June 2011	563
July 2009 to June 2010	693
July 2008 to June 2009	551
July 2007 to June 2008	511
July 2006 to June 2007	751
July 2005 to June 2006	637



Please refer to the "Our People" section in our 2013 Integrated Report



Please refer to the "Remuneration" section in our 2013 Integrated Report

OCCUPATIONAL HEALTH AND SAFETY AND SECURITY

All Woolworths' buildings are designed within stringent health and safety guidelines and with employee and customer well-being as a primary consideration. Joint worker/ management health and safety committees are in place. At the distribution centres health and safety issues ensuring compliance with legislation are covered in the collective agreement with the trade union.

Prevention is an important aspect of Woolworths' health and safety procedures and the company supports ongoing communication in the workplace, particularly around safe working practices in high-risk areas such as stores and the distribution centres.

Woolworths currently employs 15 occupational health practitioners to deliver a comprehensive occupational health and wellness programme which includes an employee assistance programme (EAP). This programme provides confidential counselling for personal or business crises, as well as lifestyle counselling to employees to help them manage health-related issues.

Furthermore, in support of our strategy to employ people with disabilities, we consistently re-evaluate our work environments to ensure that reasonable accommodation is in place.

The number of injuries on duty for the 2012/13 year is 682. No deaths due to injury on duty were recorded.

Absenteeism for the year was 2.6% as a percentage of total working days.

HIV/AIDS

GLOBAL OUTLOOK

To coincide with World AIDS Day on December 1, UNAIDS released the 2012 Report of the Global AIDS Epidemic.

At the end of 2010, an estimated 34 million people in the world were living with HIV, compared with 33.3 million in 2009 and 28.6 million in 2001. Worldwide, the number of new infections continues to decline.

NATIONAL OUTLOOK

HIV/AIDS in South Africa is a prominent health concern; South Africa is believed to have more people with HIV/AIDS than any other country in the world. Using the UNAIDS spectrum model, HIV prevalence in 2011 was estimated at 17.3% – down from 17.9% in 2010.

ACTIVITIES AND ACCOMPLISHMENTS

HIV/AIDS is regarded as a potential threat which can be managed and monitored with the appropriate leadership, strategic planning and implementation of cost-effective and sustainable measures, to manage the impacts on the organisation and its employees. The costs of HIV/AIDS include costs associated with increased absenteeism, reduced productivity, increased turnover, and healthcare costs.

To address the potential impacts of this pandemic on the organization, we have several initiatives across the business to assist in a more proactive manner:

- A complete review of the Woolworths HIV/AIDS strategy and policy in line with latest government guidelines.
- A complete review of AIDS awareness training material.
- Woolworths has a comprehensive employee assistance programme (EAP) which encourages employees/people who are affected or infected by HIV to come forward for confidential counselling and support.
- All Woolworths' employees in our South African operation have access to free treatment and care. The Clinical Management Programme, (100% company-funded) offers treatment and other benefits to those HIV-positive employees who do not qualify for

membership of the Wooltru Healthcare Fund. Those belonging to the Healthcare Fund can access treatment via the fund.

- Woolworths has launched a testing campaign in line with the government's national HCT (HIV counselling and testing) campaign. This includes a wellness component. These tests include HIV, diabetes, cholesterol, body mass index and blood pressure screening.
- HIV/AIDS awareness within stores, supply chain and head office continues, and some individual stores have their own HIV awareness committees that arrange HIV/AIDS-related awareness activities. This will be reinforced by the one-on-one education that takes place with the HIV-screening test.
- Woolworths also contributes to better management of issues such as HIV/AIDS in the workplace in partnership with organisations such as the South African Business Coalition on HIV/AIDS.
- Woolworths supports national campaigns such as World AIDS Day and the 16 Days of Activism Campaign For No Violence Against Women and Children, breast cancer and substance abuse awareness.
- HIV/AIDS training is included as a standard module in all our store staff learnerships.

THE CHALLENGES AHEAD

- Encouraging all employees to know their HIV status by taking part in the HCT campaign.
- Encouraging employees to confidentially report cases to the Clinical Management Programme, Wooltru Healthcare Fund HIV programme or Woolworths Health Services to ensure access to support and information.
- Putting effective measures in place to reduce the financial impact of the HIV/AIDS epidemic on the organisation.

OUR CUSTOMERS

OUR GOOD FOOD JOURNEY

The Good Food Journey is the name we've given to our on-going quest to offer South Africa food that's better for our customers, better for the environment and better for the people who produce it. It encompasses everything from not using additives like tartrazine and MSG in our foods, removing the non-nutritive (artificial) sweeteners aspartame, cyclamate and saccharin, and promoting healthy eating as part of a healthy lifestyle.

- Woolworths pioneered the practice of date marking ("Sell By" and "Best Before" or "Use By" dates) in South Africa, giving customers an indication of when food would be at its best.
- We avoid the use of unnecessary additives (including preservatives) in foods.
- Our exclusive range of Ayrshire dairy products and all fresh milk is guaranteed free of rBST growth hormones.
- Woolworths offers yoghurts containing no added preservatives. In addition, all Woolworths yoghurts are made with rBST hormone-free milk and contain exclusive HOWARU™ cultures.
- Woolworths removed aspartame from its foods. Woolworths has also removed the non-nutritive sweeteners saccharin and cyclamate from its own-brand foods.
- Woolworths-branded foods no longer contain azo dyes, a type of artificial colourant frequently used to colour sweets and other brightly coloured foodstuffs.
- Woolworths actively removes and avoids the use of allergens. Woolworths pioneered allergen labelling in South Africa by introducing "nut logos" and a "contains" section (later changed to the "allergen" section) on product labels.
- Where we can do so, we will provide choice within our ranges for customers who wish to avoid particular ingredients, e.g. specific gluten-free products, meal solutions not containing garlic, etc.
- In 2013 Woolworths released a fresh range of 'free from lactose' Ayrshire products, which includes low-fat milk and low-fat plain yoghurt. Through the specialised enzyme hydrolyses process of lactose in cow's milk, the lactose content of the milk is reduced to less than 0.01 %.
- It is Woolworth's policy to remove or replace ingredients derived from genetically modified crop sources where possible for Woolworths-branded products. Where this is not possible and products contain ingredients which may be derived from genetically modified

crops, the products are clearly labelled, enabling customers to make an informed choice in their product selection.

- Woolworths is taking steps to help improve customer health through ranges such as Slimmer's Choice and portion controlled snacks as well as providing nutritional information on Woolworths-branded product labels so that customers can assess how the product fits their dietary requirements.
- Woolworth helps educate school children and their parents on nutrition as part of our Making the Difference Educational Programme (see page 42).
- Woolworths has partnered with Discovery's Vitality program and since March 2013, Vitality members with qualifying Discovery medical aid products, and who are linked to VRewards, are eligible to receive up to 25% cash back on their purchases of HealthyFood™ items at Woolworths.

OUR EXCLUSIVE RANGE OF AYRSHIRE DAIRY PRODUCTS AND ALL FRESH MILK IS GUARANTEED FREE OF RBST GROWTH HORMONES.

FOOD SAFETY

Food safety is critical to the business and mechanisms are in place to ensure that consumers are offered product which has undergone thorough testing and rigid process control to ensure it is as safe as possible. Processes include:

- the Woolworths-appointed independent SANAS- (South African National Accreditation System) accredited food laboratory runs routine checks for any potentially harmful micro-organisms and pathogens. It also routinely monitors pesticide residue levels on fresh produce and heavy metal levels in fresh fish; and
- an independent auditing organisation, International Britannia Limited (IBL), conducts four hygiene audits a year in each of our stores where food is cooked to ensure that good food-handling routines are in place.

Woolworths has three standard steps to prevent our products from potentially being harmful due to contamination with microbial pathogens, namely:

- factory hygiene procedures and processes, e.g. separation of raw and cooked products (high-/low-risk barriers);
- temperature controls; and
- product date marking.

And to verify the effectiveness of these controls we:

- do hygiene audits and microbiological testing;
- do temperature checks all along our supply chain; and
- audit date controls in stores and verify product shelf-life through testing.

Food poisoning is caused by specific pathogenic micro-organisms (or the toxins produced by these micro-organisms). Each micro-organism has specific growing requirements (e.g. water activity, pH, temperature, etc.).

All factories producing products for Woolworths are audited independently by various inspection services and are visited regularly by the Woolworths technical team to ensure that the highest standards are maintained.

As the safety of numerous products depend on optimal storage temperatures being maintained, Woolworths takes great care to maintain a strict cold chain. The cold chain is the whole process from producer, via the Woolworths distribution system and the Woolworths stores, to our customers. It is essential that the correct temperature is maintained throughout this process. If the cold chain is somehow broken (with temperatures exceeding the specified range), it drastically shortens the product life, and temperature-sensitive products may potentially become harmful due to the growth of microbial pathogens.

We also date mark products indicating until when the product can safely be consumed. Products labelled with a Use By date, should be consumed on or before the indicated date. Products labelled with a Use By date may potentially become harmful, and therefore should not be consumed beyond the indicated date, but destroyed. If products are suitable for home freezing, they may be frozen prior to the Use By date, for safe consumption beyond the Use By date.

Woolworths has a robust product recall process in place, whereby products posing a safety risk are removed from the shelf within two hours of the respective executive being made aware of the risk.

Woolworths' labelling policy ensures that customers are given sufficient accurate information to allow them to make informed buying decisions. Woolworths clothing is fully compliant with government requirements in terms of labelling which, in addition to listing the country of origin, require details of fibre content and care instructions plus the importer's code for imported lines or the manufacturer's taxpayer number for local goods.

All Woolworths food labels contain detailed information on ingredients, nutritional values and allergens.

FOOD SAFETY IS CRITICAL TO THE BUSINESS AND MECHANISMS ARE IN PLACE TO ENSURE THAT CONSUMERS ARE OFFERED PRODUCT WHICH HAS UNDERGONE THOROUGH TESTING AND RIGID PROCESS CONTROL TO ENSURE IT IS AS SAFE AS POSSIBLE.

CASE STUDY – FOOD SAFETY AND INTEGRITY

In a recent flurry of events, sparked by the horse meat scandal in the UK, undeclared ingredients were found in certain meat products tested in South Africa, resulting in growing customer concern over the origin and contents of food.

While our independent tests did not find any deliberate adulteration of our products, a study by the University of Stellenbosch reported traces of chicken DNA in our French Polony, which was not disclosed as an ingredient on our product labelling. We believe that the reported presence of chicken DNA traces in our French Polony was due to cross contamination during production, and not deliberate adulteration or negligence.

We remain vigilant and continue to monitor our processes closely.

Food safety is critical to our business and we have mechanisms in place to ensure that consumers are offered products which have undergone thorough testing and rigid process control to ensure they are safe.

We have stringent policies and processes to ensure the integrity of our food, namely:

- 1) Working only with producers whom we have vetted and who share our values;*
- 2) Specifying our product recipes and;*
- 3) For critical raw materials such as meat, we specify which sources our suppliers are allowed to source from.*

In addition, all Woolworth's suppliers are audited independently by various accredited inspection services and visited regularly by the Woolworths technical team to ensure that the highest standards are maintained.

We are confident that Woolworth's food is fully compliant with government requirements in terms of labelling which, in addition to listing the country of origin. Our labelling policy ensures that customers are given sufficient accurate information to allow them to make informed buying decisions. All Woolworths' food labels contain detailed information on ingredients, nutritional values and allergens.

BABY AND CHILD SAFETY

We do our utmost to ensure that our baby and childrens' clothing is safe,

Key focus areas include:

- Ensuring that Woolworths baby clothing and blankets are made from the softest fabrics, with soft lining underneath decorative embroidery or patches as well as zips, to stop irritation.
- A no-pin policy in Kidswear and metal detectors in our factories, to ensure we keep children safe and free from metal contaminants.

- A "no nickel" policy in clothing trims and jewellery.
- Only using lock-stitched buttons and designing cords in a way that reduces the chance of accidental choking.
- Ensuring that all our baby, toddler and school shoes have slip-resistant soles.
- Testing our hats for ultraviolet radiation protection. We are recognised by the Cancer Association of South Africa.
- Designing selected items in our school wear range with fabric that has built-in UV protection and an innovative

W-Fabric guard which provides resistance to oil and water based stains.

- Putting reflective strips on our school bags, rain jackets and shoes, to make kids more visible on the road.
- Safety-testing of toys against international safety standards.
- Age suitability warnings on our kids' toys to help parents choose items that are safe for their baby or toddler.



Child Safety case study can be found on page 40



WE DO OUR UTMOST TO ENSURE
THAT OUR BABY AND CHILDRENS'
CLOTHING IS SAFE,

OUR SUPPLIERS

Woolworths works closely with our suppliers to minimise the use of natural resources. We also continue to focus on the transformation of our supplier base.

All our suppliers, service providers and franchisees, whatever their location, are bound by the Woolworths Code of Business Principles. All our suppliers are regularly assessed against it.

This means that the quality of their workmanship has to be the highest, their workforce has to be treated fairly and that any negative impact their operations might have on the environment is minimised.

Clothing's 2013 compliance target was 95%, and 94% was achieved, a good improvement from previous years, with challenges in the engagement of international suppliers and supplier turnover preventing a score closer to 100%.

Food targeted 95.5% compliance with the Code of Business Principles for 2013 and achieved 96% compliance over a two-year audit cycle.

In the past year, Woolworths has joined Sedex Information Exchange, which is the world's largest collaborative platform for managing ethical supply chain risk. Sedex is a unique, not for profit and innovative platform, encouraging companies to manage ethical supply chain risk and streamline the challenging process of engaging with multi-tier supply chains. Because of its dedication to driving improvements in ethical and responsible business practices in global supply chains, it spans its company membership across over 28 500 companies from 23 business sectors in 150 countries. As the largest collaborative platform for managing ethical supply chain data, Sedex engages

with all tiers of the supply chain with the aim of driving improvements and convergence in responsible business practices.

This comes at a time when there is increased global pressures on retailers to be vigilant on where they source their products and also not only look at the sustainability of a product but looking at the labour relations standards of the supplier sourced from. This pressure is a result of the unfortunate events that recently took place in some factories in Bangladesh where scores of people were killed due to unethical working conditions. In light of the fact that some of Woolworths products come from places like Bangladesh, we saw it fitting to embark on a journey that will help us manage our ethical supply chain risk better and drive improvements.

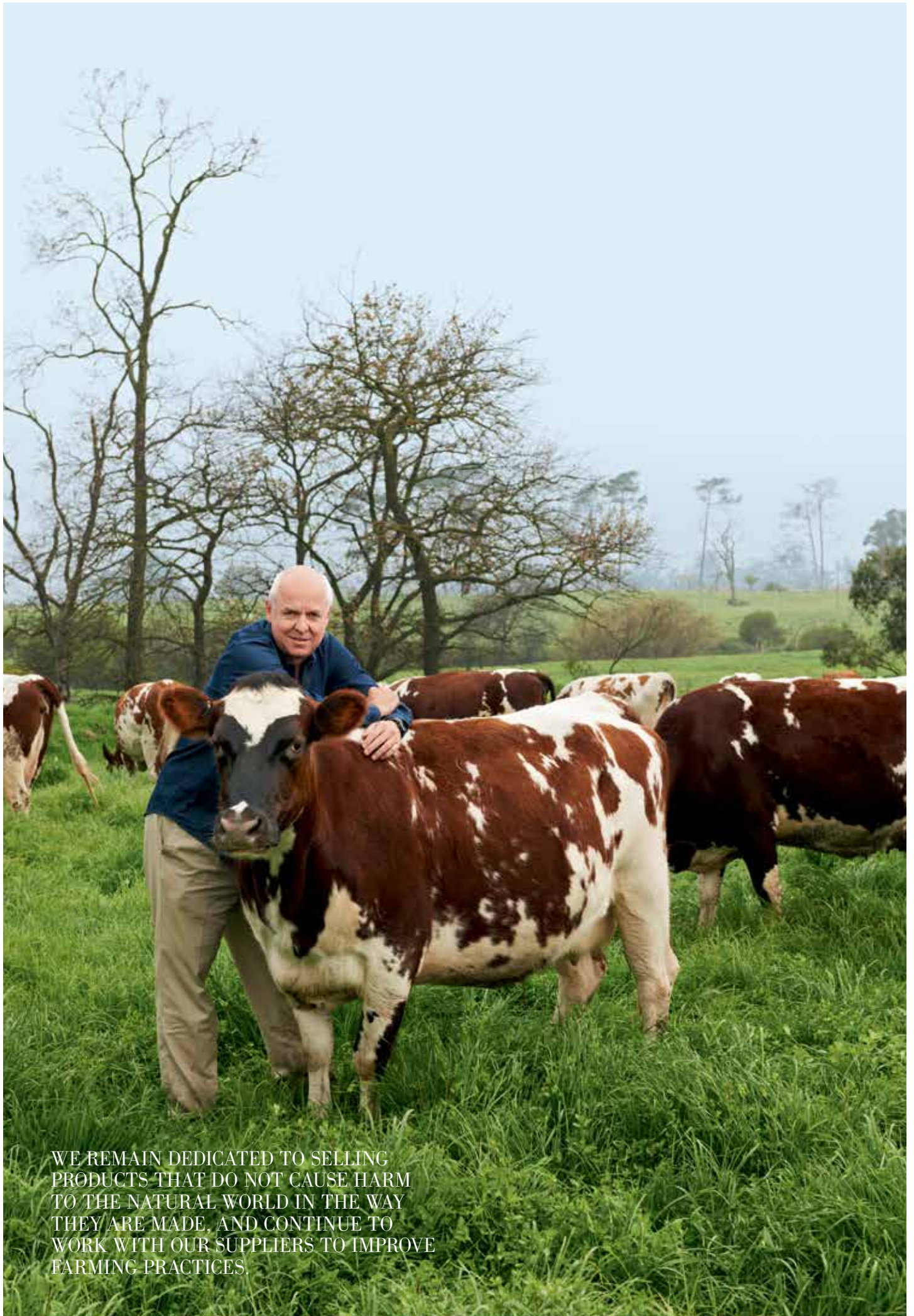
As such, we are incorporating stricter fire safety and building compliance standards in our third party audits, initially in Bangladesh.

We have also taken note of the pressure being put on textile companies by Greenpeace and others to take greater responsibility for chemical use and worker safety in their supply chains.

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 our supply base to use chemicals responsibly, and only use those that do not pose harm to workers, customers or the environment. We have reiterated this requirement of our supplier code with all Clothing suppliers during this year.

**FOOD TARGETED 95.5%
COMPLIANCE WITH
THE CODE OF BUSINESS
PRINCIPLES FOR 2013
AND ACHIEVED 96%
COMPLIANCE OVER A
TWO-YEAR AUDIT CYCLE.**





WE REMAIN DEDICATED TO SELLING
PRODUCTS THAT DO NOT CAUSE HARM
TO THE NATURAL WORLD IN THE WAY
THEY ARE MADE, AND CONTINUE TO
WORK WITH OUR SUPPLIERS TO IMPROVE
FARMING PRACTICES.

ENVIRONMENT

64 / Sustainable Agriculture and Management of Biodiversity

65 / Farming for the Future

69 / Fishing for the Future

72 / Animal Welfare

74 / Water

76 / Waste

ENVIRONMENT

Our key initiatives under the environmental pillar of our programme include:



**PROTECTION OF
BIODIVERSITY**



**FISHING FOR
THE FUTURE**



**FARMING FOR
THE FUTURE**



**ANIMAL
WELFARE**



**WATER
MANAGEMENT**



**WASTE
MANAGEMENT**



**THE
REDUCTION OF
PACKAGING**



**THE REDUCTION
OF PLASTIC
BAG USAGE**

COMMITMENTS AND PROGRESS	2013	2012	BY 2013	BY 2015
Relative water reduction in stores	20%	1%	30% relative reduction	50% relative reduction
Total water usage in stores	403 007kl*	512 147kl		–
Water usage head office complex	23 463kl*	27 888kl	30% relative reduction	70% relative reduction
Water usage distribution centres	134 734kl*	110 717kl	30% relative reduction	50% relative
Free range and organic food sales (excluding Farming for the Future, including products made with free range eggs)	R4 billion	R1 173 million	R1 billion	R4.3 billion
Percentage of total clothing sales from products containing sustainable fibres/inputs (was previously organic and sustainable fibre clothing sales)	5%	8%	6%	12%
Produce farmers qualifying for the Farming for the Future (FFF) programme	98%	95%	85%	85%
Woolworths wine suppliers qualifying for membership of Biodiversity and Wine Initiative (BWI)	100%	80%	100%	100%
Foods packaging reduction	185 packaging improvements done	105 packaging improvements done	2 000 (20% reduction)	100 pack improvements per year
Recyclability of foods packaging	98%	85%	90%	100%
Recycled content rigid packaging in percentage of foods lines	41.5%*	45%	25%	50%
Reusable bags sales (number of bags)	1 450 000	1 583 000	1 400 000	1 800 000
Plastic bag sales per transaction (benchmark 1.33)	0.79	0.77	1	0.5
Number of Woolworths recycling facilities	71	61	50	All Engen/Woolworths sites and over 120 in total
Percentage waste-to-landfill from distribution operations	7.59%	11%	10%	0
Percentage of products with demonstrable water and energy saving attributes (Clothing)	45%	40%	30%	60%
Number of Food products made using socially or environmentally responsible ingredients (free range eggs, palm oil, coffee, cocoa, tea)	232	5	3	200

* Part of EY's audited key performance indicators. The basis for measurement of these indicators can be found on www.woolworthsholdings.co.za



Go to www.woolworthsholdings.co.za

SUSTAINABLE AGRICULTURE AND MANAGEMENT OF BIODIVERSITY



Agriculture in South Africa holds a number of challenges – water scarcity, poor quality soils in many areas, managing the impacts of climate change, trends towards urbanisation and responsibly undertaking land reform.

Coupled with the need to produce sufficient food for South Africans, is a responsibility of agriculture to manage its impacts on natural resources and biodiversity, particularly since South Africa has one of the highest levels of biodiversity in the world.

Over the past decade it has become clear that while a conventional approach to farming has produced relatively cheap food in abundance, this pricing also carries hidden costs for the health of the planet and its people. Years of ecosystem degradation in South Africa's agricultural landscapes has resulted in depleted soils, barren lands and compromised water quality, rising input costs and greenhouse gas emissions, and increasing rural poverty.

This situation is driving a move towards the need for sustainability in farming practices and agriculture which can protect soils and water supply, nourish people, support rural livelihoods and help communities cope with a changing climate. The ideal outcome is an agricultural sector that can meet world food demands, enhance rural livelihoods and underpin stable economic systems.

Woolworths and its suppliers are dedicated to selling products that cause the minimum of harm to the natural world in the way they are made, and we are focused on working with our suppliers to improve farming practices.

Woolworths' broader response includes:

- shifting conventional farmers to adopt environmentally sensitive farming practices through our Farming for the Future programme;
- only sourcing wood which is recycled or independently certified as coming from approved sustainable sources, e.g. Forest Stewardship Council (FSC);
- all our qualifying Woolworths wine farmers in the Cape Floral Kingdom are members of the Integrated Production of Wine (IPW) programme and the Biodiversity and Wine Initiative (BWI);
- selling no product or by-product of threatened species in terms of our animal welfare policy;
- supporting predator-friendly farming and working against indiscriminate forms of predator management that cause pain, distress or death to predators (see page 73);
- procuring seafood, palm oil, cocoa and coffee that has been produced in a more sustainable and fair way;
- selling our Earth Friendly range of household cleaning, personal care and baby toiletry products (improved and re-launched in 2013), that are made with naturally derived and biodegradable ingredients, contain no artificial colours or animal ingredients, and are not tested on animals; and
- working in partnership with the World Wide Fund for Nature South Africa (WWF-SA) to drive greater sustainability through selected Woolworths products and operations.





FARMING FOR THE FUTURE

Farming For the Future, our holistic approach to farming (including packaging/processing) that we are pioneering, continues to achieve what it sets out to do: help farmers grow quality produce while protecting the environment, preserving natural resources and reducing dependence on synthetic fertilisers, herbicides and pesticides – all without adding anything to the price the consumer pays.

During the last year 133 of our primary fresh produce and horticulture suppliers were independently audited against our Farming for the Future standard, as well as a number of our secondary suppliers. The audit covers the following aspects of farming and packaging/processing in great detail:

- Soil management (soil chemical composition, soil nutrient status, fertilisation practices, soil carbon content, soil cover)
- Irrigation water management (calculation of irrigation requirement, measurement of soil moisture, water use efficiency, water chemical composition, water health)
- Environmental legal requirements (environmental management, water management, agricultural management, heritage management, property zoning)
- Biodiversity management (conservation of endangered species, alien invasive plant management, fire management, game and problem animal management and erosion management)
- Waste and wastewater management (general farm waste, agri-industry waste, hazardous waste, process waste water, sewerage waste)
- Cooling and energy (measurement of energy use, programme to ensure continual improvement, refrigerant used)
- Pest and plant management (legal agro- chemical usage, integrated pest and disease management, integrated weed management)
- Substrate and run-off management (substrate type, calculation of fertilisation requirements, practical implementation of fertiliser programme, run-off water management, structure)

The various environmental aspects of the Farming for the Future audit results can be measured individually and collectively to identify areas where improvement is needed. In general, the reasons for low performance can be ascribed to aspects that take time to rectify, such as increasing soil carbon, monitoring and improvement of waste water volume and quality generated in pack houses, etc. These aspects are only expected to show significant improvement over three or more years.

Due to the extensive work that our wine suppliers are already doing to ensure more sustainable production through the Integrated Production of Wine (IPV) programme and the

Biodiversity and Wine Initiative (BWI), we will only be auditing suppliers against our Farming for the Future principles that do not qualify for BWI due to land ownership criteria.

Work has begun to expand the Farming for the Future programme to our dairy and beef suppliers, in conjunction with WWF-SA. By 2015 50% of the Foods business will be Farming for the Future.

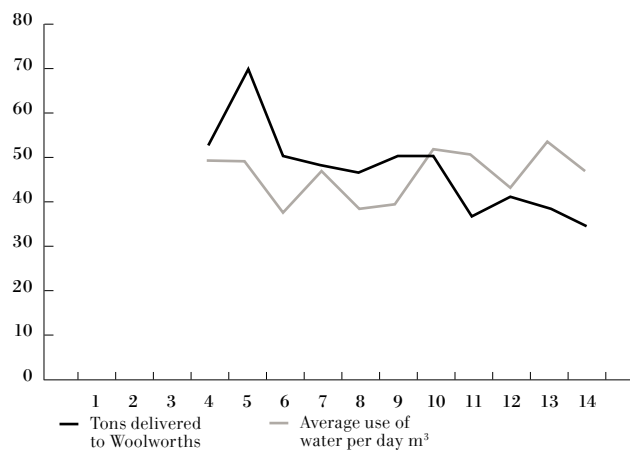
In 2013, Woolworths won a Nedbank Capital Sustainable Business Award in the category Trade and Services, for our Farming for the Future programme.



CASE STUDY: GREENPAK

Greenpak farms are based in the Bothaville area in the Free State, close to the banks of the Vaal River. They have been one of the most impressive suppliers applying our Farming for the Future programme and have seen some substantial water savings in particular, while simultaneously increasing their amount of carrots delivered to Woolworths over the last 14 months (see graph illustration below).

AMOUNT OF CARROTS DELIVERED TO WOOLWORTHS OVER THE LAST 14 MONTHS



Water management measures implemented include:

- Electronic measurement of water used in pack house
- Use of carrot shaker to loosen soil particles before washing
- Improved cleaning procedures (low water flow foaming system instead of hoses)

- Staff training to avoid spillages and to limit water loss during cleaning processes
- Improved understanding of legal volume requirements for wastewater end-use

Reasons for water reduction on Greenpak fields include:

- Improved measurement of water use efficiency
- More accurate interpretation of water measurements
- Mitigation plan in place to accommodate extreme weather patterns
- Only keeping the root zone of the carrots wet
- Balancing fertiliser applications with water applications
- Identifying of which type of soil suits the crops done on a more scientific basis
- Better variety selection (winter vs. summer)
- Managing planting density to fit in with Woolworths' specifications

Greenpak implemented simple water treatment principles that have resulted in legal compliance. Step one has been selecting beneficial and sustainable end-use of wastewater (irrigation of pastures) and knowing their legal requirements. In the packhouse they are:

- Using only environmentally friendly cleaning agents and disinfectants:
 - Phasing out chemicals containing sodium (Na)
 - Phasing out acids that have been increasing Chemical Oxygen Demand (COD)
 - Avoiding solids entering wastewater stream
- Treating the wastewater by:
 - Screening out coarse solids
 - Settling out fine solids
 - Applying aeration and sufficient containment.

The latest wastewater chemical data indicates:

PARAMETER	BEFORE TREATMENT	AFTER TREATMENT	LEGALLY REQUIRED
Chemical oxygen demand (COD): mg/kg	33 500	626	5 000
pH	4.5	6.6	6 – 9

Speaking for Greenpak, Toks Liebenberg said that Farming for the Future has taught them to measure and interpret the results in a scientific way. Farming for the Future has also taught them to approach their farming in a holistic manner by for example recognising that irrigation water does have nutrients, and must be taken into consideration in their fertiliser program.



133 OF OUR PRIMARY FRESH PRODUCE
AND HORTICULTURE SUPPLIERS WERE
INDEPENDENTLY AUDITED AGAINST OUR
FARMING FOR THE FUTURE STANDARD.



MAKING A DIFFERENCE

When you buy fresh, frozen, tinned or ready-to-eat fish from Woolies, you're making your bit to help ensure future generations have plenty more. We're working closely with the Marine Stewardship Council (MSC) to ensure African Sustainable Seafood Initiative. We're committed to ensuring that the fish that you're buying is what we say it is.

ING



FISHING FOR THE FUTURE

Woolworths has for a number of years been concerned about the impact of overfishing in our own waters as well as the global impact of overfishing. We remain deeply committed to procuring all our seafood from sustainable fisheries and responsible farming operations.

Since introducing our sustainable seafood policy in 2008, we have achieved a number of significant milestones in terms of our products, and are continually working to raise awareness of the issues and help our customers make informed choices.

These milestones include:

- Introduced our Sustainable Seafood Policy (2008)
- Became the first retailer to sign the WWF-SASSI Retail Charter (2008)
- Began our Sustainable Seafood journey by compiling Wild Caught and Aquaculture questionnaires (2008)
- Introduced random DNA testing to ensure that species are correctly identified (2010)
- Stopped selling Cape Salmon as a result of stock status (2010)
- Facilitated the process of getting trout on the WWF-SASSI 'green' list (2011)
- Stopped selling longline Yellowfin Tuna (2012)
- Established a business-wide Fishing for the Future working group (2012)
- Offered widest range of Marine Stewardship Council (MSC) certified species in South African retail (2012)
- All our seafood counters are MSC chain of custody certified (2012)
- Announced new retail commitments (2013)

Educational initiatives during the same period included introducing colour-coded labelling for our seafood (2009), developing our first 'Fishing for the Future' reusable shopping bag to raise awareness among customers (2009),

developing a second 'Fishing for the Future' bag (2012), and running a successful MSC-focused consumer awareness campaign (2012).

Having accomplished all this, we have now set ourselves some equally challenging but achievable goals for the next few years.

WOOLWORTHS SEAFOOD COMMITMENTS

By 2015, all our wild-caught seafood will be:

- WWF-SASSI Green-listed or
- caught from MSC (or equivalent) certified fisheries or
- fisheries that are undertaking a credible, time-bound improvement project in order to reach these standards.

All species produced by aquaculture will be:

- WWF-SASSI Green-listed, or
- Certified as Global GAP, Best Aquaculture Practise (BAP), Quality Trout UK (QTUK) or other credible standard, or
- From aquaculture operations that are engaged in a credible, time-bound improvement project, or, where applicable,
- From aquaculture operations that have formally committed to achieving the Aquaculture Stewardship Council (ASC) certification.

By 2016, all applicable source aquaculture operations that are not WWF-SASSI Green-listed, will have formally committed to achieving ASC (or equivalent) certification.

By end 2020:

- From aquaculture operations that are engaged in a credible, time-bound Improvement Project or
- All species from aquaculture operations will be WWF-SASSI Green-listed, or

- Where applicable, from aquaculture operations that are ASC (or equivalent) certified.

Woolworths, with the assistance of WWF, will determine the credibility of these Improvement Projects on a case-by-case basis and will provide guidance to fisheries/aquaculture facilities as to what constitutes a credible, time-bound improvement project.

We will at all times be transparent in our sustainable seafood journey. For this reason we will annually publicise our progress by noting the ratio of Green listed to Orange listed species we sell. Currently 62% of what we sell, by volume, is green listed.

WE REMAIN DEEPLY
COMMITTED TO
PROCURING ALL
OUR SEAFOOD FROM
SUSTAINABLE FISHERIES
AND RESPONSIBLE
FARMING OPERATIONS.

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 is entirely GMO-free and has the highest yield per hectare than any oil or oilseed crop, it is recognised that there are environmental 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. It is vital that production and use of palm oil is done in a sustainable manner.

Using some 600 tons of palm oil each year in our products, Woolworths is not a major user of palm oil and it is our policy to avoid the use of palm oil wherever possible. As a result of the change in national food legislation (South Africa's new R146 Food Labelling Regulations) in April 2013, we are now declaring the type of oil used in the ingredients panel on packaging of products concerned.

Woolworths was the first South African company to become a member of the global Roundtable on Sustainable Palm Oil (RSPO), a global organisation

dedicated to the sustainable production of palm oil. The RSPO has developed a set of standards called the Principles and Criteria that define the practices for sustainable palm oil production. These standards address the legal, economic, environmental and social requirements of producing sustainable palm oil. Woolworths has joined the RSPO in order to promote and raise awareness of the need for sustainable palm oil production and has further committed to only using RSPO certified sustainable palm oil in our products by end 2015.

Sourcing RSPO certified sustainable palm oil is currently a challenge as only 15 % of the global supply is certified as sustainable and most of this is sold to the EU. Woolworths participates in the GreenPalm trading system and purchases certificates for the tons of palm oil used in Woolworths' food and beauty products, contributing to RSPO's efforts to incentivise Indonesian and Malaysian palm oil producers to become certified sustainable producers. Woolworths is also actively engaging with local oil refineries and encouraging them to commit to importing certified sustainable palm oil and to become chain of custody certified.

FAIRTRADE CERTIFIED COFFEE

Woolworths serves only 100%-certified Fairtrade coffee in our Cafés. The coffee mostly comes from small-scale farms in Tanzania and Ethiopia who rely on traditional, sustainable farming methods that work in harmony with nature. We have recently introduced a South-American roast to our Cafes which is also Fairtrade certified.

Fairtrade is the world's leading certification system for sustainability and development through trade. We believe in supporting Africa's farmers and that Woolworths' partnership with Fairtrade will provide a better deal for small-scale farmers, and create opportunities for farmers and workers to improve their lives, their communities and protect the environment.

Woolworths has extended this commitment to a new range of certified Fairtrade coffees sold in stores. In 2012, Woolworths accounted for just over half of the Fairtrade coffee sold in South Africa.

Woolworth is also a Fairtrade at Work partner, which means we have committed to using Fairtrade and organic beans in our vending machines at our Head Office.

IN 2012, WOOLWORTHS ACCOUNTED FOR JUST OVER HALF OF THE FAIRTRADE COFFEE SOLD IN SOUTH AFRICA.



CASE STUDY: UTZ CERTIFIED COCOA

In October 2012, Woolworths launched a new boxed chocolate range for which 25% UTZ Certified cocoa was sourced, as a first step on a journey that will see all Woolworths chocolates being made with certified sustainable cocoa by 2016. We started with 25% because there simply isn't enough UTZ Certified cocoa available to meet our demand. We have since managed to increase to sourcing 50% UTZ Certified for this range. Our progress is tracked on our UTZ Cocoa Barometer which can be found on our website: www.woolworths.co.za/goodbusinessjourney

UTZ Certified is one of the world's leading sustainability programmes

for coffee, cocoa and tea. It's a comprehensive programme that helps the 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. Farmers also learn business skills, and their operational management is audited by independent third parties. This ensures that if a raw material is UTZ Certified, you have the assurance that it has been grown and harvested responsibly.

Another critical factor for Woolworths is that the UTZ Certified Codes of Conduct include explicit requirements

that prohibit child labour based on International Labour Organisation (ILO) conventions.

Even though Woolworths is a small player in terms of the global market, we are still committed to working with the industry, independent organisations, international agencies and others to encourage sustainable practices in the cocoa industry. We want to help producers become more sustainable, improve the management of labour, protect the environment and ensure the commercial viability of their organisations.



ANIMAL WELFARE

As retailers, we believe, it is our ethical obligation to ensure that our suppliers treat the animals in our supply chain in the most humane way possible.

We believe animals should have lives worth living. From birth to death, they should enjoy the five freedoms:

1. Freedom from hunger and thirst,
2. Freedom from discomfort,
3. Freedom from pain, injury or disease,
4. Freedom to express normal behaviour,
5. Freedom from fear and distress.

We are committed to continuous improvement in all aspects of animal health and welfare including livestock management and husbandry, housing, animal feed, farm hygiene, environment, transport, slaughter and disposal of animals regarded as "by-products". These aspects will be addressed in detail in our various species-specific Codes of Practice.

We will ensure that the animals used in the production of all our foods will be produced to our specifications by known suppliers, and that we will be able to trace the food back to the farms from where it was sourced.

To ensure that high animal welfare standards are maintained and continuously improved, our trained animal welfare specialists will at least annually visit and inspect all our South African abattoirs and processing plants and check that they and their supplying farms comply fully with our product specifications and animal welfare Codes of Practice. We will also periodically visit and inspect our foreign abattoirs.

We do not permit:

- Animal testing – we have never asked or commissioned our private label health and beauty suppliers to conduct testing on animals. Our animal welfare policy requires that suppliers did not use any raw materials tested on animals after 1 January 2001. Woolworths' entire

private label range of toiletries and cosmetics have not been tested on animals and have been approved by Beauty Without Cruelty (BWC).

- Products made from real fur.
- Selling of eggs from caged birds.
- Our health and beauty suppliers of our private label to use ingredients that are by-products of the food industry.
- The use of duck feather and down that is not a by-product of the food industry in homeware.
- Woolworths is committed to addressing the issue of mulesing of wool-producing Merino sheep. Mulesing is the surgical removal of strips of wool-bearing wrinkle skin from around the breech of a sheep. Mulesing is a common practice in Australia as a way to reduce the incidence of flystrike on Merino sheep. Although mulesing is not practised in South Africa, Woolworths will continue to monitor local South African suppliers to ensure that they conform to the position statement mandated by Cape Wools SA.

PREDATOR FRIENDLY FARMING.

Woolworths appreciates the complex issues that concern our business, our suppliers and our customers when farming with animals. We insist that animals are treated as humanely as possible in the production process.

In this regard, it is our intention to:

- not cause any undue harm, pain or stress to any animal whatsoever during the production of any Woolworths product;
- enable our farmers to minimise the human/wildlife conflict which occurs during the farming process;
- get all our livestock farmers to farm holistically and sustainably with nature and the specific environment in which they are located;
- educate our consumers on the true nature of the complex problem faced by our farmers with respect to human/wildlife conflict;
- craft a solution to the human/wildlife conflict problem on our supplying farms;
- ensure that Woolworths is the driving force and leader in replacing old, outdated, prejudiced and unacceptable methods of dealing with predators;
- facilitate and partner with interested and affected stakeholders in order to arrive at a sustainable solution as quickly as possible; and
- be open and transparent in everything we do with regard to this journey.

It is our strong belief that the use of any indiscriminate methods of predator control is not aligned to our intentions above and in particular, gin traps, poisons, or pack hunting with dogs are condemned.

We have now started on a journey, working closely with our supply base and experts in this field, including Conservation International South Africa, the Endangered Wildlife Trust (EWT), Landmark Foundation, Cape Leopard Trust and Cheetah

Outreach, which will ultimately see all Woolworths products produced on farms that do not use gin traps, poisons or pack hunting with dogs, or any other indiscriminate method of predator management.

FREE-RANGE PRODUCTS

Woolworths sells extensive lines of free-range chicken, beef and lamb and free-range pork at selected stores.

Woolworths is proud to have been the first local retailer to stop selling eggs from hens kept in cages in 2004. We remain the only major local retailer to have achieved this. In addition, we are increasing the number of food lines that are made with free range eggs. We are currently using free range egg ingredient in over 60% of these products.

Woolworths supports the NSPCA's position on the total banning of sow crates by 2016. Sow stalls for pregnant sows are a current industry standard. We are, however, committed to working with our suppliers and the SAPPO (South African Pork Producers Organisation) to phase out this practice. Woolworths also has a small supply of free-range pork. As demand increases, free-range pork will become a more viable option.

ORGANIC PRODUCTS

Woolworths continues to offer South African consumers a wide range of certified organic products, making it easy for shoppers to lead a more comprehensive organic lifestyle, often with little premium. The support for and supply of organic products has increased:

- In 2013 our organic and free-range food sales were R4 billion;
- organic clothing sales were over R600 million, still below the target we have set for ourselves for the year; and
- our Woolworths Cafés serve organic coffee (also Fairtrade certified).

SUSTAINABLE FIBRES

Driving innovation in clothing continues to be a strong focus. Woolworths began its organic cotton journey in 2004 and garments with both 100% and a percentage of organic cotton remain a popular choice among customers, especially in men's golf shirts and underwear ranges.

We have since set internal sales targets for items made from other sustainable fibres, including recycled polyester, bamboo, certified sustainable wood, and organic wool, and are making good progress against achieving these. We also have a range of duvet inner and pillows made using fibre from recycled plastic bottles, saving almost 500 000 plastic bottles from going to landfill each year.

By 2015 sustainable fibres will be used in 12% of Woolworths clothing products and we are taking into account the learnings of our various pilot initiatives to determine a new Clothing strategy regarding sustainable fibre usage, and the sources thereof which we will prioritise.

**WE REMAIN THE ONLY
MAJOR LOCAL RETAILER
TO HAVE STOPPED SELLING
EGGS FROM HENS KEPT
IN CAGES.**

WATER



South Africa is a water-scarce country. In addition, the quality of our water is increasingly threatened, in part by industrial and agricultural activity. Growing public awareness around water has been driven by droughts, flooding, and concern about acid mine drainage issues. The majority of South Africa's water resources are used in farming irrigation, and Woolworths, as a major supplier of fresh produce, has to play a role in water conservation. According to WWF-SA the stress placed on South Africa's scarce water resources has resulted in more than 84% of mainstream freshwater ecosystems being classified as "threatened" in a national survey.

Woolworths has committed to reducing water usage and managing waste water and water effluent across our own operations, within our supply chain and through collective action, partnerships, research and education.

Woolworths is a member of the CEO Water Mandate – a unique public-private initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices. We have structured feedback on progress on Woolworths' water programme according to the six focal points of the CEO Water Mandate:

1. DIRECT OPERATIONS

When evaluating new real estate opportunities, Woolworths considers if the design of the property enables the efficient use of water and water waste. This includes:

- water pulse meters in our facilities to accurately monitor water usage;
- storage and use of recycled and grey water systems, retaining as much water on site as possible for reuse;
- use of indigenous shrubs and ground covers, minimising irrigation needs; and
- storm-water management – allowing rainwater to be stored and used.

The installation of pulse meters has resulted in much better quality information being available, showing a 20% decrease in water usage in stores from our benchmark. Our improved measurement systems have allowed us to pick up leaks almost instantly now, and have challenged the accuracy of the water bills that informed our targets.

In 2011 Woolworths Head Office tapped into an underground water supply to meet some of its daily water needs. This water flows into the City of Cape Town's storm-water system, and eventually discharges into the sea without previously having been used. Woolworths installed a water treatment system that purifies the water which is used to flush toilets, run the building's car wash, the fountain outside the building and the cooling towers for the air-conditioning units.

Good progress has been made against the set targets regarding water usage in head office and distribution centres. Head office facilities have shown a 35% decrease in water usage from our 2008 benchmark, with greater savings to come. Head office consumption for 2013 was 23 463 kilolitres.

We have upgraded our own operational sustainability objectives and aim to reduce relative water usage in stores by 50% and municipal water usage in head office by 70% by 2015.

2. SUPPLY CHAIN

- Farming for the Future measures the water required for the plant and irrigation is used only if and when required. The conservative use of chemicals also prevents possible freshwater contamination from fertilisers and pesticides. Woolworths is targeting a 30% reduction in water usage by all Farming for the Future suppliers by 2015.

- Woolworths certified organic fresh produce is grown without the use of artificial chemicals, such as herbicides and pesticides, and does not release potentially harmful chemicals into water supplies.
- We completed a water trial with 66 food suppliers which has highlighted issues with run-off water (into rivers and aquifers) from irrigation practices, and waste water from farm processing and worked with the United Nations Global Compact and the German Development Agency GIZ (GTZ) to further analyse water usage in agriculture and develop methods for reduction. A number of our suppliers improved their waste water management practices as a result.
- We are working on researching and understanding the water footprint of selected priority products. A recent water footprint analysis of carrots, beans, cheese, and dishwashing detergent, completed in conjunction with Pegasys, has helped us gain a better understanding of water dependencies and risks in our supply chain.
- We are working in partnership with WWF-SA, WWF-UK, the alliance for water stewardship, Marks and Spencers, and ten of our shared fruit suppliers, to understand the impact of water usage within our fruit supply chain.
- Within the Clothing unit, Woolworths has committed to 60% of Woolworths' clothing products having energy or water savings by 2015 and will continue to work closely with suppliers to support this target.
- All suppliers who make fabric for our clothes adhere to very strict standards. No materials, dyes or chemicals used in the production of Woolworths clothing or textiles pose what we believe to be an unacceptable risk to health – or to the environment – during their manufacture or disposal.

3. COLLECTIVE ACTION

Woolworths is the only retailer to form part of the World Wide Fund for Nature South Africa's (WWF-SA) Water Balance Programme. The programme, launched in association with the government's Working for Water Programme, has multiple objectives of reducing the impact of invasive alien plants on our water supplies, improving the productive potential of land, restoring biodiversity and ecosystem functions, as well as creating jobs and economic empowerment for the workers removing the alien plants.

Woolworths is investing in the Water Balance Programme by finding ways

to balance our water usage through projects that increase supplies of clean, fresh water into the environment, such as removing water-thirsty alien vegetation on supplier farms and in protected areas, such as the Tankwa Karoo National Park.

4. 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.

5. COMMUNITY ENGAGEMENT

We are committed to water conservation education, especially assisting to educate

our supply chain and provide valuable water-saving tips to both customers and employees.

Through our Making the Difference Programme, we ran a competition for all primary school learners across South Africa in celebration of National Water Week 2013, to raise awareness over our country's critical water issues and award two learners with water tanks for their schools.

6. TRANSPARENCY

We support the activities of the CDP Water disclosure project, and have voluntarily participated in its assessment process the last three years.



The water treatment plant at Woolworths Midrand Distribution Centre

WASTE



BY USING RECYCLED MATERIAL INTO OUR PACKAGING, WE ARE HELPING CREATE A HIGH VALUE MARKET FOR CONSUMER WASTE, SUPPORTING THE LOCAL RECYCLING ECONOMY AND MINIMISING OUR DEPENDENCY ON LIMITED NATURAL RESOURCES.

South Africa is running out of landfill space in many cities. It is estimated that more than a third of waste going to landfills in South Africa is domestic waste, much of which could be recycled. Recycling is not only better for the environment and people's health, but creates opportunity for employment.

We have committed to reducing the amount of waste sent to landfill from our own operations, as well as making it easier for our customers to recycle, whilst driving a market for recycled materials by using them in our operations, packaging and products.

PACKAGING

Woolworths is committed to driving innovative, safe and legally compliant, fit-for-purpose food packaging, that protects, informs and sells at the lowest overall cost. Woolworths recognises that packaging plays an important role in helping to deliver a wide range of products to its customers. Woolworths also understands that most used packaging becomes waste and this is undesirable.

Our approach to packaging is about achieving the right balance. We want to ensure our products remain protected in transit so that additional waste is not created. In the case of food, we also want it to remain safe and hygienic, and to extend its shelf life for as long as possible so that additional food waste is not created. To us, this means using packaging responsibly.

Packaging reduction is an important environmental factor we are trying to address, but it needs to be balanced with the impact this can have on not protecting products properly, thereby increasing food waste. We have also included three other important environmental factors in our packaging development considerations. Where possible, we would select locally recyclable packaging formats and consider their ease of recyclability in the pack design. We would also aim to give preference towards inclusion of post-consumer recycled materials in packaging and the use of sustainable and renewable materials with certified chain-of-custody. Our packaging focus is supported by customer education and working with our partners to promote recycling activities.

We have revised our targets to focus on a certain number of packaging improvements on an annual basis. These improvements can take the form of packaging light weighting, substituting virgin material with recycled material, using certified renewable raw materials, and designing packs to be easier to recycle. We have achieved 185 packaging improvements over the past year.

We have set clear targets for recycling and reuse. These include:

- Selecting technically recyclable packaging materials and designing our packaging for local recyclability;
- using recycled material in rigid product packaging;

- including recyclability labelling on packaging to assist recycling efforts in South Africa;
- involving and influencing the packaging industry to develop more sustainable packaging options; and
- recycling all store equipment including food trays and hangers.

PROGRESS TO DATE

- 98.7% of the materials we use for our main food packaging containers are technically recyclable. This helps divert valuable material from the already limited landfill space and supports employment opportunities through recycling.
- 41.5% of food products sold in rigid packs contain recycled packaging materials. By reusing recycled material back into our packaging, we are helping create a high value market for consumer waste, supporting the local recycling economy and minimising our dependency on limited natural resources.
- Woolworths continues its efforts to specify the use of forest products that are independently certified as coming from well managed forests and other controlled sources (e.g. paper and board with certified chain-of-custody by the Forest Stewardship Council – FSC).
- Over 95% of our food lines have symbols on packaging to help recyclers easily identify and sort packaging materials for recycling.

CASE STUDY: PACKAGING IMPROVEMENTS

In line with our revised targets to focus on a certain number of packaging improvements on an annual basis, we have made over 185 packaging improvements in the last year. These improvements include:



Woolworths was the first retailer in South Africa to introduce take away coffee cups made with Forest Stewardship Council (FSC) certified board with certified chain-of-custody. All our in-store bakery cartons are also made using FSC board with certified chain-of-custody.

We have also specified FSC board with certified chain-of-custody to be used across a wide range of our pasta and condiment sauces.

FSC



In 2013, Woolworths became the first major South African retailer to use post-consumer recycled milk and juice plastic bottles in packaging by introducing 30% recycled High Density Polyethylene (rHDPE) into the packaging of selected Earth Friendly and other Woolworths cleaning products.

rHDPE



We have eliminated the sticky labels on our pre-packed rolls and buns, eliminating over 23 000 kg of material each year.

23 000 kg



Reducing the sleeves on our family range of prepared meals, resulted in annual packaging savings of more than 22 000 kg of board.

22 000 kg



Where food contamination is not a concern, we have made use of cardboard made with at least 80% recycled paper. For example, the sleeves on our ready meals.

80%



In 2011, Woolworths became the first major South African retailer to begin using post-consumer recycled plastic in food packaging, introducing 30% recycled Polyethylene Terephthalate (rPET) into ready-to-eat sandwich packaging, and into our 1.5 litre fresh juice bottles. The used recycled PET is in full compliance with EU

Regulations for plastics to be used for food packaging and is scrupulously cleaned to make sure it meets international standards of food safety.

The use of rPET in packaging has since been expanded to almost all of our food lines where PET is used in the packaging, eliminating the use of more than 200 000 kg of non-renewable virgin plastic and diverting more than 6 million plastic bottles from landfill annually and recycling them back into our packaging.

200 000 kg



Eliminating the board sleeves on our pickled fish product resulted in saving more than 3 000 kg of board per annum.

3 000 kg

STORE OPERATIONS

Woolworths recycles all hangers through Hangerman, which collects all unwanted plastic hangers from stores, sorts and cleans them (using a workforce that includes many people with disabilities) and sells them back to clothing suppliers at a discount. Over 300 million hangers have been recycled since the inception of the project.

We have been able to incorporate as much as 50% recycled material in many of our plastic clothes hangers and we make some of our new plastic hangers out of old, damaged ones.

Our entire fleet of trolleys and all in-store shopping baskets will be made from recycled material, including our new design which has 75% recycled content.

Over 30% of our in-store signage is made from recycled material – board made from recycled fibre and virgin pulp – a viable, ecological alternative to the standard plastic commonly used in signage, both fully recyclable and repulpable. In addition, the chemicals used in production are all water-based.

PAPER

As part of a focus on reducing paper usage, Woolworths has implemented a head office printing solution which will enable us to more effectively manage our print infrastructure, reduce costs and utilise desktop printing devices more efficiently. This initiative entailed replacing printers with centrally placed low-energy consuming machines which are able to print, copy, scan to e-mail and fax. A feature of this project is "Follow Me" printing, requiring one to swipe ones access card to release a print job, helping to reduce paper wastage as printing is only produced when a card is swiped and cannot lie unclaimed next to the printer.

RECYCLING

Woolworths committed to introducing a nationwide programme supporting the recycling of our customers' waste. Steps to achieve this started with a programme in selected stores to collect CFL light bulbs from customers and recycle these. During 2012 this was expanded to all Woolworths stores, and also includes batteries.

In late 2009 Woolworths, along with partners Engen and Nampak, began trialling recycling facilities at 11 Engen service stations in the greater Cape Town region. The pilot has offered Western Cape residents the convenience of dropping off their glass, paper, plastic and cardboard for recycling while filling up their vehicles or shopping at selected Woolworths Foodstops and Engen convenience shops.

Due to the success of the trial, we have installed recycling facilities at an additional eight Western Cape sites, 22 Engen sites in Gauteng and 11 sites in KwaZulu-Natal. By the end of June 2013 a total of over 600 tons of recyclable materials had been collected from the sites. Customers will be able to make use of recycling facilities at every Engen/Woolworths site and over 120 locations in total by 2015. We have also been able to bring a range of enterprise development collection companies into the model, in conjunction with Nampak.

In 2013 we began trialling recycling facilities at 20 schools in the Western Cape, as an alternative to offering recycling facilities in stores. We have since received numerous requests from schools wanting recycling facilities and due to the success of this trial, are looking to role these out at selected schools in other areas of the country.

COMPOSTING AT WOOLWORTHS HEAD OFFICE

Since composting of food waste was introduced in September 2010, 75.9 tons of organic waste has been composted, an estimated saving of 37.5 cubic metres of landfill space.

We are currently supplying the compost product to Abalimi Bezekhaya, an NGO that supports urban farmers in the townships, so our compost is going back into the soil where it is needed to grow organic vegetables.

In 2013 we launched a refresher campaign at Head Office to encourage our colleagues to place their recyclable and compostable waste in the correct bins. We upgraded our existing recycling bins with clear instructions on where to place different types of waste to help ensure that we maximise our recycling and composting, and avoid sending recyclable materials to landfill.

WE HAVE BEEN ABLE TO INCORPORATE AS MUCH AS 50% RECYCLED MATERIAL IN MANY OF OUR PLASTIC CLOTHES HANGERS AND WE MAKE SOME OF OUR NEW PLASTIC HANGERS OUT OF OLD, DAMAGED ONES. OVER 300 MILLION HANGERS HAVE BEEN RECYCLED SINCE THE INCEPTION OF THE PROJECT.



For a list of our Engen recycling sites, see www.woolworths.co.za/goodbusinessjourney

PLASTIC BAG USAGE AND REUSABLE BAGS

Woolworths is committed to reducing plastic bag usage as a way of reducing its impact on the environment, saving costs and assisting customers to save costs as well. Woolworths customers are particularly encouraged to use reusable shopping bags, thereby reducing the number of new shopping bags that need to be made.

These have created an opportunity for Woolworths to preserve the environment as well as support enterprise development. Woolworths' two main reusable bag suppliers, Isikhwama, based in Cape Town, and Gusco, based in Uitenhage, have sustained 140 jobs since the reusable bag business began eight years ago. Isikhwama employ and still recruit from the local area, semi-skilled and unskilled people, who were previously out of work. Gusco, being a cooperative, have retained the same employees.

Woolworths is the first retailer to start using post-consumer PET waste (recycled Polyethylene Terephthalate bottles) to make the colourful range of fabric reusable bags. The fabric is made using 80% post-consumer waste mixed with 20% of a "low-melt binder" to ensure the bag is durable enough to carry groceries.

To date, Woolworths has used 121 tonnes of fibre made from recycled PET bottles to make the fabric bags. This translates into 3.5 million bottles recycled and no longer going to landfill, and reducing carbon emissions associated with producing virgin material by 54%. It also helps create jobs – it's estimated that some 10 000 people earn income from collecting bottles. This would not have been possible without the support and close working relationship between Woolworths, Extrupet and Propet.

Reusable bag sales remain fairly strong as consumers switch from plastic bags, with almost 1,46 million bags sold (1.6 million in 2012), and a number of new designs launched. Through the designs, Woolworths aims to raise awareness around sustainability related issues such as sustainable fishing, water, sustainable farming, biodiversity and endangered wildlife. Some designs specifically raise funds to aid conservation efforts to help save Africa's most endangered species.

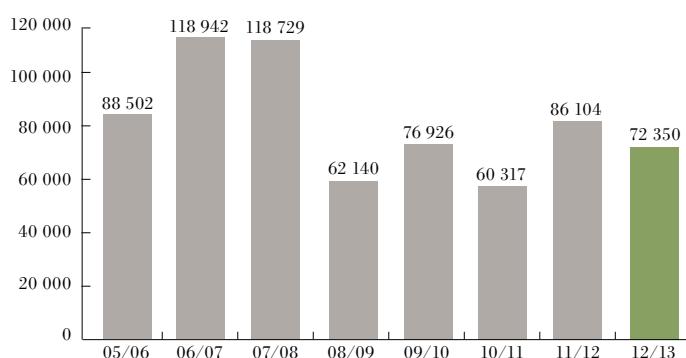
Since the launch of the first limited edition rhino bag in 2010, we've donated over R1.2 million to rhino conservation, and some R1.3 million has gone towards Cheetah, African painted dog and Vulture conservation. In 2013 Woolworths launched the "My Ocean Promise"

range, in partnership with the Two Oceans Aquarium, shifting the focus to our threatened marine species. To date, Woolworth's customers have helped raise over R3.6 million for conservation efforts to save our threatened wildlife and marine life and these bags have emphasised and educated consumers on the facts, highlighting that wherever we are in South Africa, our behaviour affects our precious wildlife.

Relative plastic shopping bag usage has, however, remained stable, with 0.79 achieved during the past year. The 25% reduction target (of 1.0) had been set for 2012, off a 2007 benchmark of 1.3 plastic bags per transaction. Woolworths has targeted to halve the amount of plastic bags used in foods by 2015 (to 0.5).

Woolworths' "green carriers" food bags are made from 55% recycled plastic, harvested from post-industrial waste. The shopping bags used for clothing and general merchandise also contain 55% recycled material which is also harvested from post-industrial waste. Woolworths is currently in the process of moving to 85% recycled post-consumer waste in our foods plastic bags.

PLASTIC BAG USAGE

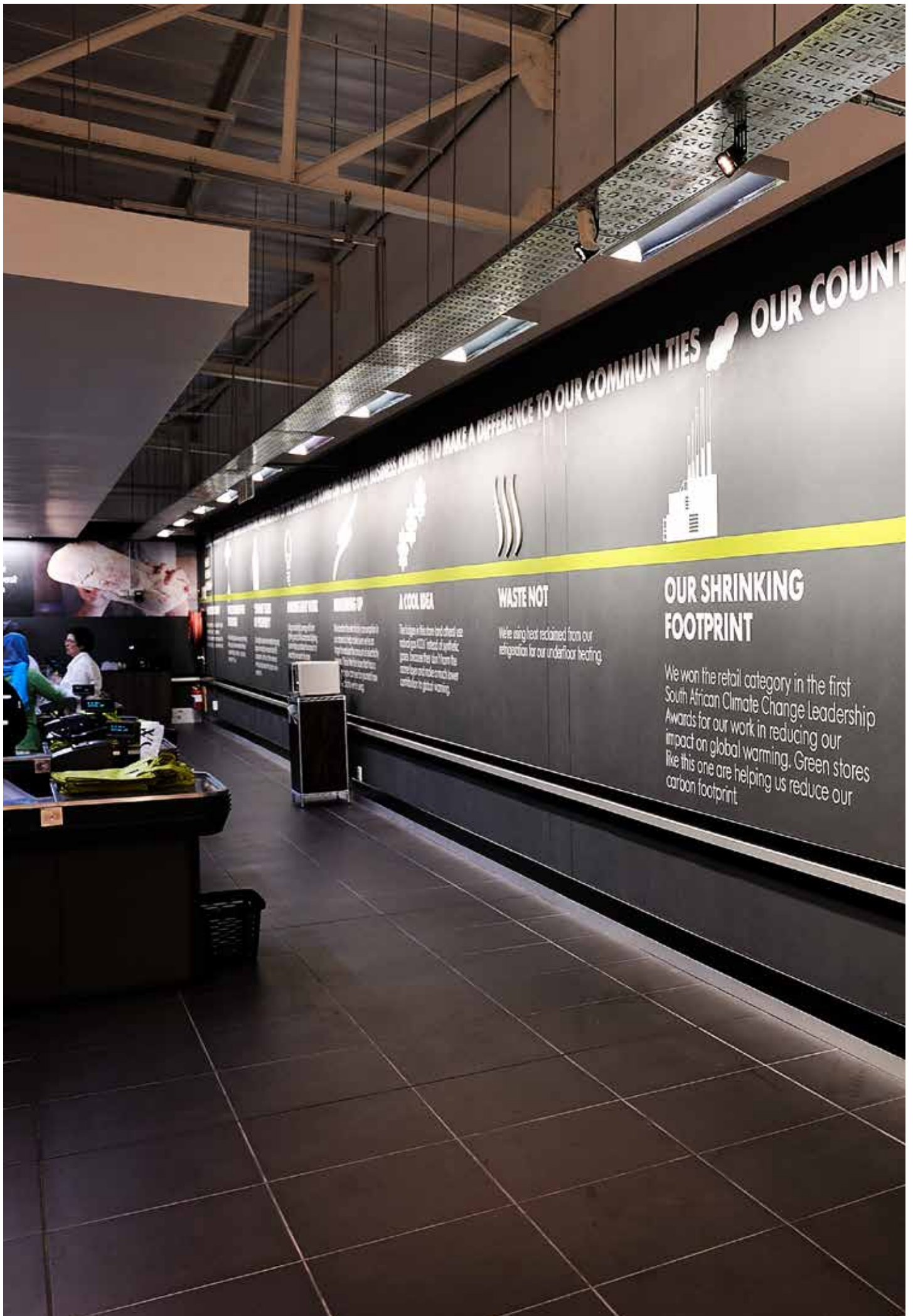


CLIMATE CHANGE AND ENERGY

84 / Carbon Management Programme

87 / Green Building Innovation

88 / Carbon Footprint



OUR COUNTRY

TO MAKE A DIFFERENCE TO OUR COMMUNITIES

OUR SHRINKING FOOTPRINT

We won the retail category in the first South African Climate Change Leadership Awards for our work in reducing our impact on global warming. Green stores like this one are helping us reduce our carbon footprint.

WASTE NOT

We're using heat reclaimed from our refrigeration for our underfloor heating.

A COOL IDEA

Refrigeration is a key part of our business. We've invested in the latest technology to ensure our refrigeration is as efficient as possible, reducing our energy consumption and our carbon footprint.

WINDING UP

We're committed to reducing our carbon footprint. We've implemented a range of measures to reduce our energy consumption, including the use of renewable energy and energy-efficient lighting.

WINDING UP

We're committed to reducing our carbon footprint. We've implemented a range of measures to reduce our energy consumption, including the use of renewable energy and energy-efficient lighting.

WINDING UP

We're committed to reducing our carbon footprint. We've implemented a range of measures to reduce our energy consumption, including the use of renewable energy and energy-efficient lighting.

WINDING UP

We're committed to reducing our carbon footprint. We've implemented a range of measures to reduce our energy consumption, including the use of renewable energy and energy-efficient lighting.

CLIMATE CHANGE AND ENERGY

OUR 40% TARGET TO REDUCE BOTH OUR ENERGY USAGE AND CARBON FOOTPRINT BY 2015 HAS BEEN GIVEN FRESH IMPETUS BY THE AMENDMENT OF THE KYOTO PROTOCOL DURING THE COP18 IN DECEMBER 2012 TO ACCOMMODATE THE SECOND COMMITMENT STAGE TO REDUCING EMISSIONS.

WITH NATIONAL PROJECTS TO SUPPLEMENT ENERGY SUPPLY RUNNING BEHIND SCHEDULE, AS IDENTIFIED BY THE WORLD ENERGY MONITOR, THE IMMINENT INTRODUCTION OF THE CARBON TAX, AND THE WATER-ENERGY NEXUS DRIVING THE STRUGGLE IN WATER AND ELECTRICITY SUPPLY, RESILIENT ADAPTATION TO CLIMATE CHANGE IS NEEDED.

With energy reduction forming part of our focus through the Good Business Journey, we have acknowledged that in order to ensure the long-term sustainability of the company and its operations, climate change adaptation is not something that can be avoided. We have a number of systems in place throughout our supply chain to address this and ensure that the changing climate does not result in detrimental impacts to our operations. We have programmes in place that advocate and guide our stakeholders throughout our supply chain on how to use resources such as energy and water in efficient ways.

We have done an in-depth analysis of the proposed carbon tax, and have determined that it will not have a direct material financial impact on our operations, in part due to the efforts we have made over the last decade around energy and transport efficiency. It is more difficult to determine exactly what the indirect impacts across our value chain may be, although the exemptions given to the agricultural sector for the first phase of the tax are heartening for a sector already under considerable pressure.



COMMITMENT AND PROGRESS

COMMITMENT	2013	2012	BY 2015
Reduce relative carbon footprint by 40% by:			
Reducing relative electricity usage	<ul style="list-style-type: none"> • 31% relative reduction • Corporate Buildings: 26% reduction 	27% relative reduction	40% relative reduction
Regional food sourcing	We source over 96% of our food from South Africa, based on country of origin labelling		
Reducing relative transport emissions	See Sustainable transport strategy and distributable unit (DU) measures below – on track. We will reduce carbon emissions per distributable unit by a further 20% by 2015 (2011 benchmark).		
Carbon footprint per DU delivered	0.254	0.265	0.268
Refrigeration	<ul style="list-style-type: none"> • 16 CO₂ refrigeration installations • 76 stores retrofitted with energy-saving technologies • 4 Ecofridge installations 	<ul style="list-style-type: none"> • 9 CO₂ refrigeration installations • 67 stores retrofitted with energy-saving technologies • 4 Ecofridge installations 	Continue to roll out CO ₂ refrigeration to new stores and retrofit where the opportunity exists
Lighting	Automated lighting in all stores	Automated lighting in 327 stores	
Green buildings	<ul style="list-style-type: none"> • 29 sites meeting green store status* • 5 more stores meeting platinum status. 	<ul style="list-style-type: none"> • Nicolway store launched meeting platinum status • 24 total sites meeting green store status 	Roll out green store model. Investigate certification of key facilities based on developments in SA Green Building Council standards
Clean energy	Solar installation trialled on one of Corporate buildings – working well	Clean energy projects proposals in progress – head office solar pilot project commenced in August 2012	Clean energy installation at minimum of one head office building and one DC
Work with soil scientists to regularly monitor our farmers' soil sustainability, increasing its CO ₂ absorption abilities	98% of our produce farmers are part of the Farming for the Future (FFF) programme – improvements in soil carbon being shown.	Continued improvement in soil carbon on majority of farms forming part of FFF programme	Farming for the Future extended to 50% of our Foods business

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

CARBON MANAGEMENT PROGRAMME

We've made a commitment to reduce our relative electricity use and carbon footprint by 40% by 2015 (off a 2007 benchmark) and are pleased to say that we're making significant progress towards that goal: we've cut our relative electricity consumption by 31% to date. Whenever we design a new store, our team looks at how to include energy-saving elements like natural ventilation, automated lighting systems, solar powered water heating and energy efficient lighting in the building's design.

Commitments include:

- Woolworths is committed to engaging with our national government and civil society organisations to develop policies and measures that will provide an enabling framework for the business sector to contribute effectively to building a low-carbon economy.
- Woolworths supports long-term regulatory action around the setting of clear medium- and long-term emission reduction targets, as well as adopting goals and incentives for renewable energy production.
- We will engage with our suppliers, staff and customers to create an understanding of the risks and opportunities of climate impacts.
- Woolworths has conducted awareness programmes, campaigns and presentations at stores for the last 25 years to educate staff about efficient use of energy.
- Woolworths' carbon footprint has been completed and verified by external experts.
- Woolworths will continue to assess the viability of procuring energy from clean sources and is pleased that two tranches of private sector clean energy projects have been announced as part of a government drive to bring significant clean energy.

PRODUCTS AND SERVICES – EMPOWERING OUR CUSTOMERS

- Mobilising our customers to make low-carbon choices in their lifestyles is the most ambitious part of our overall carbon strategy.
- We promote 30°C washing temperatures for clothing and sell a range of detergents that allows for washing at low temperatures. This is an important step because over 50% of the carbon footprint of clothing can result from washing, drying and ironing.

WOOLWORTHS MEMBERSHIPS AND AWARDS

- Woolworths signed the Energy Efficiency Accord with the Minister of Minerals and Energy in 2006 and is working towards achieving the National Energy Efficiency Strategy targets as part of the Energy Efficiency Leadership Network.
- Woolworths has been recognised as one of the top 6 companies in SA for performance in reducing carbon emissions by the Carbon Disclosure Project (CDP). Woolworths also achieved a score of 94% in the Carbon Disclosure Leadership index.
- Woolworths has been awarded the ET Scope 3 Disclosure Leader Award for the 2013 ET Global Carbon Rankings. Woolworths is being presented with this award in recognition of the high degree of its greenhouse gas emissions (Scope 3) supply chain disclosure.

SUSTAINABLE TRANSPORT STRATEGY

Our Logistics relationship with the Imperial Group continues as we explore strategically and operationally innovative ways of making our distribution process more efficient and sustainable. Some of the innovations that we are rolling out together include:

ROUTE OPTIMISATION

Our route optimisation project is working towards ensuring that our entire distribution process is as socially and environmentally responsible as possible. Due to challenges such as unsustainable and unreliable transportation, limited collaboration between suppliers, limited inbound/outbound integration, limited visibility of external operations and reporting capabilities within the logistics component of our operations, we decided to increase our competitiveness by optimising our routes from suppliers to stores. To address some of the challenges, we integrated our supply chain vertically by taking ownership of our primary transport (inbound/outbound from suppliers) by establishing a logistics integration centre to house advanced logistics planning and also support more transparent reporting. This will also assist us in addressing sustainability challenges that will enable us to be more sustainable in our distribution processes.

We have been able to integrate our transportation schedules via a paperless control process and since inception, we have seen a constant reduction in kilometres travelled and cost, which also reduces our carbon emissions footprint.

TEMPERATURE MANAGEMENT

We have improved the integrity of our temperature management on our vehicles through the deployment of live fridge temperature management and control (TK Tracking) systems. This has already reduced the loss of product and has improved the quality of our cold chain management processes.

BIO-DIESEL FUEL MIX

We trialled a project whereby a 5% recycled cooking oil fuel mix was used in our secondary fleet. Continued studies of the effect of bio-diesel have shown concerns regarding the negative effect this has on the latest technology of diesel engines. Due to damages on the truck

engines, we decided to discontinue this project. We are currently working with Imperial to design a new strategy that will ensure a greener transport footprint.

EURO 5 TECHNOLOGY TRIAL

We currently have five Euro5 vehicles in our fleet and once the Imperial infrastructure has been improved we will embark on an aggressive plan to replace our total national secondary fleet with Euro5 vehicles which uses the low sulphur 0.05 ppm diesel.

ECO-FRIDGE TRIAL

We are continuing the investigation and monitoring of the Nitrogen refrigeration of our transport fleet. We have four of these concept trailers currently in operation with another one being built. Initial results are positive even though we still need to improve our infrastructure to accommodate this technology.

The eco-fridge trial involves using liquid nitrogen in our refrigerated trucks to maintain our cold chain during transport (saving about 3 000 tons of CO₂ emissions per year). It's not only more environmentally friendly, but also quieter, which is a good thing when we're delivering to stores before dawn.

TRANSIT PACKAGING

- Woolworths continues to use reusable plastic lugs to transport products to and from our stores, rather than cardboard boxes. These lugs are recyclable and reduce our consumption of natural paper-based resources.
- Transit packaging that is used to protect clothes during transportation as well hangers are collected by stores and sent back to the distribution centres for recycling.

ENERGY USAGE

Total energy usage for all corporate stores, head office buildings and distribution centres: 302 987 737kWh (2012: 297 459 151kWh).

Our relative energy usage was 402 kWh/m² for 2013 (2012: 487 kWh/m²).

This is a 31% decrease from the 2004 benchmark, attributed largely to the lighting, design and refrigeration technologies described above, and awareness campaigns to encourage employees to use less energy. By checking our stores' electricity consumption from a central point, we're able to talk to our staff about their energy use on a daily basis.

We've decreased electricity consumption in stores through the remote monitoring of lighting and air conditioning systems via the Metering Online system.



For more information on the Woolworths Sustainability initiatives see www.woolworths.co.za/goodbusinessjourney



CASE STUDY: SOLAR INSTALLATION AT HEAD OFFICE

This year, we installed 30 kWh solar PV panels on the roof of one of our Head Office buildings. Consisting of 120 x 250 w surface mounted solar PV panels, manufactured by a South African company based in Bellville, the project comes on the back of a number of energy efficiency interventions we have tested over the past few years. The installation is estimated to save 48 000 kWh of energy per year (enough energy to light up 3.2 million 15 w energy saving light bulbs for one hour or power 8 average households each per year) and reduce the buildings emissions from electricity by an estimated 49 tCO₂ annually. It is closely monitored using our metering online (MOL) system and a screen has been mounted at the building's entrance so staff can see the amount of electricity going through our system.

Even with the increasing cost of electricity, we have seen the return on investment period drop significantly since the project began. The installation currently provides around 10% of the building's electricity needs.

This installation serves as a trial for us. We have identified our distribution centres as a medium to long term opportunity for us for bigger installations, but we are busy looking at the right opportunities within that space.

GREEN BUILDING INNOVATION

We have developed our own rating model for stores based on the number of sustainability features they include. This allows new and existing stores to be classified as silver, gold or platinum level stores, with platinum level being the highest category for stores with the most sustainability features. All professional teams involved in our building developments are required to use these guidelines in building design and development. This model has been revised during the last financial year to reflect developments in the sector, and our own learnings.

Woolworths considers the following measures when considering new real estate opportunities and the majority of these have been incorporated into our green buildings store design:

- Natural ventilation including openable windows to offices and cross-ventilation;
- Roof Mounted opaque skylights;
- Energy-efficient lighting and the use of a building management system for light switching;
- Solar-powered water heating;
- Re-use heat generated by plant and machinery to heat buildings in cold periods of the year;
- LED lighting for exterior signs;
- CO₂ refrigeration system;
- Underfloor heating in the food market using waste heat and heat pumps and heat reclaim system for food market and cooling;
- Natural lighting (skylights);
- Reduction in spotlighting and fluorescent lighting as a result of daylight usage;
- Automated Load Control;
- Heat Pump geyser for interactive use;
- Power Factor Correction;
- Grey water recycling system;
- Dual flush toilets;
- Timer Taps on basins;
- Electronic pulse meters installed on all water meters;
- Metering on Line monitoring system;
- Real time energy display;
- Recycling facilities for customers;
- Cardboard shelving and bulkheads; and
- Training of staff on energy management.

CASE STUDY: REFRIGERATION TRIAL AT PALMYRA

A closed refrigeration trial has been conducted at one of our Platinum status Green stores, Palmyra Junction, to determine customer reactions. The objective of the trial was to see how much electricity could be saved by closing our store refrigeration with doors and also to determine how closed refrigeration impacts the shopping experience. In the first three months of the trial, energy usage in the store decreased by 27%. Customer research revealed that closed refrigeration could become a hindrance to some shoppers and therefore, we are exploring ways to ensure that this initiative is also customer friendly before rolling it out to other stores.



CARBON FOOTPRINT

Greenhouse gas (GHG) emissions were calculated for the period 1 January to 31 December 2012 with a focus on the company's South African operations and independently verified by Global Carbon Exchange (GCX) using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard published in 2004.

In this current reporting year, attention was given to GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The verification performed by GCX applied the ISO 14064-3 International Standard for GHG verifications and their verification statement is included on the Good Business Journey Report website.

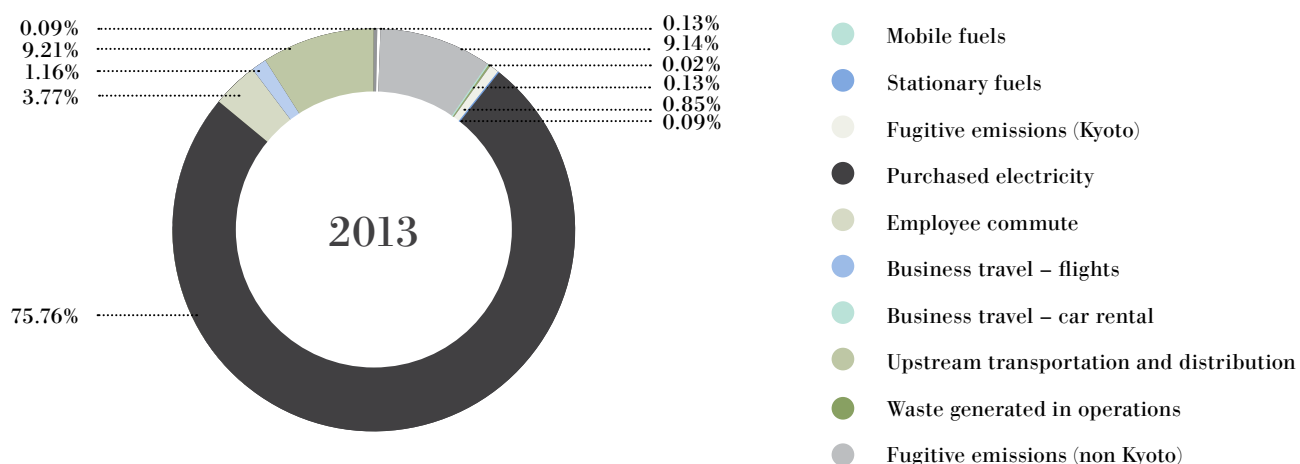
Our carbon footprint calculations for this year includes our corporate buildings, all corporate stores in South Africa (including Country Road and Trenerly but excluding franchise stores) and five out of seven distribution centres (one falls outside of our operational boundary and one has incomplete data and will be included in the next assessment).

Total emissions are 3% lower in this report than for the previous year.

The key reasons for this may be attributed to the following:

- Efficiency measures around lighting, refrigeration and store design resulting in energy reductions.
- Figures for previous years have been recalculated to take into consideration significant changes in the methodology for 2012 – particularly with regard to the exclusion of non-Kyoto fugitive emissions from Scope 1 and waste emission factors.
- Scope 1 emissions are dominated by non-Kyoto fugitive emissions (emissions of gases or vapours from pressurised equipment due to leaks). Both Kyoto and non-Kyoto fugitive gases increased in 2012.
- All Woolworths activities and buildings considered in this assessment make use of Eskom generated grid electricity. The emission factor is therefore derived from Eskom (2012) as 0.99 kg CO₂eq per kWh.
- Total GHG emissions may be under-estimated due to the omission of Scope 1 air-con refills at Woolworths' corporate stores.

CARBON 2013



For the verification statement see
www.woolworthsholdings.co.za

COMPARATIVE INFORMATION		REPORTING YEAR		
SCOPE	SOURCE	2013 COMPANY TOTAL (CO ₂ EQ TONS)	2012 COMPANY TOTAL (CO ₂ EQ TONS)	2011 COMPANY TOTAL (CO ₂ EQ TONS)
Scope 1	Company owned vehicles	509	796.19	74.18
	Stationary fuels	358	268.40	188.38
	Fugitive emissions	3 377	325.57	29 003.10
Subtotal – scope 1		4 244	1 390.15	29 265.66
Scope 2	Electricity usage	299 958	294 484.56	338 240.03
Subtotal – scopes 1 and 2		304 202	295 874.71	367 505.70
Scope 3	Employee commute	15 032	36 500.20	33 647.40
	Business travel - flights	4 643	8 671.38	8 692.74
	Business travel – car rental	83	91.30	84.50
	Business travel – taxis (incl. shuttle)	DNR	DNR	DNR
	Distribution (third party)	36 695	37 199.81	35 676.38
	Water	554	639.91	828.80
	Waste (materials life cycle)	917	598.26	6 561.21
Subtotal scope 3		57 924	83 700.87	85 491.03
Subtotal SA		362 126	379 575.58	452 996.73
	Fugitive emissions (non-Kyoto)	36 442	31 946.77	
Total SA		398 568	411 522.35	452 996.73
Country Road		17 610**	17 610	17 610
Total		416 178	429 132.35	470 606.73

** Country Road had not completed its carbon footprint for 2013 by publication date, so historical data was used

THE BROADER WHL GROUP

92 / Woolworths Financial Services

93 / Africa

95 / Country Road Group



Woolworths, Winter 2013

WOOLWORTHS FINANCIAL SERVICES

Woolworths Financial Services (Proprietary) Limited is operated jointly with the ABSA group. Woolworths (Proprietary) Limited owns 50% less one share and the profits are equity accounted in the books of Woolworths Holdings.

The business operates three key products – the In-Store Card that can be used only for purchases in Woolworths' stores, Woolworths Visa Credit Cards, and Personal Loans. In addition to the yield on these assets, the business generates insurance and other non-interest revenues in line with the regulations of the National Credit Act.

The joint venture with ABSA showed consistent growth throughout the year. The average book was 13.0% higher, and ended the year 15.8% ahead of the previous year. New point-of-sale and in-store kiosks came on-stream in July 2012 and have enhanced our capacity to process credit applications and credit limit increases. Woolworths Financial Services contributes 4.75% of profit before tax.

Woolworths Financial Services will grow by aligning itself to the Woolworths brand values and differentiating its product range. This means optimising existing customer relationships and leveraging the Woolworths WRewards programme and customer database. We are making significant investments in technology and operations to support this goal.

Medium term target: ROE of 22%

To achieve this we plan to:

- Transform the WFS customer experience by offering in-store kiosks that facilitate a 15-minute card issue process. In addition, we are improving our service and are creating new technology platforms.
- Grow the book by offering credit limit increases at point of sale and supporting this through campaigns.
- Grow non-credit revenue into a more significant part of our business, starting with a focus on insurance products.

ENVIRONMENT

In 2012 Woolworths rolled out e-statements to customers in our store card and loan statement categories, following the launch of e-statements for customers in our Woolworths black, gold and silver credit card categories in 2011. 20% of accounts have been converted to e-statements to date.

COMMUNITY

2012 was the first full year for the new WFS CSI Committee. During the second half of 2012 the CSI committee has been involved in:

- Providing 5 primary schools with the opportunity to enjoy a fun-filled day of learning at the Cape Town Science Centre by providing sponsorship and staff to assist in facilitating the day. WFS employees and their families also had an opportunity to experience what the Science Centre has to offer.

- Together with Woolworths, WFS built 1 home in the Mfuleni area in Cape Town as part of Habitat for Humanity.
- In association with SHAWCO and the Rags 2 Riches Foundation, WFS helped to collect second-hand clothing, blankets and shoes in saleable condition from WFS Employees.
- Working with Fountain House, WFS raised funds for organisations that provide a service to people with disabilities. The funding process is executed through the process of selling Casual Day stickers at a cost of R10 to WFS employees.
- Provided Rosewood Primary with 50 chairs.
- Provided sponsorship of student fees to our neighbour Magnet Theatre.
- Sponsored the purchase of new computers to Mary Kihn and Observatory primary school

The focus for 2013 is based on 4 broad pillars: Our community, the environment, education and Woolworths integration.

Plans for classroom and playground improvements are underway to support Mary Kihn and Observatory primary school and a wheelchair was sponsored for a pupil at Mary Kihn.

AFRICA

GDP growth in sub-Saharan Africa has been over 5% per annum over the past three years. The International Monetary Fund (IMF) predicts that half of the world's 20 fastest-growing economies during the next five years will be found in sub-Saharan Africa, with average growth for the region of over 6% per annum.

Recent economic growth has led to rising household incomes and is driving the emergence of Africa's middle class.

Retail trade in Africa is beginning to formalise and Woolworths is actively evaluating all opportunities across our targeted countries and is well placed to take advantage of this growth opportunity.

Our total footprint in Africa consists of 60 stores in 12 African countries outside South Africa. The product mix in our African stores features about 90% clothing and the rest food. Food distribution remains limited to those countries that surround South Africa and which are therefore in reach of our cold chain.

During the past year, we have opened seven new stores and converted eight stores from franchises. We have commenced negotiations for converting the 33 franchise stores in Botswana and Namibia. We plan to open three new stores in the new financial year.

We continue to take a long term view on the WHL group's expansion into Africa. As markets formalise and infrastructure develops, we follow with products and services that fit the market and its price points. To be able to execute this, we have to improve our supply chain cost and efficiency, and ensure that we are not paying double duty on products exported from South Africa. Our ambition is to reach critical mass in the countries in which we already operate so that we can leverage our investments in supply chain – with the focus predominantly on clothing and general merchandise.

We want to implement sustainable end to end processes into these markets to ensure that we improve our customer value proposition.

Medium term target: R1 billion by 2014.

To achieve this we plan to:

- Grow our retail footprint by opening stores in the larger, more formal and affluent areas. We also want to partner with property developers and retailers to be able to achieve economies of scale.
- Build a reliable and cost effective supply chain by focussing on creating a cost effective logistics capability with consistent service delivery. This will require the implementation of a systems solution for end-to-end exports.
- Improve our customer value proposition by using cost savings in the supply chain to reposition our price position.

- Build the Woolworths brand in our African markets by introducing loyalty programmes, giving customers access to exclusive promotions. Zambia and Nigeria have launched.
- Right product, right time – a result of optimised stock and space management, as well as the introduction of a trade plan which is aligned to the South African business.
- Establish a sustainable employment value proposition that meets our requirements for compliance, affordability and our ability to reward performance.

As Woolworths grows its business in Africa, we recognise that for our business to be sustainable we need to incorporate socio-economic transformation not only in our own operations or by contributing to it within South Africa, but also in a broader African context.

KENYA

We opened our eighth store in Kenya, in Thika Road, Nairobi, further cementing our joint venture with Deacons. This adds to the six existing stores in Nairobi and one in Mombasa.

We have partnered with Deacons for the last fifteen years to take our trademark clothing to Kenyan shoppers. The relationship evolved from franchise to a joint venture on 1 April 2013, further marking Woolworths confidence in the partnership with Deacons and growth of the Kenyan economy.

On a business trip to the Kenyan operations, Ian Moir, Woolworths CEO commented: "The opening of the store is the next step in expanding our presence in the country with our joint venture partner, Deacons. The partnership we have with Deacons is one that works for both parties, as well as the local Kenyan environment. Deacons brings its experience and knowledge of local trading conditions and we bring the quality, value, innovation and fashion Woolworths customers know and appreciate."

"We continue to look for opportunities to invest in Kenya as well as the rest of Africa. We are confident in our Kenyan investment and encouraged by the growth prospects in the region.



Country Road, Summer 2013

COUNTRY ROAD GROUP

The Country Road Group aims to create one of Australia's largest speciality fashion retailers with leading complementary brands and a market leading position in the mid to upper tier of speciality fashion. This supports the WHL group's strategic objective to be a leading fashion retailer in the southern hemisphere, and will contribute to the segment's target of more than R14 billion in sales by 2016. To achieve this, we are doing the following:

- Differentiating the brand
- Improving fashion
- New and enhanced product categories
- New store formats
- Better online sales service

On 2 October 2012 Country Road acquired all of the ordinary shares of Witchery Australia Holdings (Pty) Ltd ("The Witchery group") from Gresham Private Equity for a total value of R1 555 million (A\$180.9 million). The Witchery group operates under both the Witchery and Mimco brands. The expansion of the WHL group's presence in Australasia strengthens our southern hemisphere presence and provides a natural rand hedge for the group. It gives the group greater operational scale, diversified revenue streams and industry-leading margins.

The Country Road Group owns four brands: Country Road, Witchery, Trenery and Mimco. In 2012, Country Road operated 174 stores, Witchery 210 stores and Mimco 96 stores.

Corporate Social Responsibility is embedded in our strategy. We strive to innovate and create social, ethical and environmental change.

PEOPLE

Country Road Group is committed to attracting, developing and retaining an inspired, high performing workforce, and providing a healthy and safe work environment.

In order to further understand and address our employees' priorities, an externally hosted alignment and engagement survey was run this year. The results of the survey revealed an employee engagement score of 74% and alignment of 56%. Areas of strength were in the areas of Team Effectiveness and driving an Accountability Culture. Areas for improvement and focus are Senior Leadership, Investment in People and External Customer Focus.

Country Road Group remains committed to the principle of equal opportunity in employment for all regardless of age, career status, disability, industrial activity, physical features, political belief or activity, pregnancy, race, religion, gender or sexual preference.

We have formalised our commitment by implementing a Diversity Policy, with measurable objectives. Country Road is pleased to deliver a Diversity rating of 80% against the key objectives within the first 12 months of operation. Country Road has 3 370 employees.

COMMUNITY

The Country Road Group is committed to supporting the communities in which we operate. In addition to annual community donations and fundraising contributions, our Community Policy offers employees volunteering leave and the opportunity to participate in workplace giving. Each of our four brands supports different community partners, which enables both customers and staff to make a difference to issues that are important to them. As a group, we are proud to have donated more than \$2.8 million of value to our community partners this year.

COUNTRY ROAD

Redkite

Since 2008, we have been in partnership with Redkite, one of Australia's leading childhood cancer charities and have donated more than \$681 000, including \$167 728 in the last year alone. Focus: Red Bag, staff fundraising; fun run, silent auction, BBQ, packing day, and customer fundraising; gold coin donation for Christmas gift wrap, re-usable cloth bags.

Red Cross (Australia and New Zealand)

Together with Red Cross, we operate Fashion Trade in Australia and New Zealand, a unique clothing exchange programme that rewards customers with a Country Road gift voucher for donating pre-loved clothing to Red Cross. This year Country Road and Trenery donated 4 282 units of apparel, to the value of \$21 410, and Country Road donated a further 26 750 items to the value of approximately \$1.5 million. Through other fundraising activities the group raised \$17 342 for the Australian and New Zealand Red Cross.

MySchool MyVillage MyPlanet

MySchool MyVillage MyPlanet is one of South Africa's most successful fundraising programmes, focussed on improving education and social development, by raising and delivering essential funding to schools and charities. Country Road and Trenery stores in South Africa participate by allowing customers to use their MySchool MyVillage MyPlanet supporter cards whenever they make a purchase. We then donate a percentage of each purchase to the customer's chosen beneficiary. This year, our three standalone stores in South Africa contributed \$111.548 to South African schools and charities via MySchool MyVillage MyPlanet.



For more on MySchool MyVillage
MyPlanet see page 41

MIMCO

Mimco has supported a variety of community organisations throughout the year, donating \$5 170 worth of product.

WITCHERY

This year Withcery raised \$1 043 890 for the Ovarian Cancer Research Foundation (OCRF) through the annual White Shirt campaign, and the silver ribbons and gift collection instore.

This brings the total raised for OCRF since 2000 to more than \$4.8 million. Witchery has also raised awareness of ovarian cancer and OCRF reaching 17 million people through online media, 3.5 million people through print media and 1.5 million people through broadcast media.

ENVIRONMENT

Country Road is committed to understanding, managing and, where possible, reducing the environmental impacts of our operations.

AUSTRALIAN PACKAGING COVENANT

In 2008, Country Road Group became a Signatory to the Australian Packaging Covenant (APC), a national initiative between the government and packaging supply chain, focused on reducing the amount of used packaging that reached landfill. Signatory responsibilities include the submission and execution of a packaging and waste action plan. In 2011/12, Country Road attained a 3.8 rating from the APC. Focus; office and stores' paper 100% recycled, hanger recycling, waste audit of Witchery and Mimco brands, re-launched re-useable cloth bags.

FASHION TRADE

Since July 2010, Country Road and Red Cross (in Australia and New Zealand) have partnered to run Fashion Trade, a clothing exchange program that rewards customers for donating their pre-loved clothing to Red Cross. This year, approximately 31 000 units of product have been diverted from landfill (customers/stock write offs).

ENVIRONMENTAL CODE OF PRACTICE

We have developed an Environmental Code of Practice (ECoP) for the dyeing, printing and finishing of merchandise supplied to us. 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. Our primary vendors must sign our ECoP and are responsible for ensuring that both their own facilities and those of their third party suppliers follow the guidelines in the ECoP.

EFFICIENT STORE DESIGN

With more than 300 retail stores in our network, we consistently look for ways to reduce our environmental impact. These methods include the use of automated lighting, motion sensor lighting, LED lighting in new stores, low volatile organic compound paint and sustainable wood veneer. In New South Wales and Victoria a project is underway to refit all Withcery stores with LED lighting.



SAVING WATER

A water tank at our Richmond head office collects rain water for use in sanitation, saving approximately 8 000 000 litres of water this year.

REUSABLE CLOTH BAGS

This year we relaunched Country Road reusable cloth bags as an alternative to take home packaging. There were 9 741 bags sold during the year, which raised funds for our community partners.

ETHICAL

Country Road Group is committed to maintaining high ethical standards throughout our supply chain, and continues to work with suppliers to ensure those standards are upheld.

MANUFACTURING

As the majority of apparel and accessories is sourced off shore, we do consider the relative social and ethical implications of the manufacturing in those countries. All suppliers must sign our Code of Labour Practice (CoLP), which is aligned with the International Labour Organisation (ILO) conventions in relation to ethical trade and the Ethical Trade Initiative (ETI) base code. Our apparel suppliers undergo regular social compliance audits, which include ensuring they meet all relevant standards of our Code of Labour Practice.



WOOL

We have taken a proactive approach to sourcing a sustainable supply of non-mulesed wool. As a business, we engage in ongoing consultation with the Australian wool industry and relevant industry bodies committed to generating real change in this area. We encourage the adoption of other alternatives to current industry practices.

We are also a major supporter of the Australian wool industry. As you will see in store, many of our wool products proudly display that they are made from Australian merino wool. We are proud of the fact that we actively use Australian wool, and we take great care to ensure that all our products are of high quality and reflect our brand values.

LEATHER

We work with our suppliers to source the best quality leathers. Leather is traded globally as a commodity product and our suppliers source our leather from this open market. Cow, sheep and goat hide (those most commonly used) are usually a by-product of the food industry.

We use our best endeavours to ensure that our suppliers adhere to standard industry practices. We ensure all exotic skins, are sourced from reputable factories, and within their supply chain animals are bred and processed in a controlled environment.

We choose not to use real fur in our product ranges.

PRODUCT SAFETY

We actively engage with relevant bodies to work towards developing industry standards and best practice. As a business, we actively seek to adopt this approach to ensure our products are safe, fit for purpose and satisfy our customers' quality expectations. We ensure our products meet all legal and mandatory regulatory requirements in Australia and the countries in which we operate stores.

WE USE OUR BEST ENDEAVOURS TO ENSURE THAT OUR SUPPLIERS ADHERE TO STANDARD INDUSTRY PRACTICES. WE ENSURE ALL EXOTIC SKINS, ARE SOURCED FROM REPUTABLE FACTORIES, AND WITHIN THEIR SUPPLY CHAIN ANIMALS ARE BRED AND PROCESSED IN A CONTROLLED ENVIRONMENT.



Go to www.woolworths.co.za
www.woolworthsholdings.co.za
www.countryroad.com.au

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF WOOLWORTHS HOLDINGS LIMITED FOR THE YEAR ENDED 30 JUNE 2013

SCOPE OF OUR ENGAGEMENT

We have completed our independent limited assurance engagement to enable us to express our limited assurance conclusions on whether anything has come to our attention that causes us to believe that the Good Business Journey Report ("the Report") for the year ended 30 June 2013, has not been prepared, in all material respects, in accordance with the self-declared Global Reporting Initiative (GRI) G3.1 Guidelines B+ application level using the principles of materiality, completeness and sustainability context, and whether the following key performance indicators ("specified KPIs") contained in the Report have not been prepared, in all material respects, in accordance with the basis of preparation as described on the website for each of the specified KPIs ("management's sustainability criteria"):

- Water usage (in kilolitres) at the head office buildings, for the twelve months ended 30 June 2013 as disclosed on page 63;
- Water usage (in kilolitres) at the Maxmead, Montague Gardens and Midrand distribution centres for the 12 months ended 30 June 2013 as disclosed on page 63;
- Water usage (in kilolitres) for stores for the 12 months ended 30 June 2013 as disclosed on page 63;
- Percentage of Woolworths foods rigid packaging containing recycled material as disclosed on page 63; and
- Green stores rating as at 30 June 2013 as disclosed on page 83.

The specified KPIs noted above have been highlighted for identification purposes in the sustainability report by a "**".

Our responsibility in performing our independent limited assurance engagement is to Woolworths Holdings Limited only and in accordance with the terms of reference for this engagement (including the release letter dated 27 September 2013) as agreed with them. 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 of the G3.1 Guidelines which was published by the Global Reporting Initiative, of which a full copy can be obtained from the Global Reporting Initiative's 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 determines is necessary to ensure that the information and data reported meet the requirements of the relevant criteria, and contains all relevant disclosures that could materially affect any of the conclusions drawn.

ASSURANCE PROVIDER'S RESPONSIBILITY

Our responsibility is to express our limited assurance conclusions on the Report and the specified KPIs based on our independent limited assurance engagement. Our independent limited assurance engagement was performed in accordance with the International Federation of Accountants' (IFACs) International Standard on Assurance Engagements (ISAE) 3000 *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 engagement to obtain limited assurance regarding the Report and the specified KPIs contained in the Report, as expressed in this report.

BASIS OF WORK AND LIMITATIONS

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments, we have considered internal control relevant to the entity's preparation and presentation of the Report and the information contained therein, in order to design procedures appropriate for gathering sufficient appropriate assurance evidence to determine that the information in the Report is not materially misstated or misleading as set out in the summary of work performed below. Our assessment of relevant internal control is not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide a basis for our limited assurance conclusions pertaining to the Report and the specified KPIs, expressed below.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Our report does not extend to providing assurance on:

- The column headed "Assurance I = Internal, E = External" reflected in the GRI content index.

SUMMARY OF WORK PERFORMED

Set out below is a summary of the procedures performed pertaining to the Report and the specified KPIs which were included in the scope of our limited assurance engagement.

- 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;
 - 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 purposes 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.
- We considered whether Woolworths Holdings Limited has applied the GRI G3.1 Guidelines to a level described in the GRI index available at www.woolworthsholdings.co.za.

We believe that the evidence obtained as part of our limited assurance engagement, is sufficient and appropriate to provide a basis for our findings and our limited assurance conclusions expressed below.

CONCLUSIONS

Based on the work performed and subject to the limitations described above, nothing has come to our attention that causes us to believe that:

- The Report has not been prepared, in all material respects, in accordance with self-declared GRI G3.1 Guidelines B+ application level using the principles of materiality, completeness and sustainability context; and
- The specified KPIs have not been prepared, in all material respects, in accordance with management's sustainability criteria as described on the website for the year ended 30 June 2013.

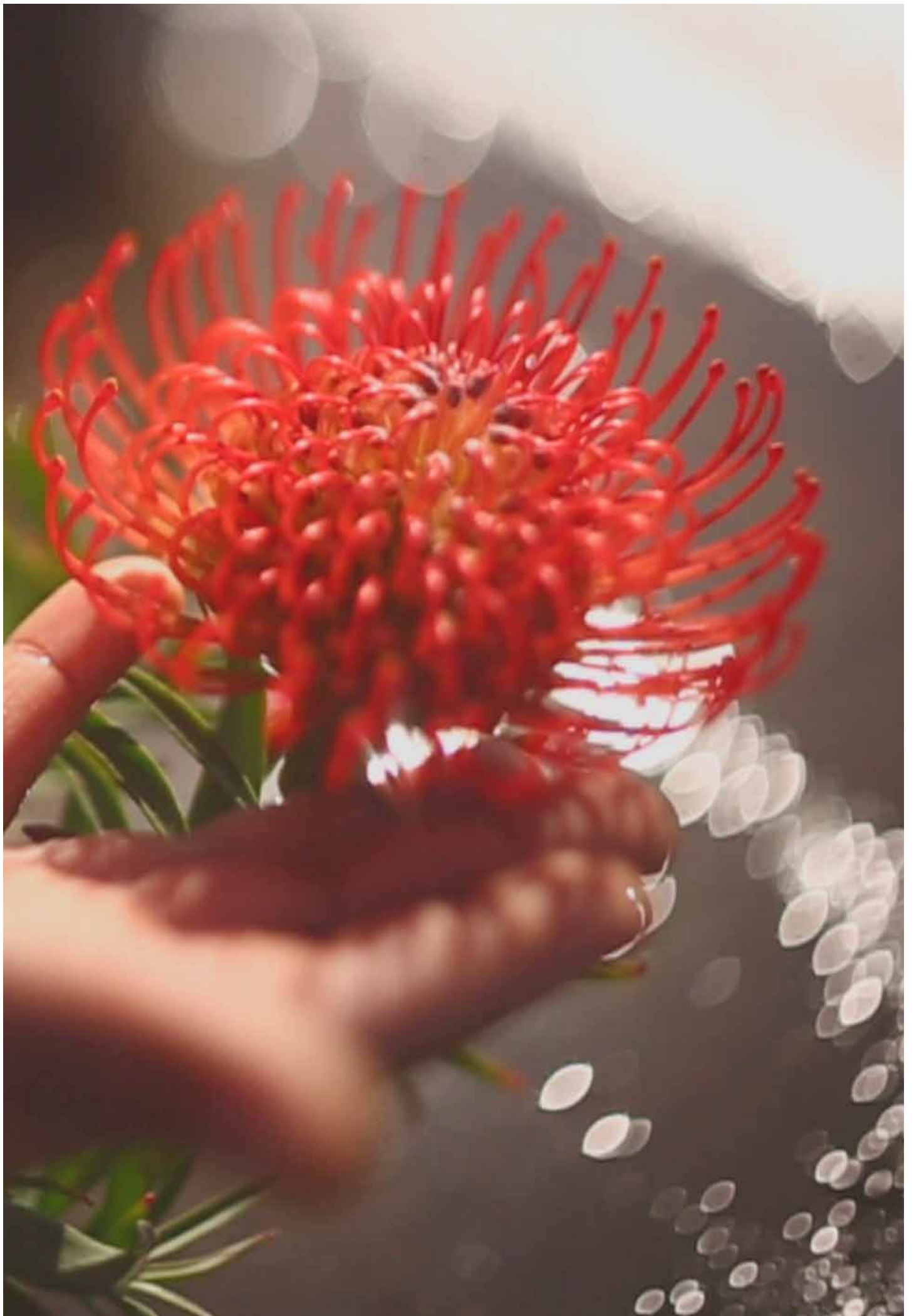
OTHER MATTER

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 Woolworths Holdings Limited's Website.

Ernst & Young Inc.

Ernst & Young Inc.

Director – Jeremy Grist
Registered Auditor
Chartered Accountant (SA)
Ernst & Young House
35 Lower Long Street
Cape Town
27 September 2013



TO FIND OUT MORE ABOUT WHAT WE'RE DOING, VISIT
WWW.WOOLWORTHS.CO.ZA/GOODBUSINESSJOURNEY;
WWW.WOOLWORTHSHOLDINGS.CO.ZA; WWW.COUNTRYROAD.COM.AU
AND FOLLOW US ON FACEBOOK OR TWITTER – @WOOLWORTHSGBJ

We appreciate any feedback on our sustainability focus areas or reporting:
Please contact the sustainability team:
E-mail: Goodbusinessjourney@woolworths.co.za