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WOOLWORTHS  
HOLDINGS LIMITED  
2012 GOOD  
BUSINESS JOURNEY  
REPORT



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**WOOLWORTHS HAS BEEN SELECTED  
AS A FINALIST FOR THE 2012  
INTERNATIONAL RESPONSIBLE  
RETAILER OF THE YEAR, AN AWARD  
WE HAVE WON TWICE IN THE LAST  
FOUR YEARS.**

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# SETTING OUT

KEY SUSTAINABILITY INDICATORS AND RECOGNITION  
ABOUT OUR REPORT  
CHIEF EXECUTIVE AND CHAIRMAN'S STATEMENT  
STAKEHOLDER ENGAGEMENT

## KEY SUSTAINABILITY INDICATORS AND RECOGNITION

Indicator	2012	2011	2010	2009	2008	Progress	2012 targets
Revenue	<b>R28.8bn</b>	R25.8bn	R23.7bn	R21.9bn	R21.8bn	↑	–
Return on equity (ROE)	<b>47.1%</b>	44.1%	39.4%	26.3%	27.5%	↑	–
Headline earnings per share (HEPS)	<b>267.3</b>	214.9	157.2	126.0	124.8	↑	–
Share price appreciation	<b>2 129</b>	567	1 225	275	(1 120)	↑	–
Good Business Journey index overall score (new targets from 2012 to 2015)	<b>85%</b>	86%	81%	79%	77%	↓	80%
Customer tracking study regarding Good Business Journey elements	<b>26%</b>	29%	26%	24.9%	21%	↓	28%
Number of permanent employees	<b>22 462</b>	20 433	18 836	17 551	18 568	↑	–
Equity ownership score (out of 15)	<b>7.89</b>	8.26	8.9	4.7	3.8	↓	8.0
Training and skills development score (out of 15)	<b>11.0</b>	11.5	10.3	7.7	10.5	↓	11
Management control score (out of 15)	<b>9.7</b>	9.42	9.03	7.3	8.4	↑	9
Training spend	<b>R75.1m</b>	R58.2m	R51.4m	–	–	↑	22
Employment equity score (out of 15)	<b>12.32</b>	11.22	10.6	9.8	9.8	↑	12.0
Preferential procurement score (out of 20)	<b>14.62</b>	17	10.4	5.7	2.4	↓	14
Enterprise development score (out of 15)	<b>12.39</b>	9.71	8.15	6.3	5.3	↑	11
Corporate social investment contribution (Rm)	<b>R438m</b>	R370m	R314m	R292m	R267m	↑	R300m p/a
Estimated GBJ savings to date	<b>R105m</b>	R80m				↑	R100m
Health and safety – number of injuries on duty	<b>778</b>	563	693	551	511	↓	–
Energy (reduction in relative consumption from benchmark)	<b>27%</b>	22.5%	18%	12%	10%	↑	30%
Green stores (as per Woolworths model)	<b>24</b>	18	13			↑	–
Carbon footprint (total tons of CO <sub>2</sub> )	<b>411 522.35</b>	452 996.73	422 897.34*	408 627	356 133	↑	30% relative reduction
Water (reduction in relative consumption from benchmark stores)	<b>1%</b>	(5%)	26%	11.5%	5%	↑	30%



Indicator	2012	2011	2010	2009	2008	Progress	2012 targets
Foods packaging reduction (towards 20% reduction by 2012)	<b>105 packaging improvements during the year</b>	8.24%	6.6%	3.3%	Benchmark year	→	20%
Produce suppliers qualifying for the Farming for the Future programme	<b>95%</b>	70%	68.4%	Benchmark year	n/a	↑	85%
Inclusion in JSE SRI index	<b>X Top performer</b>	X Top performer	x Top performer	x Top performer	x	→	Retain position
% of Clothing products with a sustainability attribute	<b>50%</b>	New focus area					30%
% of Food products with a sustainability attribute	<b>52%</b>	New focus area					50%

\* Restated due to changes in emission factors.

Woolworths was selected as a **finalist for the International Department Store of the Year**, along with two of the world's best-known retailers – Macy's of the US and Selfridges of the UK.

Woolworths has been chosen as a **finalist for the International Responsible Retailer of the year** award at the **2012 World Retail Awards** – an award we have won twice since the inception of the Good Business Journey programme.

Woolworths was ranked **first overall** (by almost 10%) among the top 20 companies listed on the JSE in research carried out in South Africa by the **Reputation Institute**, an international organisation that tracks and measures the reputation of the world's top companies. Woolworths was also ranked first in every one of the seven categories making up the overall score.

Woolworths was named as one of the 16 sustainability champions in the developing world by the **World Economic Forum**.

Woolworths was ranked sixth out of the top 100 companies in South Africa on the

**Climate Change Disclosure Leadership Index by the Carbon Disclosure Project**. The CDP also looks at carbon performance and Woolworths was recognised as one of the top seven companies on the JSE top 100.

Woolworths was again included in the **JSE Socially Responsible Investment (SRI) index** for 2011/12 and was named as one of the index's **best performers**.

Woolworths has been included in the **Dow Jones World Sustainability Index** for the first time, for 2011/12. We are one of only five South African-listed companies included.

Woolworths was runner-up in the water care category at the **2012 Mail and Guardian Greening the Future Awards**.

Woolworths was ranked third in the **Sunday Times 2012 Top Brands** survey in the category "brand that has done the most to promote green".

Woolworths Taste magazine has won the **PICA award** for customer magazine of the year from the Magazine Publishers Association of South Africa 2009, 2010 and 2011.

### ABOUT OUR REPORT

Woolworths Holdings Limited is an investment holding company, listed on the JSE Limited since 1997. It operates mainly through two subsidiaries, Woolworths (Proprietary) Limited and Country Road Limited and a joint venture, Woolworths Financial Services (Proprietary) Limited.

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### OUR THREE-YEAR SUSTAINABILITY VISION

## WE WILL BE RECOGNISED AS LEADERS IN THE RETAIL INDUSTRY FOR OUR SUSTAINABILITY INITIATIVES.

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### 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 2011 to 24 June 2012, is the successor to the 2011 report and focuses largely on South African-owned operations, as well as including information on our Australian subsidiary, Country Road Limited. Our carbon footprint information covers the period from 1 January 2011 to 31 December 2011, 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

2012 Integrated Report and the 2012 Annual Financial Statements, as a compendium of our strategy and performance.

The recommendations of King III and the G3.1 guidelines of the Global Reporting Initiative (GRI) form the basis for this report cycle, and an analysis of the Group's compliance with these 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.

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### 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. to provide limited assurance over certain quantitative and qualitative aspects of the 2012 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 recycled content in Woolworths rigid food packaging.
- 2 The GRI G3.1 principles for defining report content.
- 3 The self-declared GRI G3.1 application level.

We have slightly broadened the nature and scope of our assurance. 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.

Their assurance statement can be found on page 88.

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 has helped to prepare the business for external assurance, which is where most of our assurance effort is now concentrated.

Our BBBEE status has been assured by BEE Verification Agency CC for the 2012 financial year. Through the external assurance received from the agency, we have been assessed as a Level 4 contributor to transformation.

We have also undertaken an independent limited level verification of our carbon footprint data in conformance with the ISO 14064-3 International Standard for GHG verifications performed by the Global Carbon Exchange, and their assurance statement can be found on the Good Business Journey Report website.

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

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

## CHIEF EXECUTIVE AND CHAIRMAN'S STATEMENT

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# WE WANT TO BE RECOGNISED AS LEADERS IN THE RETAIL INDUSTRY FOR OUR CONTINUING SUSTAINABILITY JOURNEY

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Protecting the environment and its ability to support our natural and human resources is crucial for our economic growth and job creation. Our Chief executive officer, Ian Moir, and the Chairman of our Sustainability Committee (and our Holdings Board), Simon Susman, explain how this thinking informs our sustainability strategy and key focus areas.

### Q&A WITH THE CHAIRMAN OF THE SUSTAINABILITY COMMITTEE AND GROUP CEO - SIMON SUSMAN AND IAN MOIR

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#### **Q: DO YOU FEEL THAT THE ROLE OF BUSINESS IN SOCIETY IS CHANGING?**

**A** (Simon): If anything, I think business' role in driving sustainability is becoming even more crucial. Many people have been disappointed by the weak statements coming out of big international meetings like COP 17 and the Rio+20 summit, and are increasingly putting pressure on business to drive the social and environmental agenda forward, when governments may seem hamstrung.

At the same time, we have seen the world's population cross the 7 billion mark, so if we are going to house and feed this growing population, we need to be clear on driving efficiency in the food production process in particular, and doing all that we can to preserve our scarce natural resources.

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#### **Q: WHAT IS YOUR VISION FOR THE GOOD BUSINESS JOURNEY PROGRAMME?**

**A** (Ian): We want to be recognised as leaders in the retail industry for our continuing sustainability journey. Our philosophy is that the true sustainability of a company is reliant on its own continuous good performance as well as a sustainable society and environment.

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



### **Q: HOW WOULD YOU EXPLAIN THE BUSINESS CASE FOR THE GOOD BUSINESS JOURNEY PROGRAMME?**

**A** (Ian): One of the strengths of this programme is just how multi-faceted the business case is. Depending on which internal or external stakeholder we're meeting with, we have the flexibility to decide which part/s of the business case to emphasise.

We have seen over and over again that our focus on social and environmental issues drives innovation and operational efficiencies in our business. By focusing on technology innovation and resource efficiency in real estate, logistics and the product groups we have saved over R105 million in the last five years while reducing energy and fuel usage, packaging and increasing the use of recycled materials in our operations and products.

We also consider the Good Business Journey as a key to fattening our brand. Our customer research around our campaigns and initiatives such as 50/50 inserts and 3Talk appearances, as well as tracking studies, show growing awareness of the Good Business Journey, and sustainability issues. Customers are demanding more information about where products come from and expect products to have ethical and environmental attributes, generally without an increase in cost – a concept we call Value with Values.

The Good Business Journey also plays a strong role in positioning us as an investment choice for responsible investors. Our consistent good performances on the JSE SRI Index, inclusion in the Dow Jones Sustainability Index and other awards help build our sustainability track record for analysts and investors.

Sustainability is one of our seven values and we measure employee understanding and backing for our Good Business Journey programme through our annual Let's Ask survey. This year our survey has continued to show a high and still growing level of support. We've also developed a GBJ Champs programme to grow understanding of, and support for sustainability across our stores network. We're constantly impressed by the innovation and enthusiasm of employees

across the organisation in integrating sustainability thinking into their everyday jobs, and their appetite to bring new projects to life that have changed the way we operate.

The Good Business Journey has also helped us to enhance our partnerships with suppliers, NGOs and other corporates, and we thank all of our partners for their fantastic support. We have shared learnings and dealt with common challenges on programmes like Farming for the Future, EduPlant, our Enterprise Development programme and customer recycling at Engen service stations.

### **Q: LOOKING BACK OVER THE FIVE YEARS OF THE GOOD BUSINESS JOURNEY SO FAR, WHAT HAVE BEEN THE MAJOR ACHIEVEMENTS AND LEARNINGS?**

**A** (Simon): A key achievement is the integration of the Good Business Journey programme into the way we operate. It is a crucial pillar of our corporate strategy and has been incorporated into the balanced scorecards of our employees, ensuring alignment between performance management and sustainability progress.

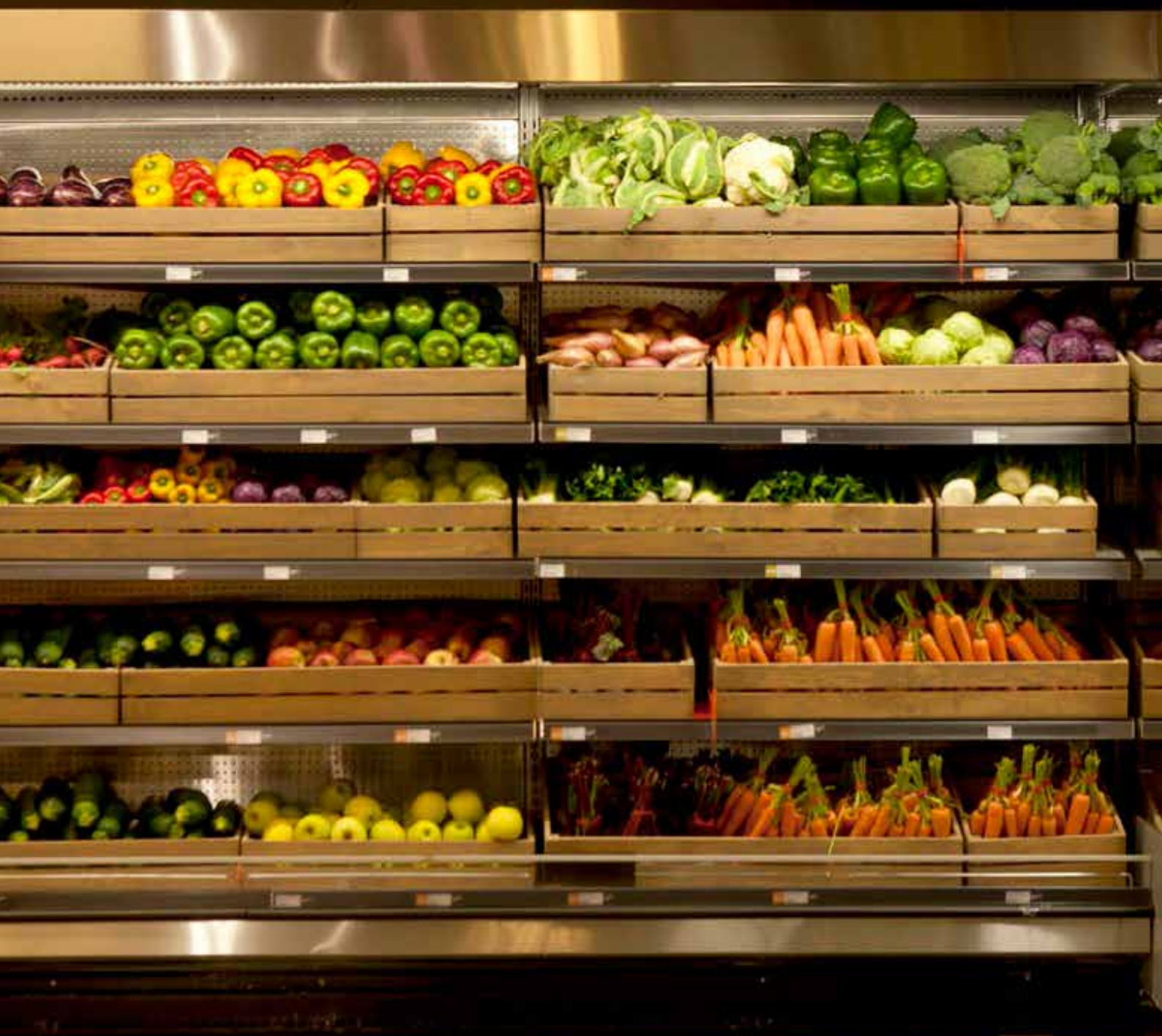
We have also established a comprehensive governance, measurement and tracking system that is risk-based and well embedded in the business. Progress on our measurements is evaluated twice a year. An assurance framework is in place covering both internal and external verification of our key sustainability objectives.

At a corporate level, we are satisfied with the progress the business has made in terms of our new Good Business Journey targets – our overall score for 2012 is 85% and we have achieved a score of 65% against our 2015 objectives.

Some of our highlights include the success of our Farming for the Future programme. This programme improves the soil and water quality and usage across most of our produce, horticulture and wine supplier base. A successful recycling project at Engen service stations has expanded to 53 sites so far, providing customers with convenient recycling



**SUSTAINABILITY  
IS ONE OF OUR  
SEVEN VALUES**





facilities. We have reduced energy usage by almost 27% from our 2004 benchmark. This is a result of successfully rolling out new lighting and energy measurement technologies, as well as retrofitting refrigeration technologies and reviewing distribution methods.

Continued focus on our BBBEE initiatives has resulted in the maintenance of our Level 4 status despite the increase in employment equity and preferential procurement targets as per the BBBEE Codes of Good Practice. We have also consistently grown our social contribution. In the last financial year R438 million was directed to a range of charity organisations as part of our commitment to community upliftment, addressing two of our country's key challenges – food security and education. This has been implemented through our EduPlant, Making the Difference and MySchool programmes and by the distribution of our surplus food and clothing.

We are honoured by the recognition that we have received from a number of our stakeholder groups and we will work hard to sustain these efforts. In particular, being chosen as International Responsible Retailer of the year twice in three years and as a finalist again for 2012, is a statement of our consistent focus. We have also been recognised as a best performer on the JSE SRI Index the last four years, have been included in the Dow Jones World Sustainability Index and have had a consistently high ranking in the Carbon Disclosure Project Leadership index in South Africa.

### Q: AND SOME OF THE KEY CHALLENGES FACED?

**A** (Simon): Progress on food packaging reductions has been slower than we had hoped for and we've realised the difficulty in balancing the reduction in packaging with the resulting damage and increase in waste of the product. Hence, we are focusing more on recyclability of packaging going forward, as well as significantly increasing the use of recycled content in packaging.

The pressure on cotton prices internationally and premiums around organic cotton, in particular, has made it difficult to achieve our organic cotton targets. We are looking at a broader sustainable fibre strategy as a result.

We do get feedback from a number of customers that they want to buy clothing that is made in South Africa, but the labour environment and competitive pressure that the industry has been under, has resulted in a long-term shrinking of the local industry. As a result, we, and other local retailers, have turned to higher offshore sourcing percentages than we originally planned for

clothing. We continue, however, to source over 95% of our food products from within South Africa. Besides employing over 22 000 people directly, our supply chain supports more than double that amount.

### Q: WHAT ARE THE MAJOR FOCUS AREAS FOR THE NEXT FEW YEARS?

**A** (Ian): We updated our Good Business Journey programme during 2011 with targets that will take us through to 2015, reflecting how global and sector priorities around sustainability have moved on, some of the legislative developments and increasing competition from retailers and the food and beverage sector internationally.

Although we will maintain a broad-ranging sustainability programme, we are focusing on six key areas that we believe are priorities for a retailer operating in South Africa: sustainable farming, water, energy, waste, social development and transformation.

We have made good progress in addressing the sustainability impacts of our own operations, and are now focusing more on the life cycle of our products to ensure we centre our attention on the impacts of food production, and the use of textile products by customers – the areas that have the biggest energy and water impacts in the value chain. We want to be sure that customers experience our Good Business Journey strategy in the products they purchase, and have included challenging targets for incorporating and building on sustainability characteristics or attributes for each product.

Woolworths customers have also expressed keen interest in supporting sustainable initiatives. Woolworths acknowledges that we need to continue to take responsibility for our products once they reach the homes of our customers and educating customers on how to care for, and safely dispose of products and packaging. We aim to increase communication to customers, staff and other stakeholders around sustainability issues with the view of being recognised by our customers as leaders in sustainability.



**Ian Moir**

Group chief executive officer



**Simon Susman**

Chairman of the sustainability committee

# STAKEHOLDER ENGAGEMENT

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## UNDERSTANDING THE INTERESTS AND EXPECTATIONS OF OUR STAKEHOLDERS PLAYS AN IMPORTANT ROLE IN DEEPENING AND EXTENDING OUR RELATIONSHIPS. STAKEHOLDER ENGAGEMENT IS INTEGRAL TO THE WAY WE DO BUSINESS – ESPECIALLY IN THE AREA OF SUSTAINABLE DEVELOPMENT.

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

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 a more consistent approach across all stakeholder groups is called for.

An interdepartmental project team has been working on consolidating all stakeholder engagement activities, understanding the “relationship owner” and information resulting from these activities, and looking at prioritising our engagements based on our material risks and key stakeholder relationships. This includes 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. Using this as a basis, the key stakeholder groups which we have identified are dealt with in the following paragraphs and listed in the table on pages 20 and 21.

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

- Engagements must be constructive and co-operative.
- Engagements must be open and transparent.
- Focus on mutual respect as partners (relationships developed over time and multiple interactions).
- Engagements must be supportive and responsive.
- Work towards regular structured engagements.

- Understand that engagements must be based on business critical national priorities as well as material issues for the business.
- Recognise the opportunity that all stakeholders are also existing or potential customers.

Our strategic objective related to **customers** is to improve our customer proposition and reach, while profitably growing our business by delighting our existing, and attracting new, customers. Our vision is to become more customer-centric, aligning our products, services and formats to meet our customers’ needs.

Understanding and listening to our customers’ needs is an essential part of our journey to become a customer-centric business. Part of our strategy is to ensure that the business understands the customer intent and utilises this intent to inform all product, service and format strategies. Woolworths has over 7 million customers, and the insights from our customers enrich our understanding, enhance our segmentation models and drive new opportunities.

Woolworths is committed to meeting customers’ needs at every level and we monitor customer satisfaction throughout the business using various mechanisms including focus groups, an on-line panel, social media, mystery shopping and our customer service channels.

A combination of internet, mobile phones and tablet devices are altering how consumers research purchases, shop and engage with their brands of choice. Technology is empowering customers who are becoming ever more demanding and aware. Mobile shopping is gaining momentum and customers’ shopping repertoires now stretch beyond their physical and local environment. Customers are more connected and informed than ever before and are looking for a seamless blend of on-line with the real world. Woolworths has invested significantly in



# 12

WATER  
BEVERAGES  
CORDIALS

## CASE STUDY – WREWARDS

Our Loyalty Strategy remains a key business focus, with the WRewards programme continuing to outperform expectations. The aim of our WRewards loyalty programme is to build long-term mutually beneficial relationships with more customers, in particular our most loyal and valuable customers. In the last financial year we acquired 1.027 million new Woolworths cardholders, bringing our total base to over 3.5 million cardholders. Revenue tracking has also increased, with 61% of revenue including cash now being tracked against a Woolworths card (was 38% July 2010 and 50% July 2011).



**WREWARDS**  
EXCLUSIVELY FOR CARDHOLDERS

**10%  
OFF**  
INSTANTLY  
ON OVER  
**200**  
ITEMS

**GET A CARD  
GET THE REWARDS**

**GREAT  
VALUE**





upgrading our on-line experience, expanding our product offer and our on-line content. Our strategy is to focus on the customer experience, delivering a seamless and integrated omni-channel experience between our stores and on-line. We were recently recognised as one of the top three South African brands on Facebook.

As a result we know and can talk to more of our customers, particularly those who are most valuable to us. This is a key feed to our customer strategies, as well as a critical tool in growing sales through direct marketing, ranging, cataloguing and buying.

Our focus will continue to be on growing the programme, acquiring new cardholders, retaining loyal customers and increasing existing cardholder spend through up and cross-shop.

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### STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY

Research across the globe has shown an increase in customer understanding of ethical, environmental and community 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.

1. 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:

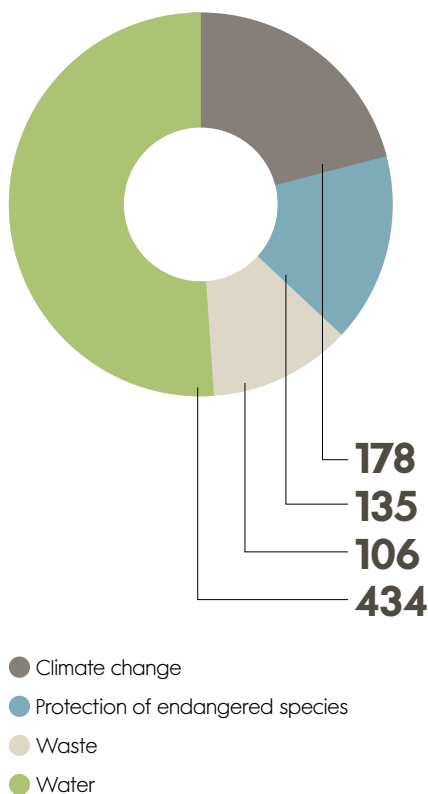
## HOW WE HAVE RESPONDED TO OUR CUSTOMERS

CUSTOMER FEEDBACK OR QUERY	WOOLWORTHS' RESPONSE
<p>Woolworths has a number of recyclable containers that it sells to customers. As a Woolworths customer who cares as much about the environment as Woolworths does, I would suggest Woolworths have bins in their stores where other customers like myself can drop the recyclable containers in.</p>	<p>We have some challenges with space and hygiene constraints at our stores, and as tenants in a variety of shopping centres, we don't always receive support from the centre owners to implement recycling in the shopping centre parking lots. As such, we've partnered with Engen and Nampak to offer recycling facilities at selected Engen service stations, where there is space and supervision available. We do also provide CFL and battery recycling facilities in stores.</p>
<p>Why is Woolworths prepared to sell fish that are on the threatened list - kingklip is orange? Surely that is against the principles of sustainability and carefulness that Woolworths says it stands for?</p>	<p>Kingklip is orange on the SASSI list not because of the stock status, but rather because of the impact of the fishery on by-catch such as seabirds. Our kingklip is sourced from MSC trawled hake suppliers who make use of highly effective by-catch mitigation devices such as "Torey lines" to scare off birds and thus, to a large extent, prevent them from getting caught. It should be noted that there are fishery improvement projects under way to make the kingklip fisheries more sustainable and from a retailer side we are asking our suppliers to get MSC certification on kingklip which would be a guarantee of its sustainability.</p>
<p>I grabbed a bag of salad onions in your shop today, and coming to use them this evening I see they are imported from Kenya. Quite taken aback. I thought spring onions grew like weeds in South Africa, on top of which the packet has a sticker which says "Farming for the Future".</p>	<p>Over 95% 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 or quality challenge for a particular product.</p> <p>With our growing African footprint in terms of stores, we also do see African suppliers as a valid part of our supply chain.</p> <p>Farming for the Future is a certification for our produce, horticulture and wine suppliers who have met the requirements of a stringent audit around their sustainability practices, covering issues such as water management, soil health, biodiversity protection, and pest and plant management. We think it deals with issues important for African agriculture.</p>
<p>I commend Woolworths for the green journey it is taking but feel more can and must still be done. One thing I would like to see is paper bags instead of plastic bags at checkouts.</p>	<p>We have at various times trialled paper bags, but have not had a good response from customers in terms of their usage – not being easy to carry, breaking, etc. At the same time, the glues and solvents in paper bags also do cause some sustainability challenges.</p> <p>We are rather trying to promote the use of reusable fabric bags, instead of plastic bags, as these are better for the planet, are made by community development projects and can help customers save money, if used regularly.</p> <p>At the same time, we are incorporating as much recycled material in our plastic bags as possible, up to 55% in most bags now.</p>

2. **Employee** understanding and backing for our Good Business Journey programme is measured through our annual 'lets Ask' people survey which has shown high levels of support, and a growth in this level of support over the last year. This year 75.1% of the scores in our Let's Ask employee opinion survey were positive compared to 74% last time. We are also focused on communicating sustainability issues and our response to them to our employees so that they can apply this thinking at work, and in their own homes, as well as better engage with their colleagues and customers on these issues.

As part of growing our understanding about what our employees think, we conducted some internal research on what our employees think the most important green issue in South Africa is:

### GREEN POLL RESULTS



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 programme. We continue to engage with representative unions in our supply chain operations on issues related to wages and conditions of employment.

3. Maintaining and growing our credibility among **shareholders** and the broader investment community is a key objective. This is done by providing relevant, timeous and transparent communication using a variety of different media to allow far-reaching access to information, ensuring all our shareholders enjoy a thorough understanding of our performance and strategy going forward. These efforts include analyst presentations, attending investor road shows, store walkabouts with investors and analysts, webcasts and our annual Integrated Report.

We have made particular effort over the last year to engage with, and update investors who are focused on environmental, social and governance issues, on our progress and we strongly support the Code for Responsible Investing in South Africa, which encourages institutional investors to incorporate sustainability issues into their investment decisions. Our responses to the Dow Jones index, JSE SRI Index, Carbon Disclosure Project (CDP) and other assessments is an important part of building an engagement with the investor community based on transparency, and consistent performance regarding sustainability issues.

4. Raising the profile of key sustainability issues in South Africa is an integral part of Woolworths' commitment to the Good Business Journey. Woolworths' ongoing engagement with the **media** has been an important aspect of managing the company's corporate reputation as well as raising awareness of key sustainability issues.

We are using TV far more as a tool, such as 3Talk and the environmental programme 50/50 on SABC 2, to broaden exposure around our Good Business Journey programme. We continue to see a significant portion of our media queries being related to the Good Business Journey. With the growing number of **social media** users in South Africa, this area has become a key area for interaction with both customers and more traditional media.



## CASE STUDY – FRANKIES

During the course of the year, Frankie's, a micro soft drink business, referred an issue to the Advertising Standards Authority (ASA) whereby they claimed Woolworths had imitated their product. Woolworths responded to this by submitting the facts on the issue and abided by the decision made by the ASA, which was against Woolworths.

Woolworths removed the product from our shelves, which was a step not required by the ASA decision, believing that public opinion was against us on this issue.

The management of this issue, which occupied our social media platforms for days, 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 communication in the modern wired world through this issue.

5. Woolworths operates a tightly integrated network of **suppliers**, to ensure exacting quality standards and forms longlasting relationships with its suppliers. These relationships are developed further through supplier conferences and forums. We have pursued a strong preferential procurement and enterprise development agenda with our suppliers within the context of our transformation commitments. Conformance to the Woolworths supplier code of business principles is a prerequisite to ensure social and environmental responsibility across the supply chain.
6. We have bought back the majority of our local **franchise** operations as part of a change in strategy for the local business, but will continue our Engen partnership. Our plans are to materially grow our presence in Africa. The focus will be on expanding our presence in existing countries and expanding into new countries where we can build critical mass. We will also continue to convert from a franchise to a corporate model with local partners where appropriate.
7. Experience has shown us that most sustainability challenges cannot be solved by one company acting alone, and we are excited about the support we have received from our suppliers and specialist non-profit organisations in implementing programmes like Farming for the Future, and the many things we have learnt from their efforts. These sustainability initiatives have often been a natural extension of the longstanding **partnerships** we share with our suppliers, as well as corporate partners such as ABSA, Imperial Group and Engen, and have allowed us to formulate unique, and often farm-specific, responses to biodiversity, transformation and other objectives.
8. Woolworths also partners with a broad range of **non-profit organisations** across a range of environmental, social and transformation issues. This includes the World Wide Fund for Nature (WWF), Conservation South Africa, the Endangered Wildlife Trust (EWT), Food & Trees for Africa and Heartbeat, amongst others. Through these relationships we support the good work being done by these partner organisations, but also gain the benefit of their experience and input into our strategy.
9. We support the efforts of **government and the regulatory bodies** established to implement and monitor the legislation supporting government's agenda. We provide input to new policy and legislation via our membership of business and retail-specific organisations such as Business Unity South Africa (BUSA), the Retail Association and the National Business Initiative (NBI). We have aligned our key sustainability priorities to those issues facing South Africa, and have had specific interactions with government departments around employment equity and transformation, sustainable agriculture, social development and food safety, amongst others.

## SETTING OUT

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

STAKEHOLDER GROUP AND WHY WE ENGAGE	KEY ISSUES FOR ENGAGEMENT	HOW WE ENGAGE	HOW WE HAVE RESPONDED/ ADAPTED
<b>CUSTOMERS:</b> <ul style="list-style-type: none"> <li>- To understand our customer needs; enhance the Woolworths brand; and thereby grow revenue.</li> <li>- We have seen improvements in understanding measured via the customer tracking study.</li> </ul>	<ul style="list-style-type: none"> <li>- Value</li> <li>- Customer service and rewards</li> <li>- Product choice and development</li> <li>- The Good Business Journey</li> </ul>	<ul style="list-style-type: none"> <li>- Advertising and in-store communication</li> <li>- Customer contact centre</li> <li>- Focus groups and surveys</li> <li>- Social media</li> <li>- Website</li> <li>- Loyalty programme – WRewards</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing product development and innovation</li> <li>- Business focus on key issues, for example availability, product choice (bigger sizes), value, store location and service</li> <li>- Adopting methods of communication to meet customer preferences (increased social media)</li> </ul>
<b>EMPLOYEES:</b> <ul style="list-style-type: none"> <li>- To share relevant information and get input and feedback, as well as to develop a high-performance organisation.</li> <li>- Significant improvements in Let's Ask employee opinion survey results.</li> </ul>	<ul style="list-style-type: none"> <li>- Communicating strategy and business developments</li> <li>- Reward and recognition</li> <li>- Training and development</li> <li>- Employee wellness</li> <li>- The Good Business Journey</li> </ul>	<ul style="list-style-type: none"> <li>- Intranet, e-mail, store communications, Shoptalk magazine</li> <li>- Let's Talk team meeting methodology</li> <li>- Let's Ask people survey</li> <li>- EXCO talks</li> <li>- Diversity committees across the business</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on employee wellness – employee development, remuneration and benefits updated</li> </ul>
<b>UNIONS:</b> <ul style="list-style-type: none"> <li>- To engage on collective employment issues in supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>- Wages and conditions of employment</li> <li>- Retail and textile sector issues</li> </ul>	<ul style="list-style-type: none"> <li>- Participation in CCMA, Nedlac and other labour market institutions</li> </ul>	<ul style="list-style-type: none"> <li>- A better understanding and response to employee concerns</li> <li>- Revision of remuneration and benefits policies</li> </ul>
<b>SUPPLIERS:</b> <ul style="list-style-type: none"> <li>- To deliver consistent quality and standards; and drive new and innovative product, which also furthers the ambitions of the Good Business Journey.</li> </ul>	<ul style="list-style-type: none"> <li>- Timely payment and favourable terms</li> <li>- Product innovation</li> <li>- Partnering on sustainability solutions and broad-based black economic empowerment</li> </ul>	<ul style="list-style-type: none"> <li>- Supplier conferences and visits</li> <li>- Supplier audits of our code of business principles</li> </ul>	<ul style="list-style-type: none"> <li>- Review of product offering and ongoing innovation</li> <li>- Revised code of business principles</li> </ul>
<b>FRANCHISEES:</b> <ul style="list-style-type: none"> <li>- To ensure a consistent customer experience.</li> </ul>	<ul style="list-style-type: none"> <li>- Fair price for acquisition of local franchises</li> <li>- Partnership expansion in Africa</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing electronic and personal engagement, including meetings and regular franchise buying weeks</li> </ul>	<ul style="list-style-type: none"> <li>- Negotiated sales for willing franchisees</li> <li>- Engen expansion</li> </ul>

STAKEHOLDER GROUP AND WHY WE ENGAGE	KEY ISSUES FOR ENGAGEMENT	HOW WE ENGAGE	HOW WE HAVE RESPONDED/ ADAPTED
<b>SHAREHOLDERS AND INVESTORS:</b> <ul style="list-style-type: none"> <li>- To create an informed perception of Woolworths, ensure more accurate expectations and create a positive investment environment.</li> </ul>	<ul style="list-style-type: none"> <li>- Business performance</li> <li>- Business expectations and strategy</li> <li>- Economic, social and environmental concerns</li> </ul>	<ul style="list-style-type: none"> <li>- Annual general meeting/general meetings</li> <li>- Biannual analysts' results review</li> <li>- Individual, documented analysts' meetings</li> <li>- Reporting, webcam and website updates</li> </ul>	<ul style="list-style-type: none"> <li>- Integrated reporting</li> <li>- Increased electronic communication tools</li> </ul>
<b>MEDIA:</b> <ul style="list-style-type: none"> <li>- To influence stakeholder perceptions, build the Woolworths brand and market the business and products.</li> </ul>	<ul style="list-style-type: none"> <li>- Business and consumer issues</li> <li>- Macroeconomic issues that affect retail</li> <li>- Product information</li> <li>- The Good Business Journey</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing electronic and personal engagement</li> <li>- Interviews</li> <li>- Press releases</li> <li>- Publications</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing review and challenging of business practices</li> <li>- Improved transparency</li> <li>- Improved information provision</li> </ul>
<b>BUSINESS PARTNERS:</b> <ul style="list-style-type: none"> <li>- To gain support and leverage on issues of common interest.</li> </ul>	<ul style="list-style-type: none"> <li>- Strategy and product expansion</li> <li>- The Good Business Journey</li> </ul>	<ul style="list-style-type: none"> <li>- Joint projects</li> <li>- Partner reviews</li> </ul>	<ul style="list-style-type: none"> <li>- Co-ordination of retail input to textile and clothing issues</li> <li>- Participation in specific initiatives, for example the NBI's Energy Accord, COP 17 CEO forum</li> </ul>
<b>GOVERNMENT AND REGULATORS:</b> <ul style="list-style-type: none"> <li>- To discuss issues of mutual concern, optimise opportunities and minimise risks of regulation and non-compliance, as well as to anticipate and assess potential policy and regulatory impact.</li> </ul>	<ul style="list-style-type: none"> <li>- Trade and industry policy on sector development, trade issues</li> <li>- Labour market issues and legislation</li> <li>- Food standards and agricultural issues</li> <li>- Consumer credit and protection issues</li> <li>- Education</li> <li>- The Good Business Journey and specifically Transformation</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing electronic and personal engagement</li> <li>- Drafting of submissions</li> <li>- Participation in research</li> <li>- Meetings with government ministries</li> <li>- Nedlac, BUSA and business associations</li> </ul>	<ul style="list-style-type: none"> <li>- Consolidation of combined retail positions as input to government</li> <li>- Sharing of information on business practice with government</li> <li>- Revision of processes to become compliant to new legislation such as the Consumer Protection Act</li> </ul>
<b>NON-PROFIT ORGANISATIONS AND COMMUNITIES:</b> <ul style="list-style-type: none"> <li>- To contribute to the society in which we trade, and get input into our strategic aims.</li> </ul>	<ul style="list-style-type: none"> <li>- The Good Business Journey</li> <li>- Education and capacity building on relevant community issues, e.g. nutrition</li> <li>- HIV/AIDS awareness</li> <li>- Input to our product strategy and range</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing electronic and personal engagement</li> <li>- Joint projects</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing modifications to product strategy and range</li> <li>- Greater transparency and communication, for example labelling</li> </ul>





A large, stylized letter 'B' in a light green color, serving as a background graphic. It is composed of a vertical bar on the left and two rounded, bowl-like shapes on the right, connected by a horizontal bar. The 'B' is positioned such that it frames the text on the left side of the page.

# BUILDING A BETTER TOMORROW

GOVERNANCE AND ECONOMIC

## GOVERNANCE AND ECONOMIC

**OUR GOVERNANCE FOCUS INCLUDES THE MEASUREMENT, GOVERNANCE AND RISK PROFILE AROUND THE GOOD BUSINESS JOURNEY.**

**OUR ECONOMIC FOCUS INCLUDES OUR CONTRIBUTION TO THE SOUTH AFRICAN ECONOMY AS WELL AS BUILDING THE GREEN ECONOMY, LOCAL SOURCING AND OUR EXPANSION PROGRAMME.**

### GOVERNANCE OF SUSTAINABILITY

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

The 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. 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 2012 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

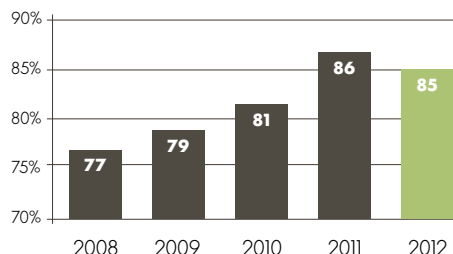
Sustainability is one of our strategic focus areas as a business and is integrated into the strategic planning cycle and balanced scorecard process.

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 Limited and Woolworths Financial Services (Proprietary) Limited which is operated jointly with ABSA.

### PROGRESS MEASUREMENT 2012

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.

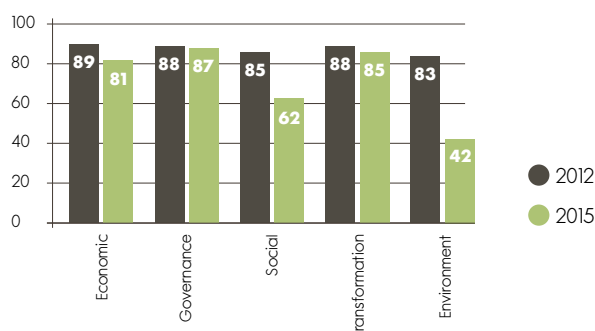
### GOOD BUSINESS JOURNEY SCORE OVER TIME



New targets were set across the business through to 2015 as part of our Good Business Journey – Beyond 2012 programme. This allowed us to take into account the major changes in the sustainability sphere since we first launched the index in 2007, and adapt accordingly to new issues and challenges.

The scores per factor are shown below.

### GOOD BUSINESS JOURNEY FACTOR SCORES





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 2012 was 85% (2011: 86%).

This shows that good progress has been made, but that there are a number of instances in which targets for 2012 have not been met.

The progress to the 2015 score of 65% (no comparative available) is by necessity lower

than the 2012 score, because more stringent targets apply for many of the measures. This score shows that the business has quickly adapted to the revised targets which were developed during 2011 and against which scores were tracked for the first time this year. We had set 80% as a benchmark for good performance and are particularly pleased 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 biggest challenges lie within the environment factor for 2015.

## KEY SUSTAINABILITY RISKS

Managing risk has become an integral part of our strategy in protecting the Group's assets 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 2012 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.	We are focused on employment equity targets which are fully integrated into management teams' and line managers' performance targets. We have a preferential procurement policy which guides the business in its decision-making. We continue to engage with and assist suppliers to increase their contributor status. We provide enterprise developments loans.
We are unable to attract, retain and develop talent.	We continue to build on the employee value proposition. We utilise retention mechanisms for key and scarce skills.
Water scarcity could negatively affect our operations.	We have invested in WWF's water balance programme, covering the water used in our direct operations. We have a Farming for the Future programme which ensures our food products are farmed in a more sustainable manner. We continue to install a water measurement system (metering on-line) in all stores.
We do not achieve our energy reduction targets which could lead to increased costs.	We continue to implement more efficient refrigeration and air-conditioning technology in stores. We will continue with the energy-saving campaign to deliver savings in usage and costs. We will roll out the green store model to more stores. We will investigate clean energy options appropriate to our business.

Risk	Mitigation plans
Our customers expect our food products to be safe and of a high quality.	We have a Food technology team who are actively involved in product development to ensure compliance with Food quality standards. We have a defined recall process, which is tested annually, to remove and, where required, destroy product from our stores and distribution centres.
We ensure the health and safety of our employees and our customers.	We have a comprehensive health and safety framework that sets out the required policies and standards for suppliers, distribution centres and stores. We have occupational health practitioners who manage a comprehensive health and wellness programme throughout the business. We have an HIV/AIDS awareness and treatment programme that is offered to our employees.

### VALUES AND ETHICS

Our corporate values are the things we believe in. They're the foundation and cornerstone of our business. They make us unique. They make Woolworths, Woolworths. We drive value from our values.

They give us direction and guide our behaviour and our choices. When we're true to our values, we know the right thing to do, and our colleagues, our partners, our suppliers and our customers know what to expect of us.

Our internal Let's Ask survey has shown that 83% 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.

Commitment	2012	2011	2010	By 2012
<b>Ethics and values programme</b>	Continued improvement in Let's Ask people survey – 83% positive	Ethics and values awareness showed good improvement measured in the Let's Ask people survey. Values and brand campaign rolled out.	Code approved by the Board. Participated in Corporate Ethics indicator managed by the Ethics Institute of SA.	Full implementation and awareness programme rolled out.

### FRAUD AND SHRINKAGE

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 22 000 people and

indirectly more than double that through our manufacturing and processing network, as well as assisting to bring small-scale suppliers into the value chain.

## **CASE STUDY – LIVING SUSTAINABILITY AS A VALUE: GBJ CHAMP PROGRAMME**

As we move into the next phase of our Good Business Journey – Beyond 2012, we want sustainability to be even closer to the heart of our business. We have launched our GBJ Champ programme with this exact goal in mind – 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. The newly-named Champs were hosted across the country at an introductory workshop where they spent time becoming acquainted with their new role. They returned to their stores with much enthusiasm and a tool kit of resources to get them started.

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.

Our GBJ Champs play an important role in ensuring that we as a business and as individuals are making every effort to protect our planet and our people.



During the current year our staff complement has grown by 2 029, 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 4 000 new jobs directly in the last five years.

Woolworths has done a country of origin assessment in order to confirm that 95% of the food that it sells is South African in origin – a significant contribution to the South African economy, especially the agricultural sector. Woolworths reiterated the company’s commitment to buying as much product locally as possible.

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.



### COMPETITION AND MARKETING

Woolworths is committed to fair competition principles. The retail industry in South Africa and around the world is fiercely competitive. We are at pains to ensure that our practices drive the best prices for our quality standards.

We believe in responsible communication of our product attributes, origins and pricing, and adhere to the Codes of the Advertising Standards Authority (ASA), as well as responding to them on any issues raised by customers. During the year two findings were made against us by the ASA and we have acted to comply with these.

We also have established channels for dealing with customer feedback and co-operate with the National Credit Regulator, National Consumer Commission and any relevant industry Ombudsman.

### 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 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).

### STORE EXPANSION

Woolworths' expansion programme has moved to a focus on store extensions and modernisations, as well as the establishment of our supermarket strategy, through the launch of the Nicolway store in Johannesburg.

During the year trading space grew by 3.6% across Woolworths, and we have set targets for a 9.3% increase in Foods trading space and 3.8% increase in Clothing and home in 2013. The current footprint includes: 448 stores – 330 corporate stores, 17 local franchise stores, 43 Engen franchise stores and 61 international joint venture and franchise stores.

We have made an investment in franchise acquisitions of R580 million and the franchise conversion process has gone well, with 59 stores now converted to corporate stores. We will continue to build the Engen franchise network in South Africa. We have also begun to convert our international franchise stores in Africa to a joint venture model and during 2013 will continue the push into Africa with 18 new stores.

## CASE STUDY – SUPPORTING SMALL BUSINESS – STUART'S JOINERY

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Woolworths' expansion into the rest of the African continent has opened new doors for South African suppliers including a black and family-owned and run shopfitting business based in Ottery in the Western Cape.

Founded by Stuart Hopley, the company, Stuart's Joinery, started manufacturing shopfitting installations for Woolworths stores in the 1980s, and have built a strong client-supplier relationship with Woolworths. The business, which began life in a garage, now occupies 2 000 m<sup>2</sup> factory and employs 68 people.

Woolworths' expansion into Africa has given Stuart's Joinery the opportunity to expand its work beyond South Africa's borders. In the last year alone they've completed the shopfitting for about 14 stores in countries including Nigeria,

Uganda, Zambia, Kenya, Mauritius, Tanzania and Mozambique.

Working in other countries requires extensive planning and presents new logistical challenges. Fittings are designed and manufactured at the factory in Ottery, then assembled on site. The final product includes the entire store layout such as the fitting rooms, tiling and ceiling.

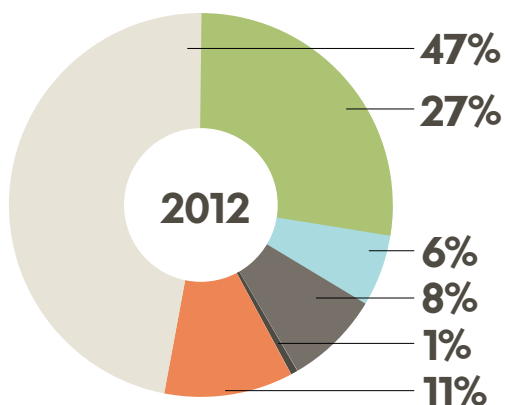
Unlike in South Africa, where they have two to six months to shopfit a store, outside South Africa it's a different story: the entire job needs to be completed in just 10 – 20 days. In order to achieve this, Stuart's Joinery sends in a team of core specialists from South Africa, who work with local tradesmen. The company is committed to skills development and job creation in countries where Woolworths stores are being built.

## VALUE CREATED

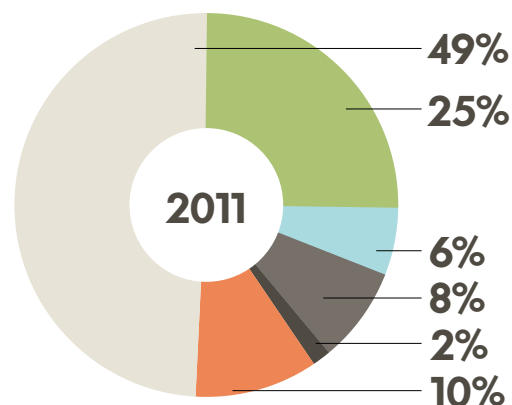
The value that we have created for our various stakeholder groups is a key measure of the positive impact that we have on the South African economy.

	2012 Rm	2011 Rm	2010 Rm
<b>Value added</b>	<b>28 952</b>	25 977	23 744
Less: Cost of sales	<b>18 419</b>	16 683	15 619
Cost of services and other operating expenses	<b>3 114</b>	2 871	2 611
	<b>7 419</b>	6 423	5 514
<b>Distribution of wealth</b>			
To employees as salaries, wages and other benefits	<b>3 478</b>	3 166	2 858
To government as income tax (including deferred tax)	<b>811</b>	659	491
To lenders as finance cost	<b>38</b>	84	151
Depreciation, amortisation and impairment	<b>606</b>	513	442
Social contribution	<b>438</b>	370	314
To shareholders			
– Earnings retained	<b>749</b>	713	540
– Dividends	<b>1 299</b>	918	718
	<b>7 419</b>	6 423	5 514

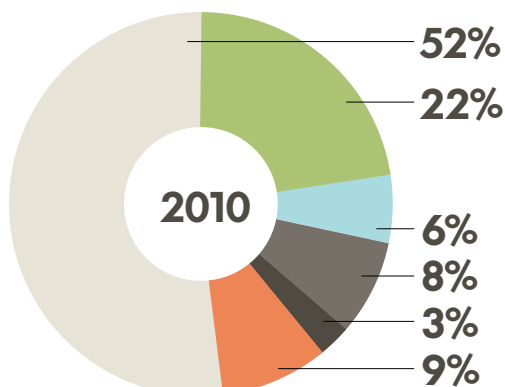
**DISTRIBUTION OF WEALTH – 2012**



**DISTRIBUTION OF WEALTH – 2011**



**DISTRIBUTION OF WEALTH – 2010**



- 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









# TIMES ARE CHANGING

TRANSFORMATION AND CORPORATE SOCIAL  
INVESTMENT

## TRANSFORMATION AND CORPORATE SOCIAL INVESTMENT

### WOOLWORTHS' VISION OF TRANSFORMATION IS TRANSLATED INTO STRATEGIES AND SPECIFIC TARGETS AND PLANS WHICH ARE MONITORED AND GOVERNED BY THE BOARD.

The year under review has been a year of great reflection on South Africa's transformation, with the BEE Council playing a critical role in reviewing the BBBEE Act and with the Year 6 targets for employment equity (EE) and preferential procurement coming into effect as per the BEE Codes of Good Practice. We are pleased to say that despite the increased thresholds for EE and preferential procurement, **Woolworths has succeeded in maintaining our level of contribution** to the socio-economic transformation of our country. This is indicative of the approach we have taken on transformation and specifically BBBEE, which is a policy of sustainable empowerment.

As this year also marked the "end" of our initial Five-year Good Business Journey, in addition to adapting to these changes, Woolworths is also spending time setting new targets and planning for the future.

Under the governance of the Woolworths Social and Ethics committee, management continues to improve on ensuring that there are appropriate strategies, policies and processes in place in order to drive transformation. The execution of strategies is done in partnership with key stakeholders including suppliers, business partners, government departments and industry bodies.

Commitment	2012	2011	By 2012
Overall BEE level	level 4 (72.93)	Level 4 (72.05)	Level 4 (70)
Equity ownership	7.89	8.26	8
Management control	9.7	9.42	9
Employment equity	12.32	11.21	12
Skills development	11.0	11.46	11
Preferential procurement	14.62	16.97	14
Enterprise development	12.4	9.73	11
Socio-economic development	5	5	5
Total CSI contribution	R438m	R370m	R300m minimum
Surplus product distributed	R393m	R338m	n/a
MySchool contribution	R35m	R27m	R38m

## SUSTAINABLE EMPOWERMENT

From the outset, our transformation journey has been based on sustainability principles in how it is driven in the business and how it seeks to empower individuals. Transformation is ingrained in our values; *Sustainability* as a value acknowledges that for our business to be sustainable we need to incorporate socio-economic transformation in our own operations, as well as contribute to it in a broader South African and African context.

Transformation is an integral part of our business strategy. Woolworths' vision of transformation is translated into strategies and specific targets and plans which are monitored and governed by the Board. Transformation targets and plans are reflected in the leadership and other relevant employees' performance goals. We also continuously grow a community of transformation champions across our business. These change agents are enabled, supported and incentivised to drive transformation within their circle of influence.

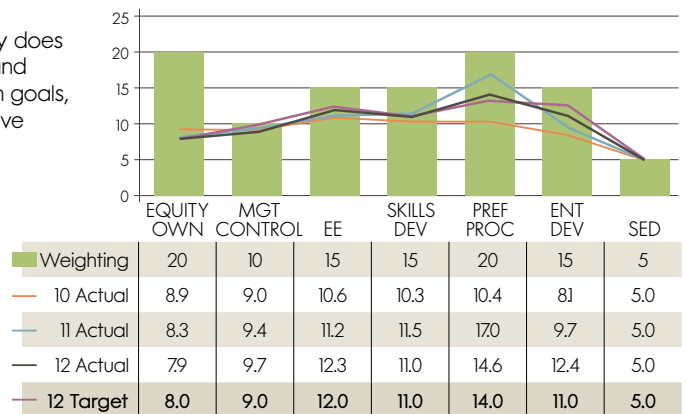
Partnerships are key in our transformation efforts. We partner our employees, business partners, NGOs, academic institutions, government departments, etc. Not only does this give us access to more resources and capacity to achieve our transformation goals, it also helps ensure that our initiatives live beyond our own involvement.

## BBBEE

The graph below depicts progress made in each of the BBBEE scorecard elements against 2012 targets Woolworths set as part of the Good Business Journey commitment in 2007. Our key challenge has been to maintain our performance despite the increasing thresholds in employment equity and preferential procurement as per the BBBEE Codes of Good Practice. Details on the individual sections of the BBBEE scorecard follow below.

BEE Verification Agency CC was once again appointed as the company's BEE verification agency for the 2012 financial year. Through the external assurance received from the agency, we have achieved a 72.93 score, a slight increase from the previous financial year, and maintained the Level 4 BBBEE Contributor status we achieved in 2011 (see [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za) for the BEE Certificate for 2012).

## ANNUAL PROGRESS AGAINST 2012 TARGETS





### BBBEE EMPLOYEE SHARE OWNERSHIP SCHEME

The BEE employee share ownership scheme was established in July 2007 with the intention of empowering and benefiting Woolworths employees through an employee share ownership scheme (BEESOS). 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 R82.7 million in dividend payments from inception of the trust to 30 June 2012. The total number of employees who benefited from the BEESOS as at 24 June 2012 was 7 157 compared to 7 758 in 2011. The decrease in numbers is due to labour turnover. This has impacted our equity ownership score as it has decreased from 8.3 in 2011 to 7.89 in 2012. 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 succession planning and talent management processes and the management control score has improved from 9.42 to 9.7, a 3% increase from the previous year.

### 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 ongoing 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 BEE as a way of working that is integral to business strategy.

### SKILLS DEVELOPMENT TRAINING

Woolworths is committed to the skills development of our employees in line with our business strategies and country's 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. The decrease in our skills development score from 11.46 in 2011 to 11 in 2012 is as a result of increased workforce numbers and despite the following:

- 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 904 in 2011 to 1 011 in 2012.
- A much more stringent individual performance management that aligns skills development to building competence.

With further focus on the above strategies, Woolworths should be well under way to improve on this aspect of the scorecard.

### 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 slightly higher than the set target of 14 points for this component of the BBBEE scorecard. We set our target for the financial year under review at 14.3 points below the previous year's score of 17, in anticipation of the effect of the increased targets on us and our suppliers. More effort in the past year was put on the transformation of product supply chain than it was on the corporate services procurement.

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.

## SOCIO-ECONOMIC DEVELOPMENT

The Woolworths Corporate Social Investment (CSI) strategy is aligned both to our core business strategy and to national development priorities of South Africa. Our involvement in the community is anchored by the following focus areas.

Overarching focus is our contribution to South Africa's education by:

- addressing food security mainly through schools as hubs of community development; and
- addressing children vulnerability by supporting child safety and integration of orphaned and vulnerable children (OVC) into their communities.

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

### Surplus Food and Clothing donations

Woolworths is committed to using its surplus products to 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.

**R382 million** worth of surplus foods and **R11 million of clothing** were donated by Woolworths to needy causes in 2012 (2011: R338 million). Note: These figures represent the cost to company, not the retail price of the items.

### Food security in schools

Woolworths is in its seventh year of supporting the EduPlant programme. The past year with ABSA and Engen as corporate partners, the programme was adapted to have more impact in the communities. Food & Trees for Africa, the partner NGO in the programme, has managed to reach 2 536 schools covering 5 918 participants (including learners, educators and community members) through workshops held across the country. 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.







## CASE STUDY – DE FYNNE NURSERY

Woolworths is proud to have a range of indigenous plants, including fynbos and fruit trees, as part of its horticulture range. But rather than being produced by a large, well-established commercial horticulture supplier, these unusual and attractive plants are grown for Woolworths by a small Western Cape enterprise that literally started as a backyard business. In 2001 Jacky Goliath and Elton Jeffthas turned Elton's backyard in Kylemore, outside Stellenbosch, into a nursery. With their knowledge of local fynbos, they chose three different species to start and called themselves De Fynne Nursery.

Over the next few years, the business continued to grow and expand, moving to larger premises several times until settling into their present location in Simondium. In 2009 Jacky left her NGO job in order to manage the nursery and De Fynne branched out to grow research material and a range of fruit trees on a commercial basis for other companies.

Looking for further opportunities to grow their business, they approached Woolworths and were commissioned to supply one fynbos variety. As part of our enterprise development initiative, Woolworths supplied a loan to assist their fledgling operation, as well as ongoing technical and business support. Over

the years, Woolworths has extended De Fynne's range to include various species of fynbos, *Spekboom* (supplied in a compostable, plantable pot), fruit trees such as figs and lemons, as well as blueberries and lavender. De Fynne is also part of Woolworths' pioneering Farming for the Future initiative and is proud to have achieved over 70% in audits over the past two years.

Today the nursery employs some 25 people and produces about 600 000 plants per year on just 1.5 rented hectares. This year De Fynne won first prize in the Plant Stand Exhibition organised by the Cape Green Forum in Stellenbosch, and Jacky has been recognised and awarded both nationally and internationally as an entrepreneur in the commercial and agribusiness sector.

Going forward, De Fynne's vision is to own land, increase production, increase their market share and thereby increase long-term employment opportunities. All this while focusing on growing and promoting indigenous, water-wise plants and helping to make a positive contribution to caring for South Africa's irreplaceable natural resources.



## 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.

We have contributed almost R200 million to date to MySchool on behalf of our customers. In 2012 alone we contributed R35 million to the MySchool programme through over 646 000 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).

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

A total of 1 900 schools are benefiting from Woolworths Making the Difference Educational Programmes – based on a R3.5 million annual contribution by Woolworths.

2012 saw the launch of the second volume of our Making the Difference through Design resource for high school teachers of Design and Art in association with our partners, the Western Cape Education Department, Sappi and Design Indaba. Like the first volume, launched six years ago, it is intended to help enrich the curriculum by providing real-life case studies from practising designers in fields as diverse as 3D animation and architecture.

## ORPHANED AND VULNERABLE CHILDREN

The Woolworths Trust is committed to playing a role in the national effort to support orphaned and vulnerable children in South Africa. We believe in strengthening families, communities and school communities so that they are better able to care for them.

The Woolworths Trust partners with Heartbeat to promote and enable community care for orphaned and vulnerable children. About 3 000 orphaned and vulnerable children are able to stay in their own communities as a result of Heartbeat. During 2012 we continued our support to the Emthonjeni area in Mpumalanga and entered the second year of a project in the Jozini area of KwaZulu-Natal. The project will

provide 12 non-governmental organisations (NGOs) with the opportunity to participate in a training and mentoring programme with Heartbeat over a 24-month period. The objective is to enable these NGOs to provide the necessary support to the orphaned and vulnerable children in this particularly needy area. It will extend the reach of Heartbeat to a further 2 000 children in this area.

## STAFF GIVING

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.

## 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. Through a balanced enterprise development programme 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 enterprise development support to 45 businesses, which are receiving business development support and financial assistance. Woolworths has disbursed R6.234 million in loans and business opportunities worth R204 million from Woolworths were also accessed by these small enterprises.

Over 5 000 people are either employed or supported by the employees of these small enterprises.



A large, stylized green letter 'T' graphic that serves as a background element. It has a thick vertical stem and a horizontal top bar. The right side of the top bar is curved downwards, creating a large white space on the right side of the page.

# COME TOGETHER

SOCIAL



## SOCIAL

# OUR INTENT IS TO POSITION WOOLWORTHS AS THE PREFERRED EMPLOYER IN THE RETAIL MARKET

Our social pillar includes a focus on Woolworths' people initiatives, social conditions and sustaining jobs in our supply base, product labelling and safety, and occupational health and safety.

Commitment	2012	2011	2010	By 2012
Number of employees	22 462	20 433	18 836	n/a
Conversion of part-timers to flexible 40 hours	49%	42%	36%	44%
Union membership	15%	21%	26%	n/a
Labour turnover (management)	9%	7%	13%	12%
Number of injuries on duty	778	563	693	n/a
Full compliance with supplier code: Foods	96.1%	95.5%	95.5%	95.5%
Full compliance with supplier code: Clothing	90%	89%	89%	90%

## 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. We have established and implemented a new People Strategy that is critical – attract, engage and retain the best talent to deliver our strategic plan. The overarching intent of this strategy is to position Woolworths as the preferred employer in the retail market.

The objectives of the People Strategy are:

- Entrench a **culture** where both **performance and adherence to our values** are recognised and rewarded
- **Increase commitment to EE** through integrated people plans and strategies that will transform our workforce and achieve EE targets

- **Enhance values-based leadership and engagement** by increasing the focus and commitment to demonstrating behaviours consistent with the Woolworths Values
- **Attract and develop outstanding talent** by delivering a compelling employment brand and developing our workforce and structures to support the delivery of the strategic plans and grow our next generation of leaders from within
- **Accelerate transformation and BEE** by supporting the business to deliver a diverse workforce and to position Woolworths as a meaningful contributor to the broader black economic empowerment process

In the past year considerable progress has been made in establishing a leading employment value proposition that will assist in positioning Woolworths as the preferred employer within the retail market.

## EMPLOYEE OPINION SURVEY

The Let's Ask Employee Opinion survey is an opportunity for each employee to rate their experience of the Woolworths culture and leadership as well as a measure of engagement and the effectiveness of our people strategies.

There was a further improvement in the Let's Ask score since the 2011 survey, with the overall score ending on 75% of scores being positive, which is world-class. The top-performing dimensions continue to be company performance, brand and benefits, with community also being elevated into this cluster in line with our focus on our sustainability strategy. Rewards and recognition and culture remain areas requiring focus; however, the score on the leadership dimension has improved in line with our organisational strategy of focused leadership development to entrench values-based leadership.

## TALENT MANAGEMENT

Talent and succession management have been key focuses of the Board and EXCO during 2012. In line with our strategy of growing and developing our internal talent and leaders from within, the percentage of internal appointments was 77% for middle management and above, with labour turnover for the same category at 9%.

Staff turnover in corporate stores has continued to decrease as a result of the improvements made in strengthening the staff employment value proposition, specifically an increase in full-time employment, in line with our strategy of building stronger relationships with our staff. All employees receive performance reviews twice per year and career development reviews on at least an annual basis.

## SKILLS AND LEADERSHIP DEVELOPMENT

Development of the requisite skills to deliver our strategy both in the short and longer term remained a key focus area for the business.

Our various training and development programmes are designed to foster talent and equip our employees with vital skills and experience. As a South African company, 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 country.

In addition to offering fully accredited NQF-aligned training programmes at all levels, we offer world-class, specialised 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.

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

	2012	2011	2010	2009
Number of employees trained	<b>22 538</b>	19 898	17 746	16 024
Black employees trained as a % of employees trained	<b>93%</b>	92%	91%	90%
Number of employees trained on scarce skills	<b>2 323*</b>	11 524	11 155	4 995
Black employees trained as a % of scarce skills	<b>77%*</b>	95%	94%	96%
Number of learning interventions	<b>70 584**</b>	84 747	61 802	52 212
Number of learnerships registered	<b>1 011**</b>	904	775	48
Number of employees on skills programmes	<b>538</b>	426	168	1

\* The definition of scarce skills is revised annually by the sector. The most material impact on these numbers is due to the fact that 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, accounting for the downward shift in these numbers. If these pools (till operators, sales assistants and office administrators) were included in the 2011/12 definition, the number of employees trained on scarce skills would have been 13 901, and black employees trained as a percentage of scarce skills would have been 93.7%.







**\*\* While the number of learning interventions decreased, the duration of learning interventions increased due to our increased focus on learnership programmes.**

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. The overall intent of this programme was to equip line managers within the business with the skills to lead their teams by example, displaying the behaviours associated with our values and that of a successful leader. Additional modules to build further capacity have been piloted for future roll-out. Our intention is to deliver this as an accredited programme in order to ensure that all our leaders are given the recognition for demonstrating values-based leadership behaviours. Through induction and continuing training we specifically cover issues around human and labour rights relevant to our operations.

## CORE AND SCARCE SKILLS

Following the work done in 2011 to ensure that all permanent Woolworths employees participate in a market-related variable pay scheme, extensive work was completed during 2012 to identify core and scarce skills in business.

Core was defined as a role or skill absolutely essential to the function, without which the organisation could not perform, while scarce was defined as a skill or role difficult to source because there is a shortage in the market-place. Roles/skills that were identified as both core and scarce were noted as being particularly high risk.

Following the identification of core and scarce skills a risk assessment was completed together with a remuneration review to ensure that a compelling employment offer was in place to ensure the retention of these skills in the business.

## EMPLOYMENT EQUITY (EE)

In 2012 there was a continued specific focus on establishing and developing an EE talent pipeline in line with our strategy of developing and progressing EE talent through the business. In order to enable the delivery of our transformation strategy, the EE and skills planning and budgeting processes were integrated and a reasonable accommodation fund was established to ensure fast-tracking of EE talent. A further focus of our EE strategy was to identify and address income

differentials based on race and gender. This was initially a three-year strategy, with 2012 being the final year and we are currently in the process of defining the future strategy in this regard.

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.

### Employment Equity profile 2012

	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	<b>FN</b>	<b>Total</b>
Top management	2	1	1	4	3	11
Senior management	6	15	19	64	16	120
Middle management	219	399	136	587	44	1 385
Junior management	1 032	998	232	431	19	2 712
Semi-skilled	3 107	1 351	171	126	15	4 770
Unskilled	9 570	3 154	475	247	18	13 464
<b>TOTAL – PERMANENT</b>	<b>13 936</b>	<b>5 918</b>	<b>1 034</b>	<b>1 459</b>	<b>115</b>	<b>22 462</b>
Temporary employees	47	19	2	7	0	75
<b>TOTAL</b>	<b>13 983</b>	<b>5 937</b>	<b>1 036</b>	<b>1 466</b>	<b>115</b>	<b>22 537</b>
<b>Male</b>	<b>4 753</b>	<b>2 000</b>	<b>378</b>	<b>604</b>	<b>57</b>	<b>7 792</b>
<b>Female</b>	<b>9 230</b>	<b>3 937</b>	<b>658</b>	<b>862</b>	<b>58</b>	<b>14 745</b>

The percentage of disabled people employed in the wholesale and retail sector is very 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 1.83% 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 2012 and currently black employees with disabilities constitute 1.67% of our workforce, which places us over the minimum threshold of 1.2% of the workforce.

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### EMPLOYMENT BRAND

Our deliberate focus on building our employment brand has continued, and in support of this a dedicated role has been appointed within the HR function. As we understand our employment brand to be built on a combination of our culture, our leadership, our values, our product brand and our reputation, specifically with regards to our Good Business Journey (including transformation and environment), this is being driven as a key priority in a partnership between Human Resources, Marketing, the Sustainability office and the BEE office. Union membership at Woolworths has continued to decline based on various improvements to our employee value proposition, and the

increased number of conversions to flexi 40 from 28s. Benefits beyond a salary are provided to full-time employees only, so this conversion process has been successful in broadening the number of employees receiving other benefits. The last few months have seen voluntary withdrawal be the major reason for a drop in membership. Labour amendments will give the unions easier access for lower levels of membership, so we are anticipating a true test next year of our value proposition. Legislative requirements are complied with in terms of engagement with employees regarding significant operational changes.

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### 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.
- 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.

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### 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.

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## UNION MEMBERSHIP AT WOOLWORTHS HAS CONTINUED TO DECLINE BASED ON VARIOUS IMPROVEMENTS TO OUR EMPLOYEE VALUE PROPOSITION

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Woolworths currently employs 14 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 2011/12 year is 778, which is up on the 2010/11 year. This is partly due to an increase in the size of the total workforce from 20 433 to 22 462, but still constitutes a real increase and will be a focus going forward. No deaths due to injury on duty were recorded. Absenteeism for the year was 2.7% as a percentage of total working days.

<b>Injuries on duty</b>	<b>Number of injuries</b>
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

### HIV/AIDS

To coincide with World AIDS Day on December 1, UNAIDS released the 2011 World AIDS Day Report: How to get to zero: Faster, smarter, better. 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.

According to the 2011 World AIDS Day Report, sub-Saharan Africa remains the region most heavily affected by HIV/AIDS, accounting for 67% of people living with HIV, 70% of new HIV infections among adults and children, and for 67% of AIDS-related deaths in 2010.

According to UNAIDS estimates, US\$11 – 12 billion will be needed annually by 2015 to prevent new HIV infections and scale up treatment in Africa, if important gains in efficiency and smart investments in effective programmes are made simultaneously.

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.

### ACTIVITIES AND ACCOMPLISHMENTS

- 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 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.

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## PRODUCT SAFETY AND LABELLING

Woolworths is committed to maintaining the highest possible levels of product safety throughout the business. Product design and manufacture are always assessed against stringent safety standards.

### BABY AND CHILD SAFETY

Woolworths baby clothing is made from the softest fabrics – specially selected cotton or cotton blends that are designed to wrap your baby in comfort while allowing the skin to breathe.

Seams are soft and specially designed to lie flat against your baby's delicate skin and our blankets are made from extra-soft acrylic yarn which is brushed on both sides for extra warmth and comfort. Woolworths has a no pin policy in Kidswear, to ensure we keep children safe and free from metal contaminants.

The same care and attention goes into the making of hats, poppers, buttons, blankets, seams, vests, toys and shoes. Our fabric hats are tested for ultraviolet radiation protection, offering excellent protection against the sun and are recognised by the Cancer Association of South Africa.

Clothing with embroidery, decorative stitches or patches has a soft lining underneath to stop irritation.

All our babywear with front zips comes with a special fabric insert at the top of the zip so that it won't pinch delicate skin.

Other key focus areas include:

- **NICKEL FREE**  
Allergies to nickel are on the rise which is why we have a "no nickel" policy in clothing trims and jewellery.
- **REFLECTIVE STRIPS**  
Reflective strips on our school bags, rain jackets and shoes make kids more visible to help keep them safe on the road.
- **LOCK-STITCHED BUTTONS**  
Our buttons are securely lock stitched so there's less chance of them coming loose and possibly being swallowed.
- **SAFETY-TESTED TOYS**  
All our toys are tested to international safety standards. We even use a special gauge to check every part to make sure there's nothing that could cause choking. Age suitability warnings on our kids' products help you choose items that are safe for your baby or toddler.
- **PREVENTING CHOKING**  
The cords in our kids' clothes are a maximum of 14 cm long and are bar-tacked securely in place to reduce the chance of accidental choking.
- **NON-SLIP SHOES**  
All our baby, toddler and school shoes have slip-resistant soles.
- **METAL DETECTORS IN OUR FACTORIES TO CHECK FOR NEEDLES, ETC.**

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## SUPPLIER RELATIONS

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 2012 compliance target was 90%, which 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 a 95.5% compliance with the Code of Business Principles for 2012 and achieved 96.1% compliance over a two-year audit cycle.

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.



## CASE STUDY – WOOLIES RECOGNISES SUPPLIERS FOR THEIR COMMITMENT TO PROTECTING THE ENVIRONMENT AND SOCIAL DEVELOPMENT

Groupe Socota, a Madagascar-based textiles group, supplies Woolworths with men's chinos amongst other products.

For the past 10 years Socota has implemented an ambitious programme, placing sustainability at the heart of their development.

Socota has initiated leading social projects since its establishment:

- free healthcare programme is available for its employees and their families at a medical centre financed by the company;
- free meals are provided to employees during their shifts to ensure proper diet and nutrition;
- employee loan programmes to finance annual costs such as school fees, etc; and
- partnerships with local universities to create textile and manufacturing teaching programmes.

Their aim is also to minimise their impact on the environment, looking at issues such as:

- Solid waste segregation and disposal
- Water treatment facilities to match European environmental norms, implemented between 2005 and 2007
- Organic Exchange accreditation for their main site in Antsirabé where both Cotona (fabric mill) and Cottonline (garment manufacturing) are settled and a fully-integrated African supply chain from cotton bales to garments
- The implementation of energy policies such as constant monitoring of energy

consumption, and investment in energy saving Socota has developed a particularly ambitious plan in partnership with regional authorities to reforest areas around their factory and support the redevelopment of small businesses involved in the wood industry. The objective was to use a renewable energy source which brings the following advantages:

- Encouraging the development of a profitable forestry chain which will balance the deforestation trend in Madagascar
- Creating local jobs rather than importing fuel
- Reducing country dependence on imported oil
- Reducing energy cost and greenhouse gas emissions

The project has succeeded in the transformation of two existing boilers into biomass-fired systems and the installation of a third one, fuel-fired as a backup.

Jobs have been created for 33 people for tree nursery and boiler management, and a tree nursery for both pine and eucalyptus reforestation has been launched.





### CASE STUDY – FOOD SAFETY

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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 routine checks:

- 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.











# IT'S OUR WORLD

ENVIRONMENT



## **ENVIRONMENT**

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**OUR KEY INITIATIVES UNDER THE ENVIRONMENTAL PILLAR OF OUR PROGRAMME INCLUDE:**

- **ORGANIC AND FREE-RANGE PRODUCTS**
- **HEALTHY EATING CHOICES**
- **PROTECTION OF BIODIVERSITY**
- **ANIMAL WELFARE**
- **WATER MANAGEMENT**
- **WASTE MANAGEMENT**
- **THE REDUCTION OF PACKAGING**

**WE CONTINUE TO PROMOTE ENVIRONMENTALLY SOUND FARMING METHODS, ENSURING THAT OUR CONVENTIONAL PRODUCE FARMERS MIGRATE TO ENVIRONMENTALLY SENSITIVE FARMING METHODS AND ORGANIC PRODUCTION.**

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Commitment	2012	2011	By 2012	By 2015
Relative water reduction in stores	1%	(5%)	30% relative reduction	50% relative reduction
Total water usage in stores	512 147 kl <sup>Δ</sup>	553 119 kl	–	–
Water usage: head office complex (from 2008 benchmark)	27 888 kl <sup>Δ</sup>	29 385 kl	30% relative reduction	70% relative reduction
Water usage: distribution centres	110 717 kl <sup>Δ</sup>	150 238 kl	30% relative reduction	50% relative reduction
Free-range and organic food sales (excluding Farming for the Future, including free-range eggs and egg ingredients)	R1 173m	R678m	R1bn	R4.3bn
% of total clothing sales from products containing sustainable fibres/inputs (was previously organic and sustainable fibre clothing sales)	8%	R590m	6%	12%
Produce farmers qualifying for the Farming for the Future programme (FFF)	95%	70%	85%	85%
Woolworths wine suppliers' membership of Biodiversity and Wine Initiative (BWI)	80%	78%	100%	100%
Foods packaging reduction	105 packaging improvements done	824 tons	2 000 (20% reduction)	100 pack improvements per year
Recyclability of foods packaging	85%	86%	90%	100%
Recycled content in Woolworths' rigid packaging	45% <sup>Δ</sup>	39%	25%	50%
Reusable bags sales (No. of bags)	1 583 000	1 019 744	1 400 000	1 800 000
Plastic bag sales per transaction (benchmark 1.33)	.77	.76	1	0.5
Number of Woolworths recycling facilities	61	20	50	All Engen/ Woolworths sites and over 120 in total
% waste-to-landfill from distribution operations	11%	14%	10%	0
% of products with demonstrable water and energy-saving attributes (Clothing)	40%	Not measured	30%	60%
Number of Food products made using socially or environmentally responsible ingredients (palm oil, coffee, cocoa, tea)	5	Not measured	3	200

<sup>Δ</sup> Part of Ernst & Young's audited key performance indicators. The basis for measurement of these indicators can be found on [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

## CASE STUDY – WOOLWORTHS PARTNERS WITH THE MARINE STEWARDSHIP COUNCIL

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For the first time, in 2012, Woolworths and the Marine Stewardship Council (MSC) partnered on a nationwide consumer awareness campaign, encouraging customers to make sustainable seafood choices.

The Marine Stewardship Council is a non-profit organisation promoting solutions to the problem of overfishing and their environmental standard is the world's leading sustainability certification for wild caught fish. The blue MSC eco-label symbolises the traceability of a product from the shelf right back to the MSC-certified fishery that caught it. This also ensures that no illegal or unsustainable products enter the supply chain. The three principles against which fisheries are assessed are:

- the health of the fish stocks;
- the environmental impacts of the fishery; and
- the effective management of the fishery.

Through television and magazine advertising, in-store, on-line and social media messaging, the campaign helped raise awareness around the assurance that the blue MSC eco-label provides and how customers can do their part to support the sustainable sourcing of seafood by choosing MSC-labelled seafood at Woolworths.

The customer research conducted prior to, and following, the campaign showed that recognition of the MSC logo amongst the customer panel increased from 53% to 78% after the campaign.





## WOOLWORTHS CURRENTLY OFFERS THE WIDEST RANGE OF MSC-CERTIFIED FISH IN SOUTH AFRICA, FROM ALASKAN SALMON AND CANNED SARDINES TO A WIDE VARIETY OF FROZEN HAKE.



### FISHING FOR THE FUTURE

Woolworths Fishing for the Future initiative is a guarantee to customers that our seafood is responsibly sourced, legally caught and has full traceability.

Woolworths established our Fishing for the Future Seafood sustainability policy in 2008 and soon after became the first retailer in South Africa to sign the WWF Retail Charter. Since then we have worked closely with the South African Sustainable Seafood Initiative (SASSI) regarding seafood sustainability and have had many sustainability assessments done by SASSI in the last three years. We were also the first retailer to start labelling our seafood with colour-coded logos to indicate the sustainability status of the specific species to the consumer, but are phasing out colour-coding at the request of SASSI, who have grown concerned about mislabelling by other parties. We do not sell any species on the SASSI red list.

We have contributed to the future of our oceans by only selling trawled hake from Marine Stewardship Council (MSC)-certified fisheries, stopping the procurement of longline tuna and launching an extensive

range of MSC-certified canned seafood to complement the local SASSI programme. Woolworths currently offers the widest range of MSC-certified fish in South Africa, from canned mackerel and sardines to a wide variety of frozen hake.

The Three Streams Smokehouse in Franschhoek has been supplying Woolworths with trout since 2002 and each step of the life cycle of the fish can be traced and controlled.

Trout farmed in sustainable systems has the lowest carbon footprint of all farm-raised animals. Global fish consumption has increased fivefold in the last five decades, resulting in aquaculture now being the fastest-growing sustainable food production sector in the world. Global sales are estimated at \$80 billion. This demand for fish cannot be met by historical fisheries and therefore the expansion of aquaculture is inevitable. Africa has superb natural and human resources, but the participation of Africa in the global aquaculture sector is lacking. The Katse project in the Lesotho Highlands, a supplier to Three Streams, can become a regional leader in aquaculture.

### PALM OIL

Woolworths was the first South African company to become a member of the global Roundtable on Sustainable Palm Oil (RSPO). 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, which uses some 600 tons of palm oil each year in its products, has joined the RSPO in order to promote and raise awareness of the need for sustainable palm oil production. This commitment includes purchasing certified sustainable palm oil certificates for the tons of palm oil used in Woolworths' food and beauty products. By buying these Green Palm certificates Woolworths is contributing to RSPO's efforts to incentivise Indonesian and Malaysian palm oil producers to become certified sustainable producers. Woolworths has also undertaken to replace palm oil with alternatives, where possible, and has further committed to using only certified sustainable palm oil by 2015.

### 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 falling 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.

We have established a collaborative project with the World Wildlife Fund (WWF) which assists in enhancing the environmental benefits, and accelerating the adoption levels, of the Farming for the Future (FFF) Better Management Practices across the Woolworths supply base. The high-impact dairy sector has also been an area of collaboration between WWF and Woolworths around the life cycle analysis of fresh milk.

WWF also plays an important role in verifying the progress and results achieved under the FFF programme, as well as providing specialist knowledge and experience across a range of biodiversity and water areas.

#### Woolworths' broader response includes

- selling only badger-friendly honey;
- only sourcing wood which is recycled or independently certified as coming from approved sustainable sources, e.g. Forest Stewardship Council (FSC);
- selling no product or by-product of threatened species in terms of our animal welfare policy;
- working on a sustainable solution for potato farmers in the Sandveld;
- requiring qualifying Woolworths wine farmers in the Cape Floral Kingdom to be members of the Integrated Production of Wine (IPW) programme and the Biodiversity and Wine Initiative (BWI);
- shifting conventional farmers to adopt environmentally sensitive farming practices – reducing their impact on the environment, through the Farming for the Future programme (see below); and
- supporting predator-friendly farming and working against indiscriminate forms of predator management that cause pain, distress or death to predators. We are working closely with our supply base, universities, the Department of Agriculture's research farms and a number of other experts in this field, including Conservation International South Africa, the Endangered Wildlife Trust (EWT) and the Landmark Foundation, to implement guidelines which set out ethical predator control measures. The Foods team has also been actively involved in an Anatolian sheepdog adoption programme sponsored by the Woolworths Trust.

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**THE IDEAL OUTCOME  
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## CASE STUDY – PREDATOR CONFLICT

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 – in particular, gin traps, poisons, or pack hunting with dogs are condemned.

We have now started on a journey 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.





## CASE STUDY – FARMING FOR THE FUTURE

Apart from making exceptional wines, the Lategan family of Bergsig is committed to preserving the estate's natural resources for future generations. In keeping with Woolies' progressive Farming for the Future initiative, they focus on preserving water, improving the quality of their soil and protecting the abundant plant and animal life they are privileged enough to "host".

"We have all the natural elements necessary for a healthy farm," says De Wet Lategan, "but we are still enthusiastic and vigilant about running an environmentally sound operation."

"We use only micro and drip irrigation, which minimises water evaporation and run-off, and calculate the exact amount of water needed per vineyard so we don't over-irrigate," says De Wet. They have also recently discovered a source of previously untapped and pristine underground water. This is being piped to a nearby reservoir and used to irrigate up to 30 hectares of Bergsig vines. This means using less surface water and not relying solely on our country's stressed water reserves.

The Lategans are also passionate about their good soil. When soil is healthy, it needs less irrigation as it is able to retain

water better. It's also better to bind carbon back into the earth, which helps in the ongoing battle against global warming. And good soil means fewer chemicals and fertilisers are needed to bump up the minerals and nutrients that are often depleted in conventional farming.

To minimise chemical additives, De Wet analyses the soil in every vineyard, adding fertiliser only when needed. The use of compost is key and once harvested, all of Bergsig's grape skins and stems are used to make compost. The Lategans also make a point of growing cover crops in winter that prevent soil erosion, act as mulch to improve microbial and earthworm activity and increase the organic compound of the soil.

Bergsig's owners are as passionate about the endangered indigenous plants that grow on their land as they are about the soil. As members of the Biodiversity and Wine Initiative (BWI), they work tirelessly to remove water-guzzling alien plants from the slopes of the estate. Protecting the fragile Breede fynbos, home to klipspringers, grysbok, duiker, dassies, giant otters and the rare geometric tortoise is of utmost importance.



## FARMING FOR THE FUTURE

Farming For the Future, the 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 fresh produce suppliers were independently audited against our Farming for the Future standard. 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)

In line with our strategy of continuous improvement, the supplier pass mark for the Farming for the Future audit increases every year. On the first audit, the supplier needs to achieve 50%, second audit 55% and third audit 60%. Effectively, this means that even if a supplier scores the same as he did last year, or even slightly more in a specific aspect, he may still be below the pass mark for the current year.

We are pleased to report that the average pass mark of all our suppliers increased from the previous year with nearly a third of the suppliers scoring in excess of 75%, indicating a very high level of environmental performance.

But there is always room for improvement. 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. These aspects needing collective improvement have been marked with an asterisk\*. 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. In the meantime, training courses are scheduled to improve overall performance even sooner than expected.

All Woolworths' produce farmers – other than those who exclusively grow organic produce – have adopted Farming for the Future practices and are audited on a regular basis.

In 2011 and 2012 Farming for the Future was expanded to horticulture and wine, and work has begun to expand the programme to dairy.

Since expanding Farming for the Future to horticulture in 2011, all our local flower and plant suppliers have been audited and score 60% or more. The Farming for the Future logo can now be seen on a range of locally sourced flowers and plants – including local roses, chrysanthus, orchids and indigenous plants.

Much progress has been made, specifically by our local rose suppliers, who have significantly reduced their reliance on chemicals, through the use of integrated pest management principles. The use of natural enemies as the first line of defence against harmful insects and disease has enabled our suppliers to reduce their dependence on synthetic pesticides and herbicides. This leads to healthier soil and means that there is less chemical run-off into our freshwater systems. Their use of integrated pest management principles has also encouraged biodiversity to flourish on their farms.

By 2015 50% of the Foods business will be Farming for the Future.

### 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. We continue to entrench our strict code of conduct regarding dyes (including the removal of azodyes), chemicals and water management in our supply chain.

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. Endorsers of the CEO Water Mandate recognise that through individual and collective action they can contribute to the realisation of the Millennium Development Goals. 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 1% decrease in water usage in stores from our benchmark. This is behind the targets we had set, but our improved measurement systems have allowed us to pick up leaks almost instantly

now, and have challenged the accuracy of the benchmarks that informed our targets.

Good progress has been made against the set targets regarding water usage in head office and distribution centres. Head office facilities have shown a **24%** decrease in water usage from our 2008 benchmark, with greater savings to come. Head office consumption for 2012 was 27 888 kilolitres.

In 2011 Woolworths Head Office tapped into an underground water supply to meet some of its daily water needs. The underground water runs about 20 metres under the building in the centre of Cape Town. This water flows into the City of Cape Town's storm-water system, and eventually discharges into the sea without previously having been used.

After consulting with the City of Cape Town, and a range of experts, Woolworths realised it could harvest the underground water, treat it and use it instead of municipal water. Woolworths then installed a water treatment system that purifies the water using a number of steps including reverse osmosis. Some of this water is then used to flush toilets, run the building's car wash, the fountain outside the building and the cooling towers for the air-conditioning units. The treated water is completely safe for use even though it will not be used as drinking water. This will save the Cape Town municipality an estimated 27 375 000 litres of water a year or 75 000 litres of municipal water a day conserved by Woolworths. Due to some delays around certificates of compliance being issued for the project, it only became operational late into the financial year and the benefits of the project are not reflected in this year's head office water figures.

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

- Woolworths measures the amount of water used by suppliers and works with them to reduce water use and improve water waste management during growing, production and manufacture, having recently provided energy- and water-saving guidelines and tips to our suppliers.
- Within the Foods unit this work includes the reduction of pesticides, fertilisers and water usage.
- Woolworths' fresh produce farmers have adhered to Globalgap farming practices, an internationally recognised standard for safe and sustainable agriculture, for a decade.



# OUR COFFEE

CERTIFIED

100%

FAIRTRADE

MADE TO PUT A SMILE ON YOUR FACE

## CASE STUDY – WOOLWORTHS LAUNCHES FAIRTRADE COFFEE AT ALL ITS CAFÉS

In May 2012 Woolworths launched its 100%-certified Fairtrade and organic coffee served in Cafés.

Woolworths has served certified organic coffee for some time in support of small-scale farms in Tanzania who rely on traditional, sustainable farming methods that work in harmony with nature. Now, it's not only better for the planet, but Fairtrade certification means a fair deal for the people who grow it.

Fairtrade is the world's leading certification system for sustainability and development through trade. We believe in supporting Africa's farmers and Woolworths'

partnership with Fairtrade will enable the small-scale coffee farmers to:

- run more efficient, sustainable enterprises and to achieve better income in order to improve their working and living conditions;
- invest in critical community projects like schools, clinics and hospitals; and
- continue to farm in a manner that protects the environment.

Woolworths' decision to become Fairtrade certified will double the amount of Fairtrade-certified coffee on sale in South Africa.

# WE ARE WORKING ON RESEARCHING AND UNDERSTANDING THE WATER FOOTPRINT OF SELECTED PRIORITY PRODUCTS

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- Woolworths is the country's leading retailer in certified organic fresh produce, which is grown without the use of artificial chemicals, such as herbicides and pesticides, and does not release potentially harmful chemicals into water supplies.
- Woolworths is also working with our conventional farmers to help them incorporate more responsible farming practices into the way they farm in order to establish a thriving and sustainable microbial population in the soil through the Farming for the Future programme. 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 FFF suppliers by 2015.
- 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 Global Compact and the German Development Agency (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.
- 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's (WWF) Water Balance Programme. The programme, launched in association with the government's Working for Water programme, encourages corporates to become water neutral. The 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-neutral programme by eliminating invasive water-thirsty alien plants on supplier farms and in protected areas, such as the Tankwa Karoo National Park. The project releases enough water into South Africa's water system to off-set the water used by Woolworths' operations each year, ultimately making the company water neutral. According to WWF approximately 7% of South Africa's average annual run-off is used by alien and invasive plants.

## 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.
- We are working on researching and understanding the water footprint of selected priority products.

## 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.
- We worked with the FLOW (for love of water) movement to highlight water issues over the duration of National Water Week through in-store communication, social media and internal awareness for employees.

## 6. TRANSPARENCY

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

## ANIMAL WELFARE, ORGANIC AND FREE RANGE

Woolworths has always had clear guidelines on animal welfare. These include:

- an NSPCA-approved Animal Welfare Code of Practice;
- an animal husbandry code; and
- insistence that all animals destined for stores must be reared humanely and treated fairly in accordance with our code – abattoirs are regularly audited by a Woolworths technologist.

Woolworths was also heavily involved in the development and launch of badger-friendly honey, predator-friendly farming and sustainable fishing practices.

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;
- 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; and
- 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.

- Woolworths' entire private label range of toiletries and cosmetics has been approved by Beauty Without Cruelty (BWC).
- Woolworths' extensive Earth Friendly range of household cleaning and personal care products are made with naturally derived, plant-based, biodegradable ingredients and contain no petrochemicals and no artificial colours. Every product also carries the endorsement of Beauty Without Cruelty and Woolworths has used recyclable bottles which themselves are made from at least 30% recycled materials.

### ORGANIC AND FREE-RANGE PRODUCTS

Organic sales internationally have fluctuated considerably over the last few years, closely linked to the general state of the economy, but are starting to show signs of recovery in some developed economies. They have, however, been fairly stable at Woolworths, based on the fact that Woolworths offers South African consumers a wide range of certified organic products, from pasta and peanut butter to T-shirts and towels. This has made it easier than ever for shoppers to lead a more comprehensive organic lifestyle, often with little premium.

The support for and supply of organic and free-range products have increased:

- in 2012 our organic and free-range food sales were over R1.100 billion;
- organic clothing sales were over R600 million, still below the target we have set for ourselves for the year;
- our Woolworths Cafés serve only 100% organic coffee (now also Fairtrade certified);
- we sell extensive lines of free-range chicken, beef, lamb, and a small selection of free-range pork;
- we have set internal sales targets for items made from other sustainable fibres, including recycled polyester, bamboo and organic wool, and are making good progress against achieving these; and
- Woolworths is proud to have been the first major local retailer to stop selling eggs from hens kept in cages in 2004.





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**ONLY FREE-RANGE EGGS ARE SOLD IN WOOLWORTHS STORES. WE REMAIN THE ONLY MAJOR LOCAL RETAILER TO HAVE ACHIEVED THIS. WE ARE ALSO CHANGING TO FREE-RANGE EGGS AS INGREDIENTS IN OUR FOODS FOR ANIMAL WELFARE REASONS.**

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Our free-range chickens have daily access to large outdoor areas. This enables them to dust bath, forage for food, flap their wings and move freely. Organic systems are similar to free-range systems, but in addition the hens are fed on organic feed (grown without the use of synthetic fertilisers and pesticides). As a result of delays experienced in the building of a new free-range liquid egg processing facility by our Western Cape free-range egg supplier, we were unable to achieve our launch target of 200 lines by the end of 2011. The new processing facility is now operational and we expect to have over 200 lines on our shelves by the end of July 2012.

### **FREE-RANGE PORK**

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.

### **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%-organic cotton and clothing with a percentage of organic cotton remain a popular choice among customers. Woolworths offers a collection of organic cotton products in outerwear and sleepwear, baby clothing, towels and bedding.

In 2009 Woolworths introduced its first 100%-South African organic cotton garments. The range of T-shirts for both men and women was made from South Africa's first commercial-scale organic cotton crop, which was harvested in Limpopo. The planting of these 22 hectares was part of a multi-year pilot project which involved Woolworths, the Organic Exchange, ComMark, Cotton SA and the Agricultural Research Council's Institute for Industrial Crops. Sadly the premium associated with this local organic cotton project has not proven to be commercially viable and the farmers have chosen to focus on other crops.

Bamboo is another one of the sustainable fibres we're using to drive innovation in clothing and homeware products. A range of wooden products from sustainably managed forests is available in homeware.

Some Woolworths duvet inners and pillows are made using fibre from recycled plastic bottles in the fill. Stronger than "virgin" fibre, this specially designed fibre makes these pillows and duvets beautifully fluffy and resilient. By using such fibre, we're saving almost 500 000 plastic bottles a year from going to landfill.

By 2015 sustainable fibres will be used in 12% of 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.

## PACKAGING

Woolworths is committed to ensuring our packaging is the minimum necessary to protect, inform and promote the product. We have, however, come to realise that packaging reduction needs to be balanced with the impact it can have on not protecting products properly, thereby increasing food waste. We are therefore shifting the focus of our efforts towards driving the recyclability of packaging and the inclusion of recycled content in packaging rather than on reduction alone.

Our packaging focus is supported by an intensive customer education programme and working with our partners to promote recycling facilities.

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 lightweighting, substituting virgin material with recycled material, using certified sustainable raw materials, and making packs easier to recycle.

In food we have saved over 1 100 tons of packaging against the targets set in 2008 by analysing the packaging in 1 400 lines of food, specifically by weighing over 200 000 tons of food.

We have set clear targets for recycling and reuse.

These include:

- using recycled material in product packaging;
- restricting packaging materials to those that can be recycled locally and rationalise types of plastic;
- putting symbols on plastic packaging to help customers and recyclers easily identify packaging for sorting;
- involving and influencing the packaging industry to develop more sustainable materials; and
- recycling all store equipment including food trays and hangers.

# 85%

**OF OUR PACKAGING IS BROADLY RECYCLABLE**

## PROGRESS TO DATE

- 85% of our packaging is broadly recyclable.
- 45% of the product lines in food currently contain recycled packaging materials. In this way we are helping to reduce our use of virgin materials and to build a recycling economy.
- Where possible, the sleeves on ready-made meals, dips and other food products are made from cardboard which has 80% recycled paper content.
- Woolworths became the first major South African retailer to begin using post-consumer recycled plastic in food packaging, introducing 30% rPET (recycled Polyethylene Terephthalate) to ready-to-eat sandwiches, and juice bottles (recycled PET is totally safe for food packaging and is scrupulously super cleaned to make sure it meets or exceeds international standards for food safety).
- Woolworths continues to seek raw material that is independently certified as coming from approved sustainable sources (e.g. material certified by the Forest Stewardship Council – FSC).
- Over 95% of our food lines have symbols on the plastic packaging to help customers and recyclers easily identify packaging for re-sorting.



### 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 disabled workers) and sells them back to clothing suppliers at a discount.

**Over 290 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 – 86% of this fleet is currently made from recycled material, from post-industrial sources.

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. An exciting new feature of this project is “Follow Me” printing, requiring one to swipe ones access card to release a print job, helping to reduce paper as printing is only produced when a card is swiped and cannot lie unclaimed next to the printer.

A “treeathlon” competition has also been relaunched to reduce paper through every business unit competing against one another, in line with a corporate reduction target of 15%.

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### 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 nine Western Cape sites, 22 Engen sites in Gauteng and 11 sites in KwaZulu-Natal. By the end of June 2012 a total of over **500 tons** of recyclable materials has 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.

Woolworths also introduced recycling facilities to eight food standalone stores across the Western Cape and at locations in the Eastern Cape. Feedback from customers has been positive, but extending the programme is proving difficult as it involves buy-in from each individual landlord. We are investigating supporting recycling facilities at selected schools as an alternative.

### COMPOSTING AT WOOLWORTHS HEAD OFFICE

Since composting of food waste was introduced in September 2010, 48.6 tons of organic waste have been composted, a saving of 24 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.



A photograph of two painted dogs, also known as African wild dogs, standing on a reddish-brown, rocky ground. The dog in the foreground is looking directly at the camera, while the one behind it is slightly out of focus. Both dogs have distinctive mottled black, brown, and tan fur patterns and large, upright ears.

## CASE STUDY – LIMITED EDITIONS – BAGS FOR GOOD

In 2012 Woolworths introduced the “limited editions bags for good” range. The first two of a four-part series pleaded, “don’t let our Painted Dogs fade away” and asked customers to “imagine no cheetah”, in partnership with Wildlife ACT Fund and the World Wide Fund for Nature. Woolworths committed R10 from the sale of each bag to help protect remaining cheetah and painted dog populations from becoming extinct.

With only an estimated 450 Painted Dogs and 900 Cheetahs left in South Africa, there is much work to be done to ensure their survival. To date, over R900 000 has been raised through the sales of these bags and is being used to fund the right equipment to effectively track and monitor Painted Dog and Cheetah, as well as providing veterinary and emergency response to a broad range of conservation-related field operations. Each edition also provided the opportunity for one lucky customer to win a luxurious stay at either Thanda Private Game Reserve or &Beyond and share a hands-on conservation experience with Wildlife ACT Fund.

This range followed the great success of the “rhino” bags launched in September 2010 in response to the dramatic increase in rhino poaching. Woolworths customers proved in a big way that they are not prepared to settle for the “big 4”; some 100 000 of these “rhino” bags have been sold so far, amounting to a donation of over **R1 million**. In partnership with WWF, these funds are being used to ensure that much-needed anti-poaching equipment and support can be secured for rangers across the region.

Woolworths customers are able to further support the protection of endangered wildlife by signing up for a MyPlanet card and choosing WWF, Wildlife ACT Fund or the Endangered Wildlife Trust (EWT) Rhino Fund – Woolies donates a percentage of the purchase to the chosen beneficiary on every swipe.

## 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.

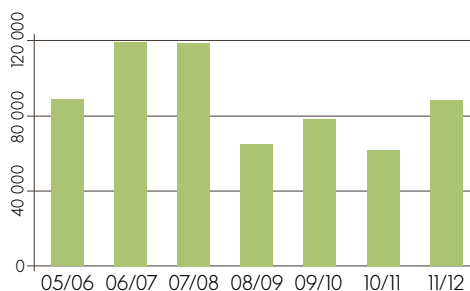
These have created an opportunity for Woolworths to preserve the environment as well as support enterprise development. Woolworths' two reusable bag suppliers, Isikhwama, based in Cape Town, and Gusco, based in Uitenhage, employ almost 200 semi-skilled and unskilled people, who were previously out of work.

Reusable bag sales continue to be strong with almost 1.6 million bags sold (1 million in 2011), and a number of new designs launched.

Relative plastic shopping bag usage has, however, remained stable over the last financial year. The 25% reduction target (of 1.0) had been set for 2012, off a 2007 benchmark of 1.3 plastic bags per transaction, with 0.77 achieved during the current year. Woolworths has targeted to halve the amount of plastic bags used in foods by 2015.

Woolworths' "green carriers" food bags are made from 55% recycled plastic, harvested from post-industrial waste, requiring fewer non-renewable resources than would be used to produce bags made entirely from virgin material. 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 75% recycled post-consumer waste in our foods plastic bags.

### PLASTIC BAG USAGE (MILLIONS)



### CASE STUDY: REUSABLE BAGS

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

This innovation, made possible by the technologies pioneered in South Africa by Extrupet and Woolworths, encourages the recycling of PET – reducing the amount of waste sent to landfills and the use of virgin plastic in production. Recycling 1 ton of PET bottles not only saves 6.2 cubic metres of landfill space; it also saves enough energy to keep a 15 watt energy-saver light glowing for 24 hours. It also helps create jobs – it's estimated that some 10 000 people earn income from collecting bottles.

When customers buy and reuse these bags, less plastic is being put back into the environment. The sale of the bags also supports a small Cape Town BEE company called Isikhwama, which employs semi-skilled and unskilled people who were previously out of work. Isikhwama is one of the small enterprises benefiting from partnership with Woolies.

## HEALTHY EATING AND LIFESTYLE PROGRAMMES

**THE GOOD FOOD JOURNEY IS THE NAME WE'VE GIVEN TO OUR ONGOING 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, REDUCING SALT IN OUR BREADS, REMOVING THE ARTIFICIAL SWEETENERS ASPARTAME, CYCLAMATE AND SACCHARIN, TO CARING FOR THE WELFARE OF ANIMALS 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.
- The company focuses on avoiding the use of unnecessary additives (including preservatives) in foods.
- Woolworths does not sell whole eggs from caged hens and is converting our egg ingredients in products to free range.
- Our exclusive range of Ayrshire dairy products and all fresh milk is guaranteed free of rBST growth hormones. Daily testing ensures that Woolworths Ayrshire milk does not contain antibiotics and guarantees the milk's quality, safety and freshness. Woolworths also ensures that their Ayrshire cows have a healthy diet and therefore have excluded the use of animal by-products to supplement their feed.
- In recent years Woolworths has removed hydrogenated vegetable oils (HVOs) from its fresh prepared food and has removed significant amounts of salt (primarily from its breads, cereals and cold meats) and of sugar from its chilled 100% fruit juices and nectars.
- Woolworths offers yoghurts made with natural flavours and colours, containing no added preservatives and no artificial sweeteners. In addition, all Woolworths yoghurts are made with rBST hormone-free milk. Woolworths yoghurts contain exclusive HOWARU™ probiotic cultures to help stimulate the immune system and assist in lactose digestion.
- Woolworths actively removes and avoids the use of allergens and other ingredients of concern to customers, where possible. No tartrazine or any form of glutamate may be used to produce Woolworths foods.
- Woolworths was the first South African retailer to remove aspartame from its foods. Woolworths has also removed the sweeteners saccharin and cyclamate from its own-brand foods.
- Woolworths-branded foods no longer contain azodyes, a type of artificial colourant frequently used to colour sweets and other brightly coloured foodstuffs.
- 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.
- It is Woolworths policy to remove or replace ingredients derived from genetically modified crop sources where possible. 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. We are working with our branded suppliers to ensure they comply with this policy.
- By 2015 50% of food products will be provided as healthy food options.





**OUR STORE  
LIGHTS DIM  
AUTOMATICALLY  
IN BRIGHT  
DAYLIGHT**





# CLEAN LIVING

CLIMATE CHANGE AND ENERGY

## CLIMATE CHANGE AND ENERGY

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FOLLOWING SOUTH AFRICA'S HOSTING OF THE COP 17 NEGOTIATIONS IN DURBAN IN 2011, MUCH ATTENTION HAS BEEN FOCUSED ON CLIMATE CHANGE ISSUES AND THE DEVELOPMENT OF A GREEN ECONOMY IN SOUTH AFRICA. SUBSTANTIAL ONGOING INCREASES IN ENERGY TARIFFS AND THE IMMINENT CARBON TAX, LIKELY TO BE INTRODUCED IN 2013, HAVE HIGHLIGHTED THE FINANCIAL RISKS AND OPPORTUNITIES ASSOCIATED WITH ENERGY AND CLIMATE CHANGE.

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Woolworths recognises that climate change is a major issue that affects the retail sector both directly through the operations we run and indirectly through our supply chains and the use of our products and services by customers. Woolworths believes in playing its part in increasing energy efficiency and reducing carbon emissions to the atmosphere as one of the six priority areas of focus of the Good Business Journey. Adaptation to climate change has also begun to get greater attention in negotiations, and from the business community, and we feel that our Farming for the Future programme is a key Woolworths intervention in this area.

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## COMMITMENTS AND PROGRESS

Commitment	2012	2011	By 2012	By 2015
<b>Reduce relative carbon footprint by 40% by:</b>				
<b>Reducing relative electricity usage by 30%</b>	27% relative reduction	22.5% relative reduction	30% relative reduction	40% relative reduction
<b>Regional food sourcing</b>	We source over 95% of our food from South Africa, based on country of origin labelling.			
<b>Restricting airfreight of our food products</b>	We have identified that less than 0.1% of our food is airfreighted and ensure that we only use this form of transport where local alternatives are not available.			
<b>Reducing relative transport emissions by 20%</b>	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).			
<b>Carbon footprint per DU delivered</b>	.265	previously 9.59 DU/litre and 4.57 DU/km	.298	.268
<b>Refrigeration</b>	<ul style="list-style-type: none"> <li>• 9 CO<sub>2</sub> refrigeration installations</li> <li>• 4 Ecofridge installations</li> <li>• 67 stores retrofitted with energy-saving technologies</li> </ul>	<ul style="list-style-type: none"> <li>– 6 CO<sub>2</sub> refrigeration installations</li> <li>– 4 ecofridge truck refrigeration pilots launched</li> <li>– 53 stores retrofitted with energy-saving technologies</li> <li>– Waste heat, recycled from the refrigeration system, is pumped back into the food market, helping to maintain comfortable trading conditions</li> </ul>	Roll out new refrigeration technology retrofit to all large stores	Continue to roll out CO <sub>2</sub> refrigeration to new stores and retrofit where the opportunity exists
<b>Lighting</b>	<ul style="list-style-type: none"> <li>• Automated lighting in 327 stores</li> </ul>	<ul style="list-style-type: none"> <li>– The electrical profiles of all stores, depots and offices are monitored remotely to ensure that lighting and air-conditioning units are managed in the most efficient way</li> <li>– Automated light-switching equipment has been installed in 213 stores to ensure that lights do not remain on after hours</li> </ul>	Automated lighting roll-out complete	
<b>Green buildings</b>	<ul style="list-style-type: none"> <li>• Nicolway store launched meeting platinum status</li> <li>• 24 total sites meeting green store status<sup>A</sup></li> </ul>	<ul style="list-style-type: none"> <li>– Green elements still included in the specifications of all new stores.</li> <li>– 18 total sites meeting green store status, including one platinum store – Palmyra junction</li> </ul>	Roll out green store model	Roll out green store model. Investigate certification of key facilities based on developments in SA Green Building Council standards
<b>Clean energy</b>	<ul style="list-style-type: none"> <li>• Clean energy projects proposals in progress – head office solar pilot project to commence in August 2012</li> </ul>	<ul style="list-style-type: none"> <li>– Solar heating still used to supplement heating in new green stores</li> </ul>	Investigate clean energy commitments appropriate to our business in the light of new legislation	Clean energy installation at minimum of one head office building and one DC
<b>Work with soil scientists to regularly monitor our farmers' soil sustainability, increasing its CO<sub>2</sub> absorption abilities</b>	<ul style="list-style-type: none"> <li>• Continued improvement in soil carbon on majority of farms forming part of Farming for the Future (FFF) programme</li> </ul>	3% increase in soil carbon as audited through our FFF programme	All conventional produce farmers meet FFF standards	Farming for the Future extended to 50% of our Foods business

<sup>A</sup> Part of Ernst & Young's audited key performance indicators. The basis for measurement of this indicator can be found on [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

### CARBON MANAGEMENT PROGRAMME

- 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 is committed to reducing its relative carbon footprint by 30% by 2012 and 40% by 2015 (benchmark April 2007).
- 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 capacity on board.

### 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 75% 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.
- Woolworths was ranked sixth in the Carbon Disclosure Leadership index as part of the 2011 Carbon Disclosure Project for South Africa and chosen as one of the top seven companies in the Carbon Performance index.
- Woolworths was chosen as the winner of the retail category in the South African Carbon Leadership Awards 2011 and 2010.



WE PROMOTE

30°

WASHING TEMPERATURES

### SUSTAINABLE TRANSPORT STRATEGY

We have looked at our entire distribution process to make it as socially and environmentally responsible as possible. Some of our initiatives include:

- A route optimisation project in conjunction with the Imperial Group has resulted in a reduction of kilometres travelled and cost savings.
- Woolworths is running a project that sees a 5% recycled cooking oil added to the fuel mix

used in 95% of our trucks and investigating alternative fuel sources.

- Reducing fuel consumption through the use of Euro 5 technology in conjunction with Imperial. Five new vehicles are being used to trial this programme. Euro 4 technology is only required by 2014 in terms of current SA legislation. The Euro 5 trucks are being equipped with Bluetec technology with 80% fewer particles and 60% less nitrous oxide and a 2% – 5% fuel saving, estimated at 600 000 litres of diesel per year.



95%

OF OUR TRUCKS USE A  
FUEL MIX CONTAINING 5%  
RECYCLED COOKING OIL

- Improving refrigeration through the ecofridge project. By using nitrogen refrigeration in our fleet, we estimate an approximate saving of 3 000 tons of CO<sub>2</sub> per annum, through diesel reductions, as well as efficiency benefits and noise reductions. The first four units are currently on the road.
- Woolworths uses 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 transport, as well hangers are collected by stores and sent back to the distribution centres for recycling.
- An illustration of Woolworths' commitment to sustainability at every level of the business is the Woolworths Midrand distribution centre (DC). Every aspect of the design and construction of the 78 000 m<sup>2</sup> facility has been subject to scrutiny from a social and environmental perspective, ensuring that Woolworths minimises the impact on the surrounding environment and communities.

## ENERGY USAGE

Total energy usage for all corporate stores, head office buildings and distribution centres: 297 459 151 kWh (2011: 328 388 383 kWh).

Our relative energy usage was 487 kWh/m<sup>2</sup> for 2012 (2011: 509 kWh/m<sup>2</sup>).

This is a **27% decrease** from the 2004 benchmark, attributed largely to the lighting,

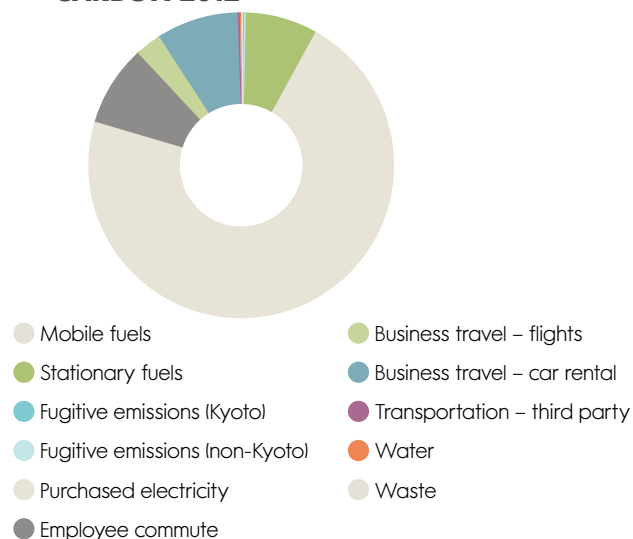
design and refrigeration technologies described above, and awareness campaigns to encourage employees to use less energy. Our energy awareness programme helps our staff members to save energy at work and at home, and our energy mascot "Sparky" is a frequent visitor in our stores with his energy-saving tips.

## CARBON FOOTPRINT

A carbon footprint calculation was conducted on head office buildings, distribution centres and corporate stores by Woolworths, and independently verified by Global Carbon Exchange (GCX) using the Greenhouse Gas Protocol Corporate 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.

## CARBON 2012





		Reporting year		
Comparative information:		2012	2011	2010
Scope	Source	Company total (CO <sub>2</sub> eq tons)	Company total (CO <sub>2</sub> eq tons)	Company total (CO <sub>2</sub> eq tons)
Scope 1	Company-owned vehicles	796.19	74.18	68.79
	Stationary fuels	268.40	188.38	293.26
	Fugitive emissions	325.57	29 003.10	27 343.78
<b>Subtotal scope 1</b>		<b>1 390.15</b>	29 265.66	27 705.83
Scope 2	Electricity usage	294 484.56	338 240.03	329 023.53
<b>Subtotal scopes 1 and 2</b>		<b>295 874.71</b>	367 505.70	352 712.29
Scope 3	Employee commute	36 500.20	33 647.40	31 119.00
	Business travel – flights	8 671.38	8 692.74	7 434.73
	Business travel – car rental	91.30	84.50	90.50
	Business travel – taxis (incl. shuttle)	DNR	DNR	23.84
	Distribution (third party)	37 199.81	35 676.38	24 862.04
	Water	639.91	828.80	394.38
	Waste (materials life cycle)	598.26	6 561.21	6 260.57
<b>Subtotal scope 3</b>		<b>83 700.87</b>	85 491.03	70 185.04
<b>Subtotal SA</b>		<b>379 575.58</b>	452 996.73	422 897.34
Fugitive emissions (non-Kyoto)		31 946.77		
<b>Total SA</b>		<b>411 522.35</b>	452 996.73	422 897.34
<b>Country Road</b>		<b>17 610**</b>	17 610	17 610
<b>Total</b>		<b>429 132.35</b>	470 606.73	440 507.34

\*\* Country Road had not completed its carbon footprint for 2012 by publication date, so historical data was used.

Total emissions are 9% 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;
- a notable proportion of the total emissions are contributed by non-Kyoto fugitive emissions (8%), resulting in corresponding declines in the proportion contributions by Scope 1 and Scope 2 emissions. Fugitive emissions are emissions of gases or vapours from pressurised equipment due to leaks. Note that the distinction between Kyoto and non-Kyoto fugitive emissions is new to this year's GHG assessment. Non-Kyoto fugitive emissions were included under Scope 1 in the previous carbon inventory, giving rise to a similar proportion of total emissions (8%);

- significant methodological changes adopted in 2011 by DEFRA in the calculation of waste-related emissions – the corresponding figures for previous years were recalculated using the most recent emission factors;
- changes to the Eskom emission factors used for energy; and
- the improved measurement system to provide data for Scope 3 emissions.





## CASE STUDY – OPENING OF NICOLWAY GREEN STORE

Woolworths has developed a sustainable building strategy which includes a list of principles and examples of how they could be practically applied.

All professional teams involved in our building developments are required to use these guidelines in building design and development.

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 either silver, gold or platinum level stores, with platinum level being the highest category for stores with the most sustainability features.

Please see the criteria and model for this rating system on [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

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

- natural ventilation including openable windows to offices and cross-ventilation;
- energy-efficient lighting and the use of a building management system for light switching;
- solar-powered water heating;
- reuse heat generated by plant and machinery to heat buildings in cold periods of the year;
- LED lighting for exterior signs;
- CO<sub>2</sub> 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;
- grey water recycling system;
- dual flush toilets;
- electronic pulse meters installed on all water meters;
- recycling facilities for customers; and
- cardboard shelving and bulkheads.







# CHEESE & DAIRY







A large, stylized green letter 'V' that serves as a background graphic for the entire page. It is composed of two thick, solid green strokes that meet at a point at the bottom center.

# WHAT'S MORE

COUNTRY ROAD  
WOOLWORTHS FINANCIAL SERVICES  
BEYOND SOUTH AFRICAN BORDERS



## COUNTRY ROAD

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### COUNTRY ROAD CONTINUES TO FOCUS ON FOUR KEY AREAS: OUR PEOPLE, COMMUNITY, ENVIRONMENT AND ETHICAL TRADE

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Country Road Limited, established in 1974, is a retail chain of stores and concession retail outlets offering a range of clothing and homeware under its own brand name. Country Road Limited has 167 retail stores or concession retail outlets across Australia and New Zealand and is represented in selected Woolworths outlets and standalone stores throughout South Africa.

Country Road contributes 11.8% of the turnover and 6% of the profit before tax. The annual report for Country Road Limited can be accessed on the website [www.countryroad.com.au](http://www.countryroad.com.au).

Corporate social responsibility (CSR) at Country Road is about taking a considered approach to the way we do business. Through our brand and people we will innovate and create social, ethical and environmental change in the world in which we live.

In 2009/10 three-year CSR measures and targets were established with the aim to drive performance in each focal area. These were integrated into the Corporate Strategy and divisional plans in 2010/11 and 2011/12. Progress is reviewed annually by the Executive committee and by the Board, and reported to our key stakeholders via the CRSEE Review and Country Road website.

Country Road continues to focus on four key areas: our people, community, environment and ethical trade.

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#### PEOPLE

Country Road 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 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.

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#### COMMUNITY

Country Road is committed to supporting the communities in which we operate. Country Road has annual donation and fund-raising targets in place, as well as a Community Policy, which offers employees volunteering leave and the opportunity to participate in workplace giving.

In 2008 Country Road entered into a partnership with Redkite – one of Australia's leading childhood cancer charities – and has since donated \$514 000 to the organisation. Much of this is achieved through employee fund-raising, which reached a record high in 2011/12 (\$31 525, 26% up on the prior year) – the highlight being the inaugural Country Road-Redkite Fun Run.

In July 2010 Country Road and Red Cross (in Australia and New Zealand) launched Fashion Trade, a clothing exchange programme that rewards customers for donating their pre-loved clothing to Red Cross. To date approximately \$33 000 has been raised through the programme and 6 600 units have been diverted from landfill. In addition, in 2011/12, Red Cross and Country Road ran an exciting Facebook campaign, which reached 500 000 Facebook-users, further spreading awareness about the Red Cross cause.



## CASE STUDY – CLASSIQUE

Classique Bags, based in Johannesburg, produces and supplies recyclable paper shopping bags for Woolworths Trenerly and Country Road stores, and is one of the small businesses that have experienced accelerated growth through the retailer's enterprise development programme.

With the majority of luxury shopping bags having been imported for decades, South African manufacturers have never really been able to crack this highly competitive market. But Classique is stemming the tide and bringing luxury shopping bag manufacturing home.

Manager and co-owner of Classique, Humeira Kazi, says the growing success of her business is rooted in humble beginnings: "My father started the business in 1998. He has always been technically minded, so when he faced the reality of being retrenched from an engineering firm, he turned to his technical expertise and entrepreneurial spirit to teach himself the skill of manufacturing plastic bags. It didn't happen overnight and there was a lot of trial and error, but Dad persevered as he had to provide for his wife and two daughters."

"It was time to take the business to the next level and with my accounting and

auditing background I was ready to get involved," says Kazi. "We were dreaming big and so we approached Woolworths in June 2010. At the time they were importing paper bags from Australia and we hoped that they would recognise our outstanding quality and service and allow us to supply their stores."

In early 2011 that dream became a reality when Woolworths placed its first order, followed shortly by an order of 400 000 bags to be delivered within 11 months.

Through the Woolworths Enterprise Development Programme the family business received a R100 000 loan to secure separate premises and additional equipment to accommodate orders.

"The programme boosted our business with much-needed financial assistance. Currently it also helps us to manage our monthly cash flow since beneficiaries of the programme are on shorter payment terms and invoices are settled within seven to fourteen working days. We can also lean on them for business advice and guidance relating to anything from finance to improving eco-friendly practices," says Kazi.

## WHAT'S MORE

A summary of all Country Road's community measures and results are summarised in the table below:

Measure	2012 Target	2012	2011	2010
Total community contributions	<b>\$270 000</b>	<b>\$399 548</b>	n/a	n/a
Total community contributions (excl. Fashion Trade and MySchool)	<b>n/a</b>	<b>\$343 634</b>	\$263 642	\$267 702
Total donations to Redkite	<b>\$116 000</b>	<b>\$137 382</b>	\$140 135	\$131 000
Direct company donations to Redkite	<b>\$82 000</b>	<b>\$82 000</b>	\$84 000	\$84 994
Direct company donations to other organisations	<b>n/a</b>	<b>\$5 400</b>	\$61 300	\$10 000
Employee fund-raising	<b>\$25 000</b>	<b>\$31 525</b>	\$20 726	\$8 770
Customer fund-raising	<b>\$55 000</b>	<b>\$34 614</b>	\$50 300	\$38 081
Employees participating in ongoing WPG	<b>50</b>	<b>57</b>	40	23
Employee volunteering (hours)	<b>100</b>	<b>163</b>	94	43
Cotton bags sales	<b>\$18 173</b>	<b>\$11 860</b>	\$16 526	\$17 759
Funds raised via MySchool (R)	<b>n/a</b>	<b>407 143</b>	357 439	
Product donations (cost price)	<b>n/a</b>	<b>\$190 095</b>	\$47 133	\$129 187

## ENVIRONMENT

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

In 2008 Country Road 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.

In 2012 Country Road attained a 4.5 rating (out of 5) from the APC, an increase from 4.3 during the prior year and the highest score awarded during the year. In 2012 Country Road implemented a new recycling programme at head office, achieved a 78% recycled paper usage rate (versus 40% the prior year), implemented a new on-line

electronic payroll filing system (which will save approximately 15 000 pages per year) and had an external packaging and waste audit completed (which identified opportunities to further improve packaging and waste management).

In regards to wool sourcing, Country Road has taken a proactive approach towards sourcing a sustainable supply of non-mulesed wool, by engaging in ongoing consultation with wool industry groups and relevant industry bodies and purchasing non- or ceased-mulesed for a proportion of Country Road wool products. Country Road is committed to generating positive change in this area, by encouraging the adoption of commercial alternatives to current industry practices.

## ETHICAL TRADE

Country Road sources clothing and accessories from various countries. In doing this, we have to consider the social and ethical implications of the manufacture of Country Road products. All suppliers must be signatory to Country Road's Code of Labour Practice, which follows all relevant International Labour Organisation (ILO) conventions.

Further to this, Country Road has developed an Environmental Code of Practice (ECoP) for the dyeing, printing and finishing of goods

supplied to Country Road, which aims to ensure that within existing technology, no dyes or chemicals used in the production of garments, fabrics, leather and/or textile-related products present an unacceptable risk to health or the environment during their manufacture, use or disposal.

Country Road launched a Sustainable Packaging Policy and Guide in March 2010, which aims to integrate sustainable principles into packaging design.



## WOOLWORTHS FINANCIAL SERVICES

### IN 2012 WOOLWORTHS ROLLED OUT E-STATEMENTS TO CUSTOMERS IN OUR STORE CARD AND LOAN STATEMENT CATEGORIES

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.

Woolworths Financial Services provides our Woolworths customers with a credit offering to assist them to purchase merchandise in our stores. It also offers a credit card, personal loans and insurance products. Woolworths Financial Services contributes 4.6% of profit before tax. Pleasingly, the WFS book grew 8.3% with the impairment rate increasing by just 0.5% to a more than acceptable 1.9%.

#### 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. Almost 75 000 accounts have been converted to e-statements to date.

**JOIN THE CLICK**

**GET YOUR WOOLIES STORE CARD STATEMENTS BY EMAIL**

**IT'S THE GREEN THING TO DO**

By choosing to receive your statements via email, you will enjoy the following benefits:

- QUICK SERVICE** - your statements will arrive in your inbox as soon as they're created, so no more waiting around for paper statements to arrive in the post.
- IMPROVED SECURITY** - unlike paper statements your e-statement can't ever get lost in the post, and only you can access it.
- CONVENIENCE** - your statements can be filed electronically and accessed easily at any time.
- A GREENER OPTION** - you'll be playing your part in helping to save up to 100 trees in paper every month.

It's easy to join the "click". All you need to register for e-statements is your account number and your ID number.

**TO OPT IN TO E-STATEMENTS VISIT**  
[www.woolworths.co.za/e-statements](http://www.woolworths.co.za/e-statements)  
 OR CALL 0861 50 20 20

#### COMMUNITY

In order to promote the full integration and ensure proper governance of the WFS Corporate Social Investment programme, a WFS CSI committee has been constituted.

In 2011, following the move of the WFS head office to Observatory, the programme has focused on:

- **Community**  
CCID – Central City Improvement District Security – Funding a once-off vehicle, including WFS branding. Providing the annual salary for one additional security guard for 2012.
- **Children and education**  
The Mary Kin School for the hearing impaired and Observatory primary school – WFS donated desktops and computer equipment; and Magnet Theatre – WFS sponsored bursaries for students studying at the Magnet Theatre.

- **National initiatives**  
Operation Shoebox – WFS wrapped, packaged and delivered 250 gifts to four different charities.
- **Looking ahead** WFS will once again contribute to the upliftment of the Observatory and broader communities, and have selected to support the following social development projects this year:
  - Cape Town Science Centre
  - Observatory Soccer Coaching Clinic
  - Observatory Primary School
  - Mary Kin School for the hearing impaired
  - Habitat for Humanity
  - Harbour Day

In addition, and for the first time, WFS will invite staff to submit CSI proposals this year, which will be assessed according to the CSI framework.

### BEYOND SOUTH AFRICA'S BORDERS

#### SUB-SAHARAN AFRICA REPRESENTS A SIGNIFICANT OPPORTUNITY FOR RETAILERS AND THERE ARE A NUMBER OF TRENDS WHICH SUPPORT DEVELOPING A RETAIL PRESENCE IN THESE COUNTRIES

First, there has been a sustained change in the political environment in terms of more stable democracies. While many countries remain one-party democracies, there is an increasing emergence of opposition parties and in recent times we have seen more peaceful elections. This type of political stability provides confidence for investment. Sub-Saharan countries are also starting to see sustainable economic growth. While this has been driven to a large extent by resources and increases in resource prices, many of these economies are diversifying into other areas, such as rejuvenation in agriculture, manufacturing or services. This is supported in the main by sound economic policies. Sub-Saharan Africa's GDP growth is expected to significantly outstrip South Africa's over the next five years.

Secondly, growth in the consumer market within Africa. Most sub-Saharan countries have relatively young populations. In addition, many of them are seeing increasing urbanisation as well as the emergence of a middle class, driven not only by economic growth, but also by greater access to both primary and secondary education. This middle class has discretionary spending power and is looking for more choice and is expected to grow by more than 50% in the next decade (2020).

Retail trade 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 plans are to materially grow our presence in Africa. The focus will be on expanding our presence in existing countries and expanding into new countries where we can build critical mass. We will also continue to convert from a franchise to a corporate model with local partners where appropriate. We will integrate the international business into our existing processes to build a consistent customer experience across Africa.

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.

#### CASE STUDY – SUPPORT FOR NGOs IN BOTSWANA

The Woolworths franchise operations in Botswana were found to be the retailer contributing the most to NGOs in the country over the last four years, at an average of over 4 million Pula per year (R4 million). The Handa family, Woolworths' franchise partner in Botswana, have been closely involved in supporting a number of initiatives around sports, education and care of the aged.

#### CASE STUDY – WOOLWORTHS ZAMBIA

Woolworths Zambia has adopted the Kabwata Children's Orphanage and Transit Centre as part of their CSI initiatives. The Woolworths team is actively participating in operational activities and sustainability of the centre and the centre is also a recipient of surplus food from the food store.







# INDEPENDENT ASSURANCE STATEMENT TO THE DIRECTORS OF WOOLWORTHS HOLDINGS LIMITED FOR THE YEAR ENDED 24 JUNE 2012

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### 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 24 June 2012, 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, stakeholder inclusiveness 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 24 June 2012 as disclosed on page 53.
- Water usage (in kilolitres) at the Maxmead, Montague Gardens and Midrand distribution centres for the twelve months ended 24 June 2012 as disclosed on page 53.
- Water usage (in kilolitres) for stores for the twelve months ended 24 June 2012 as disclosed on page 53.
- Percentage recycled content in Woolworths' rigid food packaging as disclosed on page 53.
- The results of the rating of all South African stores opened against the green stores model as at 24 June 2012 as disclosed on page 73.

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

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 7 September 2012) 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.

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### DIRECTORS' RESPONSIBILITY

The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders, to identify key issues, to respond appropriately to key issues identified, to determine those key performance indicators which may be relevant and material to the identified stakeholders, and to design and apply appropriate sustainability reporting policies. The directors are also responsible for the preparation and presentation of the Report, the information and assessments contained in the Report and for such internal control as the directors determine 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.

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### 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.

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### 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:

- information relating to Country Road on pages 82 to 84; and
- the column headed "Assurance I = Internal E = External" reflected in the GRI content index on pages 90 to 96.

## 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; and
  - the significant reporting processes including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.
- We made such enquiries of management, employees and those responsible for the preparation of the Report and the specified KPIs as we considered necessary.
- We inspected relevant supporting documentation and obtained such external confirmations and management representations as we considered necessary for the 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 on pages 90 to 96.

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, stakeholder inclusiveness 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 24 June 2012.

## OTHER MATTERS

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  
 7 September 2012

Our self-declared application level is **B+**, and has been included within the scope of Ernst & Young's assurance.

GRI disclosure	Issue description	Reported in full/ partially/ reason for omission	Assurance I = Internal E = External	Good Business Journey (GBJ) Report section, Annual Financial Statements (AFS) or Integrated Report (IR) reference
<b>Strategy</b>				
1.1	Statement from the most senior decision-maker of the organisation	full	I	Chairman's Report and Group Chief Executive Officer's report – IR, Chief Executive and Chairman's statement – GBJ
1.2	Description of key impacts, risks and opportunities	full	I	Our key risks, trends influencing our strategy, making it count – IR Governance and Economic section, Key sustainability risks – GBJ
<b>Organisational profile</b>				
2.1 – 2.9	Organisation's name, primary brands, operational structure, location of headquarters, countries of operations, markets served, nature of ownership, legal form, scale and significant changes	full	I	Our integrated report, where it all starts, Shareholder information – IR AFS Governance and Economic, Social – GBJ
2.10	Awards received in the reporting period	full	I	Key sustainability indicators and recognition – GBJ
<b>Report parameters</b>				
3.1 – 3.12	Reporting details	full (restatements covered in section to which they relate) 3.5 partial	E	Our Integrated Report – IR About our report section, GRI index, inside back cover – GBJ
3.13	Policy and current practice with regard to seeking external assurance for the report	full	E	About our report section – GBJ, Our Integrated report, Governance report – IR, Assurance statements – GBJ and IR
<b>Governance, commitments and engagement</b>				
4.1 – 4.10	Governance	full 4.7 partial	E	Woolworths Holdings Limited – Board members, stakeholder engagement, remuneration report, Governance report, Shareholder information – IR Governance and Economic section, Social section, Environment section, Stakeholder engagement section – GBJ, AFS
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	partial	I	Environment section – GBJ
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses	full	I	Governance report – IR About our report section, Environment section – GBJ
4.13	Memberships in associations, single and/or national/international advocacy organisations	full	I	Stakeholder engagement section – GBJ and IR
4.14 – 4.17	Stakeholder details and engagement	full	I	Stakeholder engagement section – GBJ and IR



<b>GRI disclosure</b>	<b>Issue description</b>	<b>Reported in full/ partially/ reason for omission</b>	<b>Assurance I = Internal E = External</b>	<b>Good Business Journey (GBJ) Report section, Annual Financial Statements (AFS) or Integrated Report (IR) reference</b>
DMA EC	Disclosure on management approach EC	partial	E	Governance and Economic section, Transformation and CSI section, Climate change and energy section – GBJ AFS Remuneration report – IR
DMA EN	Disclosure on management approach EN	partial	E	Environment section, Climate change and energy section – GBJ
DMA LA	Disclosure on management approach LA	partial	I	Social section, Transformation and CSI section – GBJ Board members – IR
DMA HR	Disclosure on management approach HR	partial	I/E	Social section – GBJ
DMA SO	Disclosure on management approach SO	partial	I	Stakeholder section, Governance and Economic section, Transformation and CSI section – GBJ Stakeholder section – IR
DMA PR	Disclosure on management approach PR	partial	I	Governance and Economic section, Social section, Environment section, Stakeholder engagement section – GBJ
<b>Economic performance</b>				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	full	E	Value added statement – IR 2012 Investment Case, Chairman's report, Governance and Economic section – GBJ
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	partial	I	Climate change and energy section – GBJ
EC3	Coverage of the organisation's defined benefit plan obligations	partial	I	Remuneration report – IR AFS, social section – GBJ
EC4	Significant financial assistance received from government	full		None received
EC5	Range of ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation	Not publicly reported		Comply with at least minimum wage requirements in all countries of operation
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	partial	I	Transformation and CSI section – GBJ
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	partial	I	Transformation and CSI section – GBJ
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	full	E	Transformation and CSI section – GBJ
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	partial	I	Governance and Economic section, Transformation and CSI section – GBJ AFS

<b>GRI disclosure</b>	<b>Issue description</b>	<b>Reported in full/ partially/ reason for omission</b>	<b>Assurance I = Internal E = External</b>	<b>Good Business Journey (GBJ) Report section, Annual Financial Statements (AFS) or Integrated Report (IR) reference</b>
<b>Environmental performance</b>				
EN1	Materials used by weight or volume	partial	I	Environment section – GBJ
EN2	Percentage of materials used that are recycled input materials	partial	I	Environment section – GBJ
EN3	Direct energy consumption by primary energy source	partial	E	Climate change and energy section – GBJ
EN4	Indirect energy consumption by primary source	full	E	Climate change and energy section – GBJ
EN5	Energy saved due to conservation and efficiency improvements	full	E	Climate change and energy section – GBJ
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	full	I	Climate change and energy section – GBJ
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	full	E	Climate change and energy section – GBJ
EN8	Total water withdrawal by source	partial	E	Environment section – GBJ
EN9	Water sources significantly affected by withdrawal of water	full	I	None
EN10	Percentage and total volume of water recycled and reused	working to refine this data		
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			n/a
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	partial	E	Environment section – GBJ
EN13	Habitats protected or restored	partial	I	Environment section – GBJ
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	partial	I	Environment section – GBJ
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	full		n/a to our own operations (none)
EN16	Total direct and indirect greenhouse gas emissions by weight	full	E	Climate change and energy section – GBJ
EN17	Other relevant indirect greenhouse gas emissions by weight	full	E	Climate change and energy section – GBJ
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	full	E	Climate change and energy section – GBJ
EN19	Emissions of ozone-depleting substances by weight	partial	E	Climate change and energy section – GBJ
EN20	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions by type and weight	partial	E	Climate change and energy section – GBJ
EN21	Total water discharge by quality and destination	not material for our operations		

<b>GRI disclosure</b>	<b>Issue description</b>	<b>Reported in full/ partially/ reason for omission</b>	<b>Assurance I = Internal E = External</b>	<b>Good Business Journey (GBJ) Report section, Annual Financial Statements (AFS) or Integrated Report (IR) reference</b>
EN22	Total weight of waste by type and disposal method	partial	E	Environment section – GBJ
EN23	Total number and volume of significant spills	full		None
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	full		None
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and run-off	full		None
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	full	I	Environment section, Climate change and energy section – GBJ
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	partial	I	Environment section – GBJ
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	full		None
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	full	E	Climate change and energy section – GBJ
EN30	Total environmental protection expenditures and investments by type	partial	I	Environment section – GBJ
<b>Social: labour practices and decent work</b>				
LA1	Total workforce by employment type, employment contract and region broken down by gender	partial	I	Transformation and CSI section and Social section – GBJ
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	partial	I	Social section – GBJ
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	partial	I	Social section – GBJ
LA4	Percentage of employees covered by collective bargaining agreements	full	I	Social section – GBJ
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	partial	I	Social section – GBJ
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	partial	I	Social section – GBJ



GRI disclosure	Issue description	Reported in full/ partially/ reason for omission	Assurance I = Internal E = External	Good Business Journey (GBJ) Report section, Annual Financial Statements (AFS) or Integrated Report (IR) reference
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender	partial	I	Social section – GBJ
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases	full	I	Social section – GBJ
LA9	Health and safety topics covered in formal agreements with trade unions	not publicly disclosed	I	
LA10	Average hours of training per year per employee by employee category and by gender	partial	I	Social section – GBJ
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	partial	I	Transformation and CSI section and Social section – GBJ
LA12	Percentage of employees receiving regular performance and career development reviews by gender	full	I	All
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	partial	E	Social section – GBJ Board members – IR
LA14	Ratio of basic salary and remuneration of men to women by employee category by significant locations of operation	Not publicly reported		n/a
LA15	Return to work and retention rates after parental leave by gender	Internally measured, not publicly reported	I	n/a
<b>Social: human rights</b>				
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening	full	I	All
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken	partial	E	Social section – GBJ
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	partial	I	Diversity training provided to all departments
HR4	Total number of incidents of discrimination and actions taken	Internally measured, not publicly reported	I	n/a

<b>GRI disclosure</b>	<b>Issue description</b>	<b>Reported in full/ partially/ reason for omission</b>	<b>Assurance I = Internal E = External</b>	<b>Good Business Journey (GBJ) Report section, Annual Financial Statements (AFS) or Integrated Report (IR) reference</b>
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights	full	E	No operations or significant suppliers are identified with these risks
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour	full	E	No operations or significant suppliers are identified with these risks
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	full	E	No operations or significant suppliers are identified with these risks
HR8	Security practices	full	E	n/a
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	full	E	No operations are identified with these risks
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	full	E	All
HR11	Number of grievances related to human rights filed, addressed and resolved through formal mechanisms	full	E	None received
<b>Social: society</b>				
SO1	Percentage of operations with implemented local community engagement, impact assessment and development programmes	partial	I	Transformation and CSI section Beyond South Africa's borders – GBJ
SO2	Percentage and total number of business units analysed for risks related to corruption	full	I	All
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	partial	I	Governance and Economic section – GBJ
SO4	Actions taken in response to incidents of corruption	partial	I	Governance and Economic section – GBJ Our risk framework and process – IR
SO5	Public policy positions and participation in public policy development and lobbying	partial	I	Stakeholder engagement sections – IR and GBJ, Environment section, climate change and energy section – GBJ
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	full	I	Not applicable – no donations made as per company policy
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	full	I	None
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	full	I	None

GRI disclosure	Issue description	Reported in full/ partially/ reason for omission	Assurance I = Internal E = External	Good Business Journey (GBJ) Report section, Annual Financial Statements (AFS) or Integrated Report (IR) reference
SO9	Operations with significant potential or actual negative impacts on local communities	full	I	None identified
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	full	I	n/a
<b>Social: product responsibility</b>				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	partial	I	Governance and Economic section – GBJ Social section – GBJ Environment section – GBJ
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle by type of outcomes	full	I	None
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	full	I	Social section – GBJ Environment section – GBJ
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	full	I	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	partial	I	Stakeholder engagement section – GBJ Governance and Economic section – GBJ
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	partial	I	Stakeholder engagement section – GBJ
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	full		Stakeholder engagement section – GBJ Governance and Economic section – GBJ
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	full		None
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	full		None



## CONTACT DETAILS

We appreciate any feedback on our sustainability focus areas or reporting.

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**For more information see:**

[www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

[www.woolworths.co.za](http://www.woolworths.co.za)

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