



WOOLWORTHS HOLDINGS LIMITED
2019 Good Business Journey Report

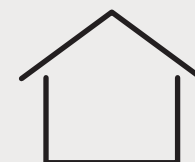
NAVIGATING OUR REPORT

**IN COMMITMENT TO OUR
GOOD BUSINESS JOURNEY, THIS REPORT
IS ONLY AVAILABLE DIGITALLY.**

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the web*



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*More detailed content
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OUR GOOD BUSINESS JOURNEY REPORT

*This is the 2019 annual sustainability report of Woolworths Holdings Limited (WHL or the Group).
The report covers the 53 weeks ended 30 June 2019 and provides an overview of our
Good Business Journey.*

SCOPE AND BOUNDARY OF THIS REPORT

The companies covered by this report are Woolworths, Country Road Group, and David Jones. The report is aimed at providing an overview of our sustainability strategy and progress to date, as well as future plans. It is intended to be read in conjunction with the 2019 Integrated Annual Report and the 2019 Annual Financial Statements, as a compendium of our strategy and performance. We follow a robust risk assessment approach to determine our risks across all focus areas as well as key stakeholder groupings. The principles that underlie the precautionary approach inform our governance and enterprise risk framework as well as our strategy. With respect to our sustainability impacts, 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.

REPORTING FRAMEWORK

As with our 2019 Integrated Report, we have considered the application of the six capitals (as recommended by the International Integrated Reporting Council) in our thinking about sustainability. Where this report predominantly covers the aspects related to human, social and relationship, and natural capitals, the Integrated Annual Report offers details about financial, manufactured, and intellectual capitals. This report references the GRI Standards. The detailed GRI index can be found at www.woolworthsholdings.co.za. WHL is a signatory to the UN Global Compact, and this report also serves as our Communication on Progress (COP). We have also aligned to the UN Sustainable Development Goals (SDGs), as well as national development priorities of all the countries we operate in. The report also applies the King IV™ principles. We welcome any feedback on our programme and reporting. Contact details for this purpose can be found at the end of the report.

Icons used throughout this report



The contents of this 2019 Good Business Journey Report are broadly comparable with that of the 2018 Good Business Journey Report.

[See 2019 sustainability reporting suite](#)

GOVERNANCE

The Sustainability Committee, a sub-committee of the Woolworths Holdings Board, has oversight of the Group's sustainability strategy. The committee is chaired by a non-executive director and meets twice a year to review the progress of the Good Business Journey programme, as well as to approve strategic matters arising for continuity of the programme. The Group Chief Executive Officer and the Woolworths SA Chief Executive Officer are members of the committee, together with three independent directors. These independent directors each have significant expertise and experience in a range of corporate sustainability issues. The David Jones and Country Road Group Executive Committees review Good Business Journey progress on a regular basis as well. Both the David Jones and Country Road Group Boards also receive Good Business Journey progress updates at each Board meeting.

2019 SUSTAINABILITY REPORTING SUITE

Complementing the Good Business Journey Report are a number of other reports targeted at specific stakeholders.

THESE REPORTS ARE THE:

- Integrated Annual Report, which provides an overview of the Group's performance, value created for stakeholders, contribution to society, and how the Group's strategy, governance, and performance add to the creation of value over the short-, medium-, and long-term
- Annual Financial Statements, providing a more detailed understanding of the financial aspects of our business
- Summarised Remuneration Report, providing key features of the Remuneration Report

The Integrated Annual Report and Annual Financial Statements, and Summarised Remuneration Report are available online on our corporate website, www.woolworthsholdings.co.za

Various appendices to this report, including a glossary, other supporting documents and compliance information not included in these reports can be accessed on our corporate website, www.woolworthsholdings.co.za

FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute forward looking statements which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Group's control. The directors, therefore, advise readers to use caution regarding interpreting any forward-looking statements in the report.

APPROVAL AND ASSURANCE

The Group has always looked at obtaining independent opinion on our progress as a crucial part of gaining and maintaining credibility with our stakeholders.

Ernst & Young Inc. (EY) has been engaged, for the ninth consecutive year, to perform a limited assurance engagement for certain quantitative information contained in this current report as follows:

- Water usage for Woolworths head office, stores, and distribution centres
- Percentage of Woolworths branded fashion, beauty and homeware locally sourced

[See EY's 2019 independent assurance report](#)

Various other verifications and assurances by a range of audit, technical, and scientific experts are obtained over different aspects of our Good Business Journey. These are documented in an assurance summary in an appendix to this report.

[See Assurance Summary](#)

We feel that the combination of verification and assurance processes provides coverage for all our material focus areas.

**THE SUSTAINABILITY COMMITTEE HAS REVIEWED
AND RECOMMENDED THE GOOD BUSINESS JOURNEY
REPORT TO THE BOARD FOR APPROVAL.**

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SUSTAINABILITY COMMITTEE CHAIRMAN & GROUP CEO'S REPORT

Now in its 12th year, our Good Business Journey (GBJ) continues to grow from strength to strength and is entrenched at the heart of our Group. The ethos behind it, though, goes back to the very beginning of the Woolworths business. We have always been driven by a strong set of values and the recognition that we can only be successful if we address the sustainability of our business across the entire value chain, from within our own operations to our supply chain, our customers, our community and our products.

This can be challenging, particularly in the complex global context within which we operate. There are concerns about the carrying capacity of our planet, particularly with regards to its ability to provide food and essential ecosystem services to a growing population. The accelerating impacts of climate change are becoming increasingly visible, and the extreme weather events related to it have not been experienced at this scale and frequency before. This is putting additional strain on our food production systems and our globalised supply chains. At the same time, our customers' perceptions around health and wellness are changing, as more and more people are shifting to healthier lifestyle choices, which, in turn, impacts their purchasing decisions. This is coupled with the continuing focus on plastic and packaging. Operating in South Africa, we are also deeply conscious of our role in the broader community, particularly in these stressed economic times.

Looking back on the past year, we continued delivering on our ambition of zero packaging waste to landfill via a number of initiatives across the various companies in the Group. A significant development was Woolworths rolling out plastic-shopper-bag-free stores supported by the development of new, low-cost reusable bags as an alternative to the traditional plastic bag. The business also removed plastic straws and cutlery from stores as well as plastic-stemmed earbuds. Numerous other projects are in the works to deliver the ambitious target. At the same time, it is important to note that we are not on this packaging journey alone and continue to collaborate with a variety of stakeholders on a range of issues.

The sustainable sourcing of our products was a key focus area during the year. As part of our commitment towards increasing transparency with our customers, both Country Road Group and David Jones published their supplier lists and signed the Bangladesh Accord on Fire and Building Safety.

We continue to make progress on the responsible sourcing of our key commodities such as cotton, timber, viscose, leather, soy, cocoa, and palm oil. This year, we were also proud to achieve a milestone, in that 100% of Woolworths' food and pet food lines are currently GMO free.

Our people, customers, and local communities are the engine that drive our business. During the year, David Jones launched its Reconciliation Action Plan, a two-year strategic and operational management framework approach to bridging actual and perceived gaps between Aboriginal and Torres Strait Islander peoples and non-indigenous employees, customers, and communities.

The Group contributed over R852 million towards corporate social investment causes. R83 million was contributed through the MySchool MyVillage MyPlanet programme and R611 million in surplus food was donated to those in need. The annual Witchery White Shirt campaign raised A\$1.7 million for the Ovarian Cancer Research Foundation. Furthermore, we spent over R146 million in skills development initiatives for our employees. Through the implementation of our GBJ we have achieved R1 424 million in operational and process savings to date.

We are immensely proud of the recognition we have received over the last year for our GBJ performance and related reporting, including our inclusion in the Dow Jones Sustainability Index and FTSE4Good Emerging Index Series.

LOOKING AHEAD

Our vision is to be one of the world's most responsible retailers, and embedding the GBJ remains one of our key strategic focus areas. We aim to continue to do business in the most transparent and ethical way possible, managing our environmental and social impacts in our value chain. This aligns to our Woolworths Holdings values, and is nothing less than what our stakeholders expect.



Simon Susman
Chairman, Sustainability Committee



Ian Moir
Group Chief Executive Officer

KEY MATTERS DISCUSSED BY THE SUSTAINABILITY COMMITTEE

The Sustainability Committee (the committee) ensures that the sustainability strategy positions the Group as a leader in responsible retailing in the countries in which it trades. It further oversees that the sustainability initiatives and objectives are effectively integrated into the business and that the Group operates in an environmentally responsible manner. Details of the committee composition and attendance at meetings are included in the Integrated Report, while the committee's terms of reference are available on our website at www.woolworthsholdings.co.za.

KEY MATTERS DISCUSSED DURING THE YEAR:

- Reviewed the Group's sustainable development (Good Business Journey) strategy and performance
- Discussed contextualisation of the Group's 2020 water target, taking into account the wide variety of work the Group is undertaking with regard to water stewardship, quality, and efficiency
- Considered customer feedback on their perceptions of the Good Business Journey with particular reference to packaging
- Monitored the roll-out and implementation of our zero packaging waste to landfill vision and commitments
- Considered feedback on various local and internal stakeholder engagements as well as the ongoing partnerships in initiatives to remain at the forefront of sustainability
- Monitored international developments in sustainable fibres and the Group's ethical sourcing strategy
- Monitored the restructuring of the regional sustainability team in Australia and alignment of the Australian group's programme with that of the Good Business Journey
- Considered assurance coverage of the Good Business Journey focus areas and appointed the report's assurance service provider

Topics related to people and transformation, employee health and wellness, and social development were discussed by the Social and Ethics Committee during the year. Further information on these topics is provided in the Social and Ethics Committee Report.

[See Integrated Report](#)

[See Social and Ethics Committee Report](#)

***“WE BELIEVE WE CAN CONTINUE TO DO GOOD
BUSINESS BY DOING BUSINESS IN A GOOD WAY,
CREATING REAL VALUE FOR OUR STAKEHOLDERS.”***

– Simon Susman, Chairman, Sustainability Committee

A TRIBUTE TO SIMON SUSMAN

From Hubert Brody, Deputy Chairman

It is with great gratitude that we say farewell to Simon Susman at our 2019 Annual General Meeting.



Simon has been part of Woolworths for almost 40 years and his contribution to the Group has been invaluable. Notably, he was the architect and driving force behind our very successful Food business and further held a number of top executive positions in the Group before becoming the Chief Executive in 2000.

Simon was also particularly instrumental in inspiring and implementing our Good Business Journey.

Through this programme, the Group continually strives to do business in a way that is deeply sustainable, both socially and environmentally.

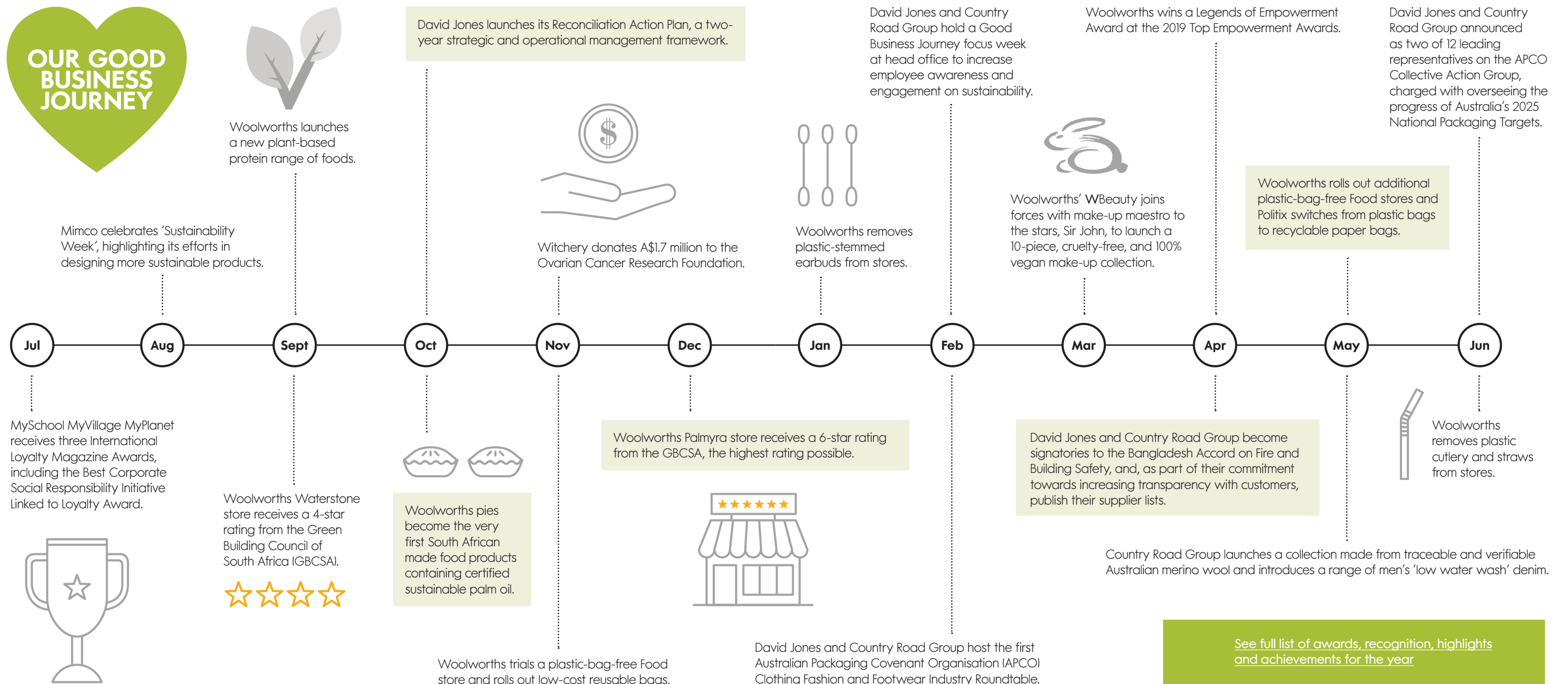
Simon will become Honorary President upon conclusion of the 2019 WHL Annual General Meeting, where he will step down as a director. He will provide support and advice to the Board and continue his deep association with the Group by devoting his time to the continued advancement of WHL's participation in civil and corporate society.

On behalf of the Board, management and all our employees, we wish to extend our deepest thanks and appreciation to Simon for the passion and wisdom that he has shared with us and for building Woolworths into a company that is deeply rooted in values, passionately delivers on sustainability, and brings real value to all stakeholders.

SIMON WAS ALSO PARTICULARLY INSTRUMENTAL IN INSPIRING AND IMPLEMENTING OUR GOOD BUSINESS JOURNEY. THROUGH THIS PROGRAMME, THE GROUP CONTINUALLY STRIVES TO DO BUSINESS IN A WAY THAT IS DEEPLY SUSTAINABLE, BOTH SOCIALLY AND ENVIRONMENTALLY.

HIGHLIGHTS & ACHIEVEMENTS

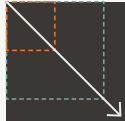


(JULY 2018 – JUNE 2019)



ABOUT THE WHL GROUP

Woolworths Holdings Limited (WHL) is a southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. It is one of the top JSE-listed companies and has a market capitalisation of R51.3 billion as at 30 June 2019. Approximately 41% of revenue is derived from Australian operations. The Group trades through three operating subsidiaries, which include Woolworths Proprietary Limited (Woolworths or WSA), Country Road Group Proprietary Limited (Country Road Group or CRG), and David Jones Proprietary Limited (David Jones or DJ), acquired as of 1 August 2014 and formerly listed on the Australian Securities Exchange (ASX). Woolworths Financial Services Proprietary Limited (WVFS) is a joint venture with Absa Bank, which holds the controlling interest.











From an operating perspective, Woolworths is the biggest contributor to Group turnover and profit and thus has the largest sustainability impact across the Group.

WOOLWORTHS SA EST. 1931	PROFILE Leading South African retailer offering a range of primarily private label products OFFERING A selected range of quality fashion, beauty, homeware, and food products. Financial services are provided through Woolworths Financial Services (WVFS)	 TRADING SPACE 733 000 m ²	58.9% <i>Group turnover (including concession sales)</i> 75.3% <i>Group adjusted profit before interest and tax</i> 90.0% <i>of targets achieved on sustainability scorecard</i>
DAVID JONES EST. 1838	PROFILE One of Australia's leading premium department stores OFFERING Leading international and local brands with a private label clothing, homeware, and food offering	 TRADING SPACE 475 000 m ²	27.1% <i>Group turnover (including concession sales)</i> 6.7% <i>Group adjusted profit before interest and tax</i> 83.0% <i>of targets achieved on sustainability scorecard</i>
COUNTRY ROAD GROUP EST. 1974	PROFILE Leading Australian speciality retailer OFFERING Stylish, high-quality apparel, accessories, footwear, and homeware	 TRADING SPACE 121 000 m ²	14.0% <i>Group turnover (including concession sales)</i> 18.0% <i>Group adjusted profit before interest and tax</i> 84.0% <i>of targets achieved on sustainability scorecard</i>

On a comparable 52-week basis as at 30 June 2019.



OVERVIEW OF THE GOOD BUSINESS JOURNEY

OUR VISION IS TO BE ONE OF THE WORLD'S MOST RESPONSIBLE RETAILERS								
GOOD BUSINESS JOURNEY STRATEGY	<p>The Good Business Journey facilitates our vision to be one of the world's most responsible retailers. It is our Group-wide plan to make a difference for our people, our communities, and for the environment. Embedding the Good Business Journey is one of the WHL Group's strategic focus areas.</p> <p>See more information on the Group's strategic focus areas in the Integrated Report</p>							
WHL GROUP MATERIAL ISSUES	<p>Our material issues ultimately inform and influence our Good Business Journey strategy and focus areas. In order to identify our material issues, each year, we consider the operating and sustainability context, the results of stakeholder engagement, as well as our strategic risks. The Group has identified talent and change management and responsible retailing as material issues at a macro level. These issues are further broken down in our Good Business Journey and are addressed through the related eight focus areas and are reported on in this report.</p> <p>See more information on the Group's macro-level material issues in the Integrated Report</p>							
GOOD BUSINESS JOURNEY FOCUS AREAS	 <i>People & Transformation</i>	 <i>Social Development</i>	 <i>Health & Wellness</i>	 <i>Sustainable Farming</i>	 <i>Ethical Sourcing</i>	 <i>Waste</i>	 <i>Water</i>	 <i>Energy & Climate Change</i>
WHY THE FOCUS AREAS AND MATERIAL ISSUES ARE IMPORTANT TO THE WHL GROUP	Organisational diversity and transformation are important for enabling effective delivery of our business strategy.	As a responsible corporate citizen we need to contribute to meeting the economic and societal needs of the communities where we operate.	We need to create a safe and healthy working environment to enable employees to thrive. As a Food retailer, we should inspire our customers to make healthy choices by providing a wide range of healthy food options.	We need to contribute to a sustainable food system, actively managing environmental impacts and the welfare and dignity of animals in our supply chain.	To manage our ethical sourcing risk, we need to create better lives for workers in our supply chain and contribute to increasing demand for responsibly sourced commodities.	We need to reduce the amount of waste sent to landfill across our value chain, and drive a market for recycled materials by using them in our operations, packaging, and products.	A constant supply of clean water is essential to our value chain, from the growing of commodities to the manufacture and sale of our products.	To address the risks to our business from climate change, we need to ensure that appropriate adaptation and mitigation actions are taken across our value chain to manage and reduce energy consumption and carbon emissions.
WHL GROUP GOOD BUSINESS JOURNEY GOALS AND COMMITMENTS	 Refer to People and Transformation chapter	 Contribute R3.5 billion to our communities by 2020.	 Have at least one sustainability attribute for all directly sourced products by 2020.	 Responsible sourcing of all key commodities by 2020.	 Phase out single-use plastic shopping bags by 2020. All our packaging will be reusable or recyclable by 2022.	 Save 500 billion litres of water by 2020.	 Halve our energy impact by 2020 and source all our energy from renewables by 2030.	
PROGRESS TO DATE	Refer to People and Transformation chapter	On track	Progress is varied across the Group	Progress is varied across the commodities	On track	Water target is being reframed	Energy impact: Exceeded target Renewable energy: On track	

Each of our focus areas has specific strategies, management approaches, related goals and targets, all of which are discussed further in this report, along with our performance during the year and any challenges faced.

To ensure consistency across our operations, each business unit has a sustainability scorecard against which they are measured twice per annum. This scorecard includes a set of relevant Good Business Journey objectives, targets, and key performance indicators aligned to these eight focus areas and Group goals and commitments. These sustainability scorecards are rolled up to a company level and Group level to assess the performance of the Group against the Good Business Journey goals and commitments.

SUSTAINABILITY RISKS

As a fashion, beauty, home, and food retailer, we are faced with sustainability risks that may impact our business, both in our direct operations and in our value chain. Our response to these risks is managed through our Good Business Journey.

BRAND REPUTATION

- Inability to meet stakeholder expectations for reducing and positively influencing environmental and social impacts in our value chain
- Inability to meet publicly stated Good Business Journey Group goals and commitments

CLIMATE CHANGE AND ENERGY

- OUR CONCERNS
- Failure to reduce carbon emissions and adapt to and mitigate against physical climate change impacts
 - Threat to supply and quality of raw materials
 - Food security and food price inflation
 - Climate change impacts on seasonality and buying patterns
 - Increasing cost of doing business
 - Availability of electricity
 - Failing infrastructure

RELATED GBJ FOCUS AREAS



Sustainable Farming



Energy & Climate Change

MITIGATIONS

- Achievement of 2020 goal to halve our energy impact
- Commitment to sourcing all energy from renewables by 2030
- Implementation of energy-efficiency initiatives in our direct operations
- Solar photovoltaic installations across the Group
- Implementation of Woolworths' Farming for the Future programme
- Implementation of the green factories programme with Woolworths' suppliers
- Optimisation of Woolworths' delivery footprint

WATER QUALITY AND SCARCITY

- OUR CONCERNS
- Food security and food price inflation
 - Contamination of available water resources through pollution
 - Persistent drought
 - Threat to supply and quality of raw materials
 - Increasing cost of doing business
 - Failing infrastructure

RELATED GBJ FOCUS AREAS



Sustainable Farming



Water

MITIGATIONS

- Implementation of water efficiency initiatives in our direct operations
- Implementation of Woolworths' Farming for the Future programme
- Implementation of the green factories programme with Woolworths' suppliers
- Implementation of a detox strategy to remove harmful chemicals from clothing manufacture
- Involvement in water stewardship projects in key Woolworths sourcing regions
- Product innovation

WASTE TO LANDFILL

- OUR CONCERNS
- Lack of widely available recycling infrastructure and technology
 - Availability of cost-effective alternatives
 - Balancing the need for packaging to minimise spoilage against increasing expectations for packaging reduction
 - Non-compliance with applicable laws and regulations

RELATED GBJ FOCUS AREAS



Waste

MITIGATIONS

- Commitment to achieving our vision of zero packaging waste to landfill
- Phase out of single-use plastic shopping bags and introduction of low-cost reusable bags
- Proactive stakeholder engagement with the packaging and recycling industries
- Trialling sustainable packaging options
- Recycling of waste from direct operations
- Provision of customer takeback facilities at Woolworths stores
- Donation of surplus food and clothing to charities
- Inclusion of clear on-pack recycling labelling

ETHICAL SOURCING

- OUR CONCERNS
- Increasing expectations for transparency and traceability in the supply chain
 - Increasing requirements to manage third-party social and environmental risk and animal welfare in the supply chain
 - Balancing increasing legislative requirements for supply chain localisation with the quality, cost, and availability of goods in the rest of Africa

RELATED GBJ FOCUS AREAS



Sustainable Farming



Ethical Sourcing

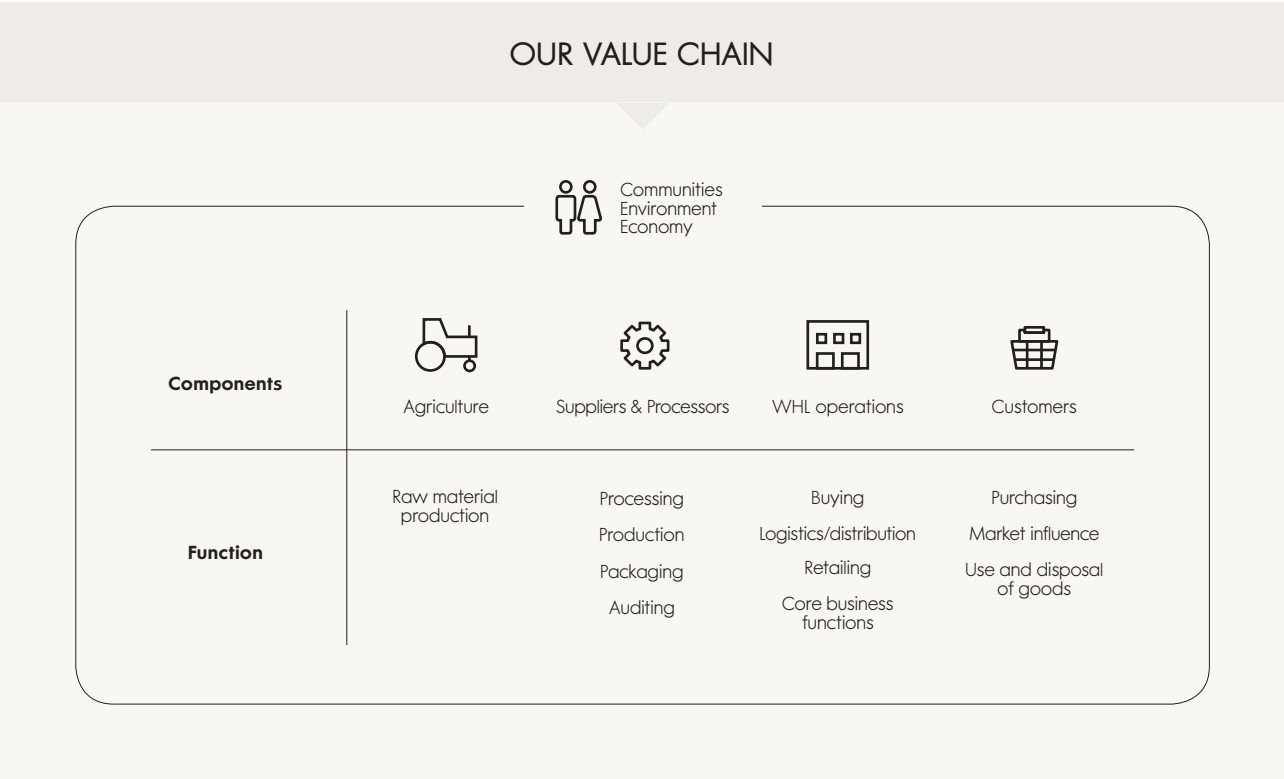
MITIGATIONS

- Commitment to responsible sourcing of all key commodities by 2020
- Publication by Country Road Group and David Jones of their supplier lists
- Mandatory compliance by suppliers with our Codes of Conducts and Good Business Journey-related position statements
- Sourcing commodities through recognised international certification and verification programmes
- Ongoing training of staff and suppliers on ethical sourcing topics
- Proactive stakeholder engagement with governments and regulators

OUR VALUE CHAIN

As a diversified-product retailer in food, fashion, beauty, and home with a global footprint, we recognise the significant challenges associated with the complexity of working within a multi-tiered and geographically dispersed supply chain.

Our material issues, risks, and impacts are spread across our entire value chain, which spans from raw material production to customers and the end-uses of our products.



With an understanding of our value chain, we are able to adopt a systems-thinking-based approach to addressing our material issues and risks. We demonstrate in each chapter of this report where in our value chain each of our eight Good Business Journey focus areas and related material issues and risks is relevant.

[Read more on the supply chain in the Ethical Sourcing chapter](#)

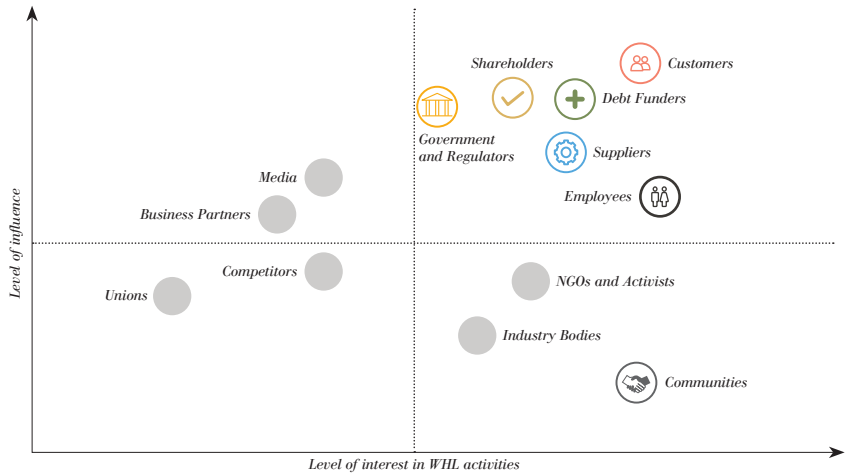
OUR STAKEHOLDERS

We engage with our stakeholders and shareholders to understand what matters most to them and how we can deliver a sustainability strategy that allows us to meet their expectations without compromising our value proposition as a business.

The WHL Group is committed to developing and sustaining quality, long-term relationships with all our key stakeholders, including our employees, customers, suppliers, communities, business partners, unions, NGOs, academia, industry bodies, government, regulators, and the media, among others. Our stakeholder relationships help foster an environment that helps us build on the growth and prosperity of our Group. Our philosophy is to engage authentically, openly and inclusively with our stakeholders, allowing us to better understand and benefit from their insights, concerns, and priorities and to seek areas of potential partnerships, mitigate risks to the business, and create mutual trust and respect. This is integral to the ongoing, daily management of the Group and key to identifying the material issues that have the potential to significantly impact our performance and sustainability. We ensure our engagements are based around issues that are both salient for the business and aligned to national priorities, and

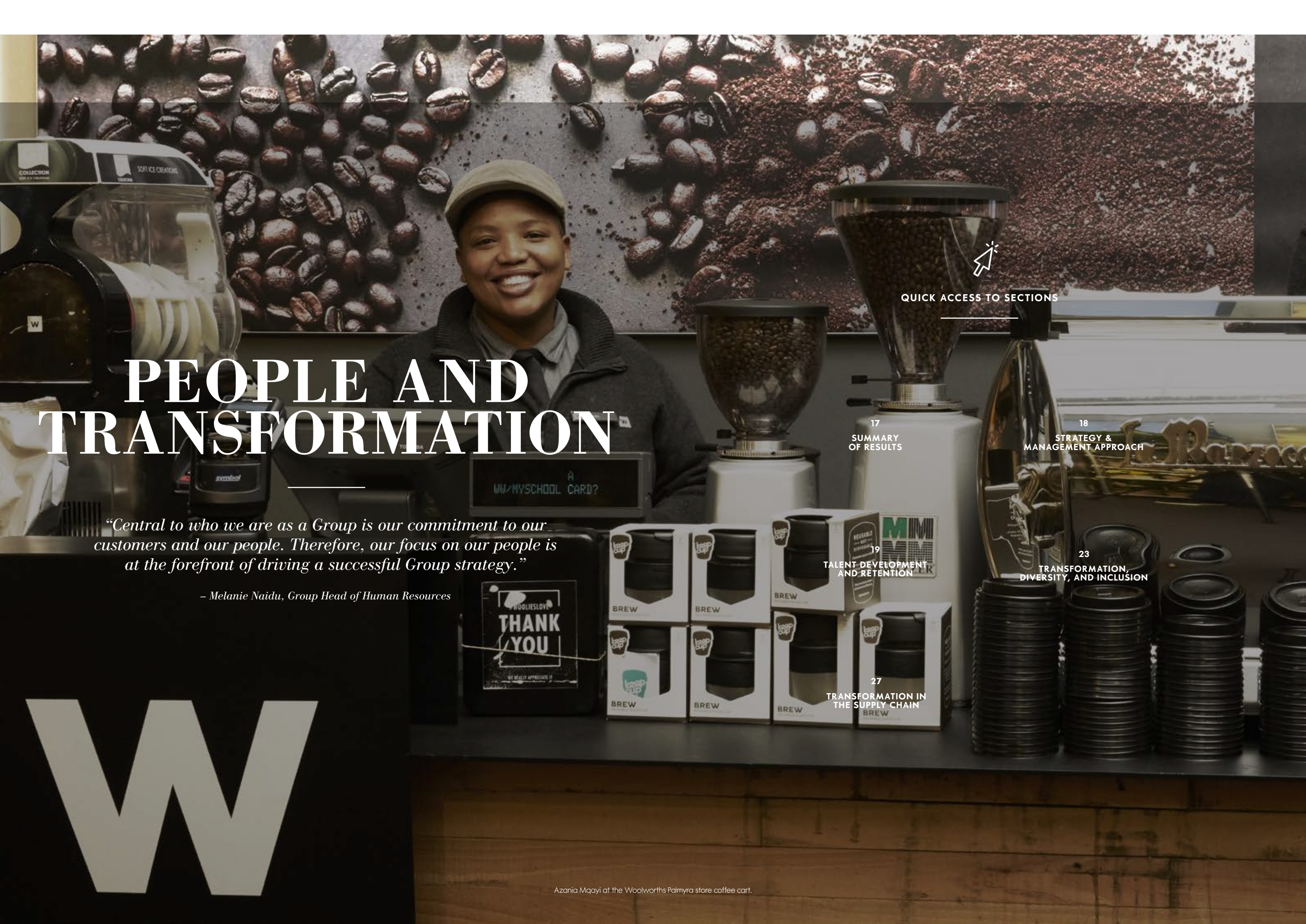
that these engagements facilitate value creation so that they are beneficial to the Group and our stakeholders. The Board is committed to stakeholder engagement with the interactions, monitoring and implementation of stakeholder engagement being the responsibility of respective management teams in the Group. The Social and Ethics Committee annually reviews the Group’s self-assessment

of stakeholder engagement. Our stakeholders, their interests, and level of influence in the Group’s operations will vary according to geographical location, business area, and the nature of their interest; the manner, level and extent of our engagements are driven by their influence, interests, expectations, and concerns. These relationships are depicted in the graph below.



In the appendices to this report, a full table is included where we have listed our key stakeholder groupings; their material needs, expectations, and concerns; and how we create value for them.

[See Stakeholder Engagement](#)



PEOPLE AND TRANSFORMATION



QUICK ACCESS TO SECTIONS

“Central to who we are as a Group is our commitment to our customers and our people. Therefore, our focus on our people is at the forefront of driving a successful Group strategy.”

– Melanie Naidu, Group Head of Human Resources

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SUMMARY OF RESULTS

Group Employee Headcount

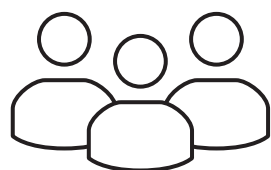
46 831
WHL

33 621
Woolworths

5 601
Country Road Group

7 609
David Jones

Woolworths Supplier and Enterprise Development programme



46
SED beneficiaries

2018: 49
2017: 48



R308.4M
Procurement spend with supplier
development beneficiaries

2018: R246M
2017: NR*

*not reported in 2017



450
Youth appointed
at Woolworths

STRATEGY AND MANAGEMENT APPROACH

STRATEGY

The Vision of WHL is to be one of the world's most responsible retailers. This vision reflects our deep commitment to doing good business for our customers, our employees and our planet. Our Group purpose of adding quality to life for our customers and our people is reflected by the fact that our commitment to our customers and our people is central to who we are. Our Group people strategy ensures that we create a unique employee experience to deliver an exceptional customer experience. We have regional people strategies with Group oversight and through this, we are able to deliver this compelling value proposition.

As a Group, it is important for us to ensure that we employ and invest in people who share our purpose and values and have the capability to grow the business into the future. To this end, it remains critical that we embed and drive an Employee Value Proposition that will continue to attract, engage, and retain the best, diverse talent required to deliver our Group strategy.

Our Group people strategy is, therefore, sharply focused on ensuring that we create an environment in which our people can thrive and add value to the business.

Woolworths SA CEO, was established in 2016 as a vehicle to deliver a modern and connected people experience to our employees. As part of this, Woolworths South Africa launched refreshed values in 2017, and we continue to engage across the business to ensure that every employee understands the role they play in bringing these values to life. In the last year, we also successfully piloted an employee app called 'MyWoolies' as part of building a modern and connected culture in the business.

IN AUSTRALIA, OUR REGIONAL PEOPLE STRATEGY IS ACHIEVED THROUGH ENSURING THAT WE ENCOURAGE:

- A more integrated and sophisticated approach to culture, values, talent development, succession management, leadership development, team member experience, and employee relations
- Inclusivity and diversity through making sure that our employees are given a voice. The first regional engagement survey was implemented for David Jones and Country Road Group. This is aligned to the regional people strategy of focusing on understanding workplace culture in order to build an inclusive workplace
- Adding value so our customers, our people, our partners, and our communities know what we stand for through a shared values roll-out
- Building a culture of collaboration

MANAGEMENT APPROACH

Our values inform and underpin the way we do business across the Group. We have continued to entrench a values-based culture across all our operating entities as an anchor for our brand, our people and customer experiences, and, ultimately, as a key contributor to our organisational sustainability into the future.

In conjunction with this, building future-focused capabilities among our leadership remains a key priority throughout the Group to enable sustainability of our values-based culture.

In South Africa, the Connected People Council, a collective forum of senior executives chaired by the

IMPACT IN THE VALUE CHAIN



Communities
Environment
Economy



WHL
operations



Customers

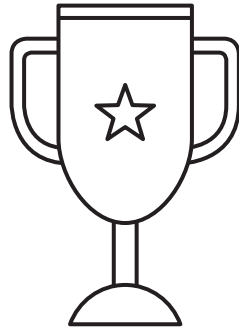


Suppliers &
Processors

TALENT DEVELOPMENT AND RETENTION

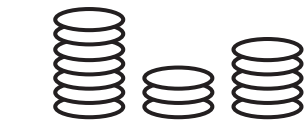
Having the best talent in the industry in the regions in which we operate is key to our success. At the same time, competition for talented employees is intensifying. Talent development, talent management, and succession planning are, therefore, vital. Our integrated and streamlined talent management and succession planning engagement sessions and processes have allowed us to focus on talent across the Group in a more focused and impactful manner, with the appropriate level of strategic oversight. In addition, our continued focus on leadership development to build leaders now and into the future is part of creating an environment that attracts, develops and retains the best talent.

We understand that attracting, developing, and retaining talented employees is critical to delivering our strategy and, therefore, we remain passionate and committed to sustainable transformation and steadfast in our belief that skills development is a key enabler of this. We are also clear in that delivery of transformation through skills development requires us to extend beyond skills development within the Group, and includes us playing a role in enabling education, capacity building, and skills development targeted at improving the employability of graduates from various institutions. This, ultimately, improves the calibre of our future talent pipeline.



The Woolworths HR Learning and Development team was named the best HR team in South Africa for 2018 by the Institute of People Management

Training spend



R121.6M

Woolworths



R15.6M

Country Road Group



R9.4M

David Jones

TALENT DEVELOPMENT IN SOUTH AFRICA

Given that our business model depends on specialist skills which are not always readily available in the market, skills development is a key anchor for our talent strategy as well as our employment equity and diversity strategies. Within Woolworths South Africa, the focus is on human capital transformation, specifically employment equity and skills development, and we build skills for the company and the country.

CASE STUDY

YOUTH EMPLOYMENT SERVICE (YES): WOOLWORTHS SOUTH AFRICA

Woolworths is committed to making a difference in South Africa and has been involved in making a difference through education by participating in various initiatives like internships, graduate programmes, career exhibitions, and work experience opportunities for unemployed youth and people with disabilities. In March 2018, we became one of the companies partnering with YES (Youth Employment Services) – a CEO-led government initiative launched by President Cyril Ramaphosa aimed at providing one million youth with work experience and helping them gain valuable skills. In the last year, we have collaborated closely with YES and a number of external partners to build an understanding of how to implement YES within the Woolworths environment. Participating in YES has also offered us the opportunity to place learners in entry-level roles and to build a pipeline of ready-now skilled people for core/scarcie roles.

YES employees have been inducted at various Woolworths facilities across the country. At stores, our YES employees will be rotated around the store at approximately three monthly intervals to ensure they experience the complete retail life cycle. They will attend functional and technical training specific to their job role and will attend life skills and financial wellness workshops. Each head-office-based employee will receive a personal development plan based on their specific role, which ranges from visual merchandiser to marketing assistant and graphic designer.

Approximately 450 young people have been offered this opportunity through Woolworths to date.



Woolworths YES employees. From left to right: Nadine Poggenpoel, Lungisa Mjanyelwa, Tara Louw, Warren De Kock, Yonela Gozini, Anastacia Hendricks, Terri Groenewald.

THE A+ FINANCE ACADEMY: WOOLWORTHS SOUTH AFRICA

Aspiring chartered accountants are now able to complete their three years of articles at Woolworths. The Woolworths Finance Department, as part of an initiative undertaken by the A+ Finance Academy, has been accredited by the South African Institute of Chartered Accountants (SAICA) as a Training Outside of Public Practice (TOPP) training office. This is a realisation of our Finance People Strategy to grow our own talent and provides an opportunity for our own people who desire to forge careers as chartered accountants, to do their qualifying articles without having to leave the business. In addition, employees who may not have had the opportunity to complete tertiary studies will now be able to complete a Learnership through Woolworths Finance to obtain their NQF 3 Level Accounting Technician South Africa Certificate. The qualification is the South African Institute of Chartered Accountant’s entry- to mid-level designation that helps learners move from being unskilled and unqualified to being respected accountancy professionals. Both these programmes enable employees to develop the relevant skills for accounting competency in the workplace.

Woolworths has been accredited by the South African Institute of Chartered Accountants (SAICA) as a TOPP training office for prospective Chartered Accountants

TALENT DEVELOPMENT IN AUSTRALIA

One of the key challenges highlighted in 2019 was the need to have a consistent approach and view of talent across the Group. In addressing this, the key focuses for 2019 have been to optimise and streamline the talent and succession process to ensure that talent engagement sessions are objective, strategic, and outcomes driven. Embedding a culture of regular talent discussions that are owned and prioritised by the leaders of the organisation remains central to the people strategy. We have also continued rolling out the values conversations throughout the organisation as a priority.

LABOUR TURNOVER

The labour turnover rate for WHL was 21.2% (WSA: 20.6%; DJ: 24.4%; CRG: 21.7%) including stores, corporate offices and supply chain, an overall decrease of 3.4% from last year.

21.2% WHL

2018: 24.7%
2017: 25.5%

21.7% Country Road Group

2018: 23%
2017: 27.3%

20.6% Woolworths

2018: 23%
2017: 23.7%

24.4% David Jones

2018: 33%
2017: 31.8%

See Group Employee Information

INDUSTRY-BASED WORKPLACE EXPOSURE

SOUTH AFRICA

Annually, we offer opportunities ranging from bursaries for students to co-op student placements, workplace experience programmes for Sector Education and Training Authority (SETA) unemployed graduates, through to job placement. In the last year, we offered 251 employee dependent bursaries amounting to R5 million. We also hosted 102 co-op students for workplace experience, 57 of whom were employed thereafter on long-term contracts of at least 12 months.

Through the Woolworths’ Inside Retail programme, we collaborate in developing TVET college lecturers’ capacity by providing them with industry-based workplace exposure. Last year, 29 lecturers were immersed for five days in the dynamic world of retail, which then translates into more up-to-date and relevant content being shared with their students. (This excludes the SETA-funded lecturer development programme where we hosted 24 lecturers over five days at no additional expense to us.)

102 co-op students on learnerships at Woolworths

R5M worth of employee dependent bursaries offered

AUSTRALIA

Witchery collaborates with the RMIT University in Melbourne to offer a work placement programme for selected visual merchandising students. Country Road offers 12-month graduate positions for students to be mentored by Country Road’s visual merchandising team.

REMUNERATION

The Group’s remuneration philosophy is to ensure that employees are rewarded appropriately for their contribution to the execution of the Group strategy. An integral component of the Employee Value Proposition, the Remuneration Policy has been designed so that it will continue to attract, engage, retain, and motivate the right, diverse talent required to deliver sustainable profit growth.

The Remuneration Policy is designed to achieve alignment between the Group’s business strategy and the behaviours of all employees against the values of the Group. The policy recognises and rewards individual responsibility, performance, and behaviour in the achievement of the business areas’ goals. This policy applies to all Group employees, and participation in short- and long-term incentive schemes is dependent on an individual’s role and level within the Group.

The Remuneration Policy and the implementation thereof are focused on achieving a fair and sustainable balance between guaranteed pay, short-term incentives, long-term incentives, and retention schemes for these employees. The fair and responsible application of the Remuneration Policy (on a Group-wide basis) is guided by the King IV™ principles relating to fair and responsible remuneration, which have been adopted by the WHL Group.

See Remuneration Report

TRANSFORMATION, DIVERSITY, AND INCLUSION

WHL is committed to respecting human rights, which includes ensuring that all employees and others connected with our business are treated with dignity and respect. We value diversity and inclusion and are committed to non-sexism and non-racism across our policies, practices, and daily operations. It is important for us as a Group to continue to focus on our transformation initiatives and evolve them so that we are experienced as a truly transformed employer. Ensuring we have a workplace and environment where all our employees feel welcomed, where they believe and know they are treated fairly and are not discriminated against, is a critical part of creating an environment where our people can thrive and be part of growing a sustainable business.

In addition to our overarching commitment to transformation, diversity, and inclusion, each region has a key focus for transformation that is determined by the context and environment in which it operates. As a Group, we continue to support these region-specific strategies. Gender parity remains a focus across the Group.

TRANSFORMATION, DIVERSITY, AND INCLUSION IN SOUTH AFRICA

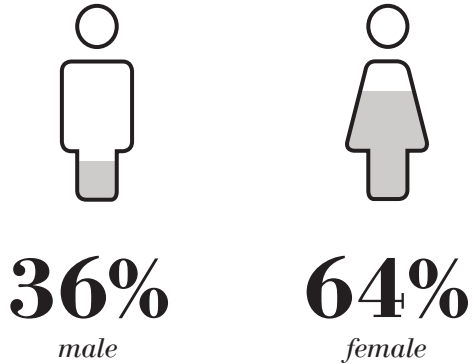
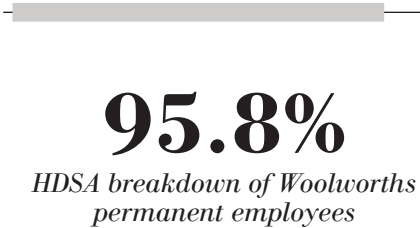
In South Africa, we are all tasked with implementing a workplace Black Economic Empowerment (BEE) strategy, in response to the national Broad-Based Black Economic Empowerment (BBBEE) legislation, including the application of the BEE Codes of Good Practice of 2013. Within this context, in Woolworths South Africa, the focus from a people perspective is on human capital transformation, specifically Employment Equity and Skills Development.

Compliance with BEE legislation ensures that Woolworths continues to contribute meaningfully towards national priorities to transform the industries in which we operate, to make the economy more inclusive. For the 2018 financial year, Woolworths attained a Level 7 contributor level as independently assessed in September 2018 (assessment conducted in arrears).

[See 2018 BEE Certificate](#)

EMPLOYMENT EQUITY

Employment equity remains a key focus of the Group's transformation agenda for Woolworths South Africa. Currently, historically disadvantaged South Africans (HDSA) represent 95.8% of total Woolworths permanent employees, of which 62.1% are in middle to top management positions. Women represent 64% of HDSA permanent employees. We have 12 HDSA members at top management in Woolworths SA, comprising executive directors on the Board and members of the executive committee. Of these, 54.4% are black and 45% are female, with 27.3% being black female.



[See Group Employee Information](#)

PEOPLE LIVING WITH DISABILITIES

Through BBBEE legislation, the Department of Trade and Industry (dti) has recommended a target that 2% of the company workforce be black people with disabilities. In South Africa, our strategic approach to people with disabilities is aligned with our people and transformation strategies and the national skills development strategy. The implementation of this strategy is being carried out in partnership with the Wholesale and Retail SETA. We currently have 569 people with disabilities (2018: 638) working for Woolworths.

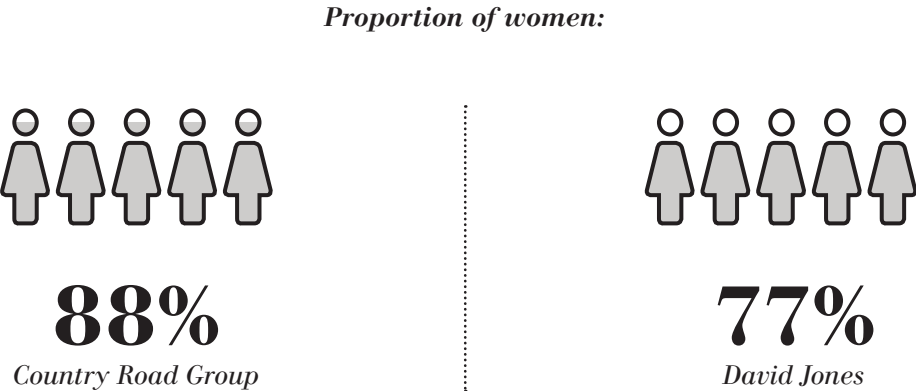


TRANSFORMATION, DIVERSITY, AND INCLUSION IN AUSTRALIA

In Australia, transformation focuses on supporting Aboriginal and Torres Strait Islander peoples, including those currently working for the business and those seeking employment, as well as customers. Compulsory Equal Employment Opportunity (EEO) training is completed by all new employees to increase awareness of these issues, and David Jones has implemented a Reconciliation Action Plan.

EMPLOYMENT EQUITY AND GENDER EQUALITY IN AUSTRALIA

Both Country Road Group and David Jones are committed to equal opportunity in the workplace for all regardless of age, career status, disability, industrial activity, physical features, political belief or activity, pregnancy, race, religion, gender, or sexual preference. The two companies adhere to the Workplace Gender Equality Agency compliance-based report, based on the 2012 Gender Equality Act of Australia, and have submitted annual reports detailing female representation in the workplace for FY2019 as:



[See Group Employee Information](#)

CASE STUDY

DAVID JONES RECONCILIATION ACTION PLAN (RAP)

As one of Australia's oldest companies, David Jones has recognised the role they can play in promoting reconciliation between Australia's First Nations peoples and the broader community. The David Jones Reconciliation Action Plan (RAP) was launched to inform the strategic and operational management framework for their approach to bridging actual and perceived gaps between Aboriginal and Torres Strait Islander peoples and non-indigenous employee and customer communities. The core tenants of this plan are focused on:

- Nurturing mutually beneficial relationships with Aboriginal and Torres Strait Islander communities, peoples and organisations, to ensure that our contribution towards reconciliation is made in a culturally safe manner that helps to create meaningful change
- Promoting and celebrating the richness of Aboriginal and Torres Strait Islander cultures, values, and histories in a manner that respectfully connects our employees and customers with Aboriginal and Torres Strait Islander communities
- Ensuring that Aboriginal and Torres Strait Islander peoples and businesses have access to the same opportunities as non-indigenous people and businesses
- Tracking progress and reporting with the goal of establishing a solid baseline and then reporting how we are tracking against our RAP commitments to ensure that the same discipline and governance that applies to our Good Business Journey applies to the management of our RAP

A RAP working group has been established to implement the various elements of the plan. This plan is the foundation for a future regional plan, inclusive of WHL Australia, and going forward, we will be rescoping to regionalise it for increased scale and impact.

[See David Jones Reconciliation Action Plan 2018 – 2020](#)



Children celebrating the richness of Aboriginal and Torres Strait Islander cultures, values and histories.

EMPLOYEE ENGAGEMENT

We recognise that our people are one of our key stakeholders in building a sustainable business and, as such, our strategic intent is to build a culture of ongoing leader-led engagement. In addition, in each of the entities we regularly conduct company-wide employee opinion surveys to inform our understanding of how our people experience working for us, how we measure against their expectations, and where we can improve. In this past financial year, Country Road Group and David Jones launched the Shape Our Culture regional survey. The participation rate was 58% with an overall engagement score of 66%.

UNION MEMBERSHIP

As a signatory to the United Nations Global Compact, we subscribe to freedom of association and the effective recognition of the right to collective bargaining. This is also translated in our Supplier Codes of Conduct across the Group. In 2019, Woolworths union membership was 2.86% (2018: 3.33%).

TRANSFORMATION IN THE SUPPLY CHAIN

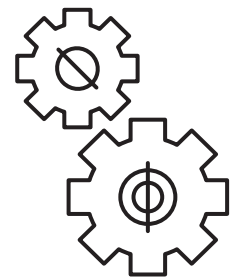
SUPPLY CHAIN TRANSFORMATION

As a contribution to the broader country vision of inclusive economic growth and a Woolworths' commercial imperative of building a diverse supplier base, Woolworths has a Supplier and Enterprise Development (SED) programme. The programme intent is to remove barriers for emerging black and black women-owned businesses to enter into our supplier base. At the heart of it is the unlocking of market opportunities for small and medium black and black women-owned enterprises and further providing capital and relevant capacity building to deliver to supplier expectations. Woolworths is on a purpose-led journey to transform entrepreneurial passion and energy into sustainable, local, black businesses absorbed in our supply chain. In the financial year under review,

- We contributed over R2 billion towards revenues of small and medium enterprises participating in our supplier base
- We contributed R2.7 billion in revenues to black and black women-owned suppliers in our supplier base
- The 46 beneficiaries of our SED programme have grown from a total revenue of R246 million at the beginning of the period to R293 million by year end as a result of tailor-made support provided by Woolworths and its partners

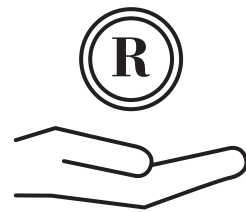
After more than 10 years on this journey, Woolworths prides itself in ongoing learnings from the successes and failures of small businesses in different sectors of the economy. All these learnings are being consolidated into a future programme that will step up our contribution to inclusive and sustainable economic growth through small, medium and micro enterprises (SMME) development in the new year.

[See 2018 BEE Certificate](#)



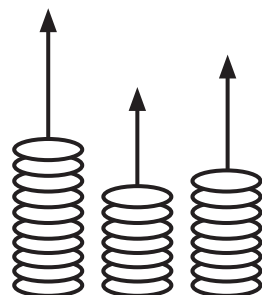
46

suppliers on the Supplier and Enterprise Development programme



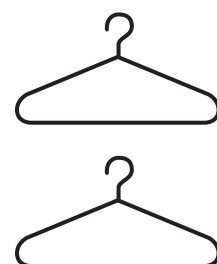
R2.7BN

in revenues contributed to black and black women owned suppliers



R2BN+

towards revenues of participating SMEs



R60.5M

non-cash grant to The Clothing Bank

CASE STUDY

HEADBYTE RETAIL

In June 2018, in a focused initiative to build local skills and support the development of a small-to-medium enterprise, Woolworths entered into a three-year Supplier Development agreement with Headbyte Retail.

Headbyte Retail is a 100% black-owned company which offers expert skills and services specialising in enterprise application and technology solutions. They aim to help people grow and businesses to succeed, and consist of a group of senior technical resources who have a proven track record of providing specialist skills and support in technologies that Woolworths relies on to do day-to-day business. The ethos and motto of Headbyte Retail resonates with Woolworths' values and the IT strategic objective of building a retail technology centre of excellence.

The Woolworths team, spanning Transformation Office, Governance, IT Leadership and Management, Finance, Legal, and HR supported Headbyte by facilitating partnership agreements with best-of-breed partners, helping define the business operating model, and constituting a steering committee to mentor and guide Headbyte's business development.

Headbyte Retail is a proud BBBEE Level 1 contributor to South African businesses with a strong CSI presence through various academic and developmental initiatives.

Thanks to the partnership agreement, Headbyte Retail was able to secure international work opportunities and to offer similar services to other retailers, thereby supporting the joint vision of local skills development.

Over the past year, Headbyte Retail has grown by 62.5% with respect to headcount and over the coming years aims to employ up to 50 people.

LOOKING AHEAD: PEOPLE AND TRANSFORMATION

It is important for us a Group to continue to focus on our transformation initiatives and evolve these so that we are experienced as a truly transformed employer.

Within this context, the Group will continue to embed our shared values and focus on leadership development to enable an inclusive culture that is appreciative of diversity. In addition, as a Group, we will continue to support the regions to identify transformation opportunities and implement region-specific transformation strategies, with a particular focus in South Africa being the new BEE codes.



SOCIAL DEVELOPMENT

“Collaboration is key to social development. It is important for us to work together to address the complex issues facing society, rather than to work in silos. As the African proverb goes: when spiders unite, they can tie down a lion.”

– Zinzi Mgolodela, Director of Corporate Affairs, Woolworths



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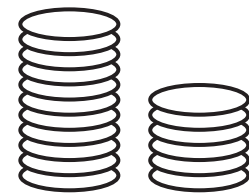
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SUMMARY OF RESULTS



R852M

WHL total corporate social investment contribution

2018: R817M
2017: R757M



R64M

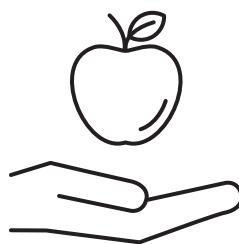
to MySchool
(2018: R63M, 2017: R62M)

R8M

to MyVillage
(2018: R7M, 2017: R6M)

R11M

to MyPlanet
(2018: R10M, 2017: R9M)



R611M

worth of surplus food donated

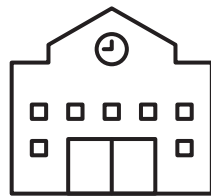
2018: R570M
2017: R556M



A\$391K

David Jones donation to the Rose Clinics

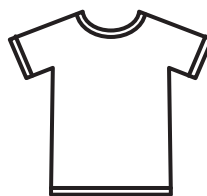
2018: A\$933K
2017: A\$933K



2 908

schools supported through Woolworths Educational programmes

2018: 2 662
2017: 2 638



A\$1.7M

Witchery donation to Ovarian Cancer Research Foundation from the annual White Shirt Campaign

2018: A\$1.0M
2017: A\$1.5M

STRATEGY AND MANAGEMENT APPROACH

STRATEGY

We aim to make a meaningful difference in our communities through our social development programme. We focus on four pillars that are aligned to our overall business strategy and that are relevant to the national development priorities in the markets in which we operate:

Education

We can only grow and sustain long-term profit in an inclusive, equitable, growing economy that has a sufficiently skilled society and educated workforce.

Food Security

In an environment in which an estimated 30% of food produced goes to waste, while at the same time millions of people are food insecure, we are aware as a food retailer of the role we need to play in working towards a food secure future for all.

Community Resilience

Key to the success of our business is a thriving and healthy community and workforce.

Employee Involvement

Employee involvement allows us all to live our corporate values. It enables employees to make a difference to their communities and their environment while enhancing our Employee Value Proposition.

MANAGEMENT APPROACH

Our approach to social development is based upon meaningful collaboration with key partners. The complex challenges facing us require deep insights and a collective effort to make a difference. To this end, each programme or initiative we embark on is a collaboration between ourselves and one or more partners.

Our approach also leverages our operating footprint and our loyal customer base. In South Africa, social development activities are overseen by The Woolworths Trust in line with our corporate social investment policy. Established in 2003, this legal entity is managed by a Board of Trustees and reports on its activities to the WHL Social and Ethics Committee. Our Australian businesses manage their own strategic partners, relationships, and campaigns, with a focus on community resilience and physical and mental health and wellness. We continue to expand our social development

activities in this region and acknowledge that the countries in which we operate have different social contexts and, therefore, require different approaches to making meaningful contributions to the communities we impact.

As a Group, we aim to have contributed R3.5 billion in monetary donations and sponsorship and surplus food and clothing donations to our communities by 2020.

IMPACT IN THE VALUE CHAIN



WHL operations



Communities Environment Economy

EDUCATION

*The primary aim of the education pillar is to support the improvement of educational outcomes in schools.
There are three focus areas to this pillar:*

*Fundraising to
support schools*

*Positively impacting
the education ecosystem*

*Improving the health and
wellbeing of learners at school*

FUNDRAISING TO SUPPORT SCHOOLS

MY SCHOOL MYVILLAGE MYPLANET



Partners: Other retailer partner stores, our customers



Key Outcomes: R583 million donated (2018: R500 million) since inception

MySchool MyVillage MyPlanet is a longstanding multi-partner loyalty programme aimed at fundraising for education. It leverages the national footprint of Woolworths to bolster the investment made in education, enabling customers to use their shopping and loyalty cards to support schools and charities.

Currently, 8 347 causes (2018: 8 272) are being supported by 1.3 million customers (2018: 1.2 million) and 415 partner stores (2018: 408) through the programme.

The causes supported include 7 264 schools (2018: 7 329), 858 charities that support people and their communities (2018: 739), and 225 charities that support animal and environmental-related causes (2018: 204).

KEY MY SCHOOL MYVILLAGE MYPLANET ACTIVITIES DURING THE PAST YEAR WERE:

- The launch of 10 Early Childhood Development Centres in partnership with Grow Educare, an organisation that uses a unique social franchise model to facilitate the

growth of educare centres into successful, self-sufficient, independent businesses able to provide quality education.

- The awarding of 10 new scholarships in 2019 through the MySchool Dream2Teach scholarship programme, which aims to support talented individuals who dream of becoming teachers but who lack the financial means to access high-quality teaching education.
- The installation of rainwater-harvesting systems with filtration at various schools through the Woolies Water Fund.

[Read more on the Woolies Water Fund in the Water chapter](#)



Funded by MySchool, the Thuso Fund for Schools supports the School Leadership Forum programme, which is building the leadership capacity of school principals and teachers in more than 200 schools in South Africa.

[See more information on MySchool](#)

CASE STUDY

21 YEARS OF GIVING CAMPAIGN

In October 2018, MySchool MyVillage MyPlanet celebrated its 21st birthday. We wanted to acknowledge our supporters and beneficiaries who helped us to reach this milestone by giving back towards a variety of worthy causes in the communities we serve.

As part of the celebration, the 21 Years of Giving campaign was launched. MySchool supporters were asked to nominate a cause that makes a difference in their communities to which R100 000 would be donated.



The aim was to assist exceptional organisations (schools, pre-schools, or charities) that are working at grassroots level and doing very impactful work, but who are under-funded and who traditionally would not be raising significant funding through the MySchool programme.

From over 11 500 nominations received, 21 organisations were chosen by an independent panel, with the total donation amounting to R2.1 million.



POSITIVELY IMPACTING THE EDUCATION ECOSYSTEM



NATIONAL EDUCATION COLLABORATION TRUST (NECT)

-  **Partners:** Government, business, labour, civil society
-  **Key Outcomes:** R2 million donated annually (R12 million to date), 4 000 schools supported annually

The partnership with the NECT is long-established and Woolworths was recognised as one of the top 10 corporate contributors in the 2017 NECT Annual Report. NECT’s aim is improving learning outcomes, with a particular focus on ensuring that 90% of learners pass mathematics, science, and languages with a mark of at least 50% by 2030.

IMPROVING THE HEALTH AND WELLBEING OF LEARNERS AT SCHOOL

WOOLWORTHS EDUCATIONAL PROGRAMMES

-  **Partners:** Department of Basic Education, various subject matter experts
-  **Key Outcomes:** Spend R3 million (2018: R3.2 million), number of learners reached 251 455 (2018: 106 667)

This programme is one of the key ways we aim to support the upliftment of education and the health and wellbeing of children at schools in South Africa. Our expertise on good food, healthy living and sustainability is shared through the development and production of educator resources and by offering teaches, learners and parents a range of experiential learning activities that promote healthy nutrition and exercise for Life Skills (Grades 4 and 5); Social Sciences – Geography (Grade 4); and Natural Science and Technology (Grade 6).

All theoretical materials are conveniently downloadable from the internet. The learning is taken beyond the pages of the textbook through a portfolio of experiential learning activities, ranging from class lessons offered by professionals and dietitian-led learner talks, events, and campaigns that promote health and sustainable living, to tours of stores, suppliers, and distribution centres. In addition, schools are provided with a Tuck Shop Guide to assist schools, teachers, and parents with promoting healthier eating choices.

[See Tuck Shop Guide](#)

KEY WOOLWORTHS EDUCATIONAL PROGRAMMES ACTIVITIES DURING THE YEAR WERE:

- 7 529 class lessons educated learners about good nutrition and the environment, 9 000 learner talks were hosted in partnership with our network of dietitians, over 30 000 learners visited our distribution centres, stores and suppliers, and over 5 000 parents were provided access to professional dietitian advice



12th

annual coastal clean-up hosted as part of the International Coastal Clean-up Day with participating schools

- The annual Woolworths Teacher’s Day competition, which aims to recognise the good work teachers have done, received over 30 000 entries, a 177% increase from the prior year

CASE STUDY

LITERACY IS FREEDOM

In April and May 2019, David Jones collaborated with various Australian brands, including Viktoria and Woods, Camilla, and the Academy Brand, to raise funds for literacy programmes for Aboriginal and Torres Strait Islander communities through the sale of limited edition t-shirts. 100% of the profits were donated to support these programmes, run through the Australian Literacy and Numeracy Foundation (ALNF). The campaign was endorsed by an ambassador and influencer network and was so successful that the tees online sold out in just two weeks. Profits from sales of five selected classic children’s paperback books were also donated to the cause. The full donation totalled A\$76 982.

During National Reconciliation Week, David Jones released a podcast recorded in their Bourke Street store window, with Danzal Baker (Baker Boy) and Don Bemrose. Baker Boy is an indigenous musician who raps in the Yolngu Matha language and is the 2019 Young Australian of the Year. Don Bemrose is an accomplished opera singer and an ALNF educator with a focus on preserving Australia’s First Languages.

They shared their amazing stories and insights to mark National Reconciliation Week and the ANLF’s Literacy is Freedom Campaign.

[Get the Podcast](#)



National Reconciliation Week Literacy is Freedom campaign celebrations at David Jones & Country Road Group head office.

Other education-related initiatives that also support the food security pillar of our social development strategy, are EduPlant and the UNICEF WASH and nutrition pilot programme.

[Read more on these initiatives in the food security section of this chapter](#)

FOOD SECURITY

*The primary aim of the food security pillar is to improve access to food and healthy nutrition.
There are two focus areas to this pillar:*

*Alleviation of hunger and
connecting surplus food to need*

*Community-based solutions
to address food insecurity*

ALLEVIATION OF HUNGER AND CONNECTING SURPLUS FOOD TO NEED

SURPLUS FOOD DONATIONS



Partners: Local charity organisations, FoodForward SA, OzHarvest in Australia



Key Outcomes: Surplus food donated R611 million (2018: R570 million), surplus food collected by OzHarvest 3 872kg

To contribute towards the alleviation of hunger in the communities near to stores, as well as reducing food waste to landfill, Woolworths has for many years diverted surplus food from every Food store. Stores give this food to needy communities via structured charity organisations. In the last year, the company donated over R611 million worth of food to these needy causes.

A key partnership in this regard was launched recently, with FoodForward SA, a non-profit organisation that recovers edible surplus food at various stages of the food value chain and redistributes it to communities in need across the country, thereby reducing food waste to landfill and also improving access to food.

Woolworths committed R3 million in funding over a three year period. This enables the facilitation of 1.2 million meals per year reaching those in need. Having been selected as our Christmas charity for 2018, FoodForward SA received R2 million (equivalent to 2.5 million meals) from the sale of specific products, recyclable bags, and customers swiping

their MySchool MyVillage MyPlanet cards. More of our food suppliers will, furthermore, be encouraged to redirect their surplus to FoodForward SA.



Handover of cheque from Woolworths to FoodForwardSA after the Christmas One Small Spoon Campaign. From left to right are: Andy Du Plessis from FoodForward SA, Zinzi Mngolodeni from Woolworths and Pieter Twine from MySchool.

David Jones recently started working with OzHarvest, one of Australia's leading food rescue organisations, which collects quality excess food from commercial outlets and delivers it directly to more than 1 300 charities, supporting people in need across the country. Since David Jones' Malvern Central store started donating to OzHarvest in early February 2019, 3 872kg of surplus stock (equivalent to 11 616 meals) has been donated.

COMMUNITY-BASED SOLUTIONS

UNITED NATIONAL INTERNATIONAL CHILDREN'S EMERGENCY FUND SOUTH AFRICA (UNICEF) WASH & NUTRITION PILOT



Partners: UNICEF, Gauteng Department of Education



Key Outcomes: Funding R4 million over three years, no. of children to be reached: 50 000

During the 2019 financial year, a new partnership was entered into with UNICEF and the Gauteng Department of Education, with the aim of improving child health, education, and nutrition outcomes as well as alleviating hunger among primary school learners. R4 million in funding will be provided over three years for a water, sanitation and hygiene (WASH) and nutrition pilot programme reaching approximately 50 000 children at 50 under-resourced Gauteng-based schools that participate in the National School Nutrition Programme. The pilot programme will train community members who volunteer as food handlers to safely and hygienically prepare balanced meals for the school children. Learners will also be taught about good hygiene practices, including the importance of washing their hands with soap before eating. To further assist, Woolworths is building handwashing stations at 30 of these schools.

EDUPLANT PROGRAMME



Partners: Food & Trees for Africa



Key Outcomes: R34 million donated since inception (2018: R32 million), schools reached 336 (2018: 450), learners reached 872 (2018: 1 044)

The EduPlant programme uses education and awareness to assist schools and communities to grow their own food through the establishment of permaculture food gardens

in schools. The produce grown can be used to supplement their school feeding schemes or sold to generate income. Training is provided to the schools and learners on topics such as soil maintenance and water harvesting.

During 2019, the EduPlant National School Gardening and Greening competition was successfully implemented. Over 60 schools from across the country participated in the event, where they were recognised for their food gardens.

LIVING SOILS COMMUNITY FARM



Partners: Spier Wine Farm, The Sustainability Institute



Key Outcomes: This project is breaking ground. Outcomes will be reported in 2020

In 2019, Woolworths partnered with Spier Wine Farm (Spier) and the Sustainability Institute (SI) to launch a community learning farm near Stellenbosch. The intent is to test a concept, an extension of the Farming for the Future programme, on a community farm basis. The objective is to create a self-sustaining learning farm that showcases the production of nutritious food through sustainable farming methods for the benefit and development of long-term food security in the local community, incorporating training and development for young- and emerging farmers and the broader community while helping to address youth unemployment as well. This community farm encompasses both focus areas of the food security pillar.

Other initiatives we are involved in with the aim of improving food security are the Woolworths Educational Programme and Farming for the Future. Read more about them in the:

[Education section of this chapter](#)


[Sustainable Farming chapter](#)

COMMUNITY RESILIENCE

The primary aim of our community resilience pillar is to improve outcomes in the areas of physical and mental health

WITCHERY WHITE SHIRT CAMPAIGN

 **Partners:** Ovarian Cancer Research Foundation

 **Key Outcomes:** Donation A\$1.7 million (2018: A\$1.0 million)

Witchery runs an annual White Shirt campaign to raise awareness and vital funds for the Ovarian Cancer Research Foundation (OCRF) in support of the development of an early detection test for ovarian cancer. For every white shirt sold, 100% of the sale price is donated to the OCRF.

A\$1.7 million

donated to the Witchery White Shirt campaign

During the 2019 campaign, Witchery also launched the White Shirt Design Award, where one design student from the Whitehouse Institute of Design was awarded the opportunity to have their winning shirt design go into production and be sold across Australia and New Zealand, with 100% of the gross proceeds donated to the OCRF.

POLITIX MOVEMBER

 **Partners:** Movember Foundation

 **Key Outcomes:** Donation A\$90 000

In November 2019, Politix launched its partnership with the Movember Foundation, becoming a premium partner and making a commitment to them and to our customers to raise awareness and vital funds in the support of men's health.

A number of engagement activities were undertaken to help raise awareness, including through the MAYEIGHT activation. The latter was the main event for Movember, where Politix fully hosted a night of comedy and inspirational talks for over a hundred influencers and media professionals to raise awareness about the benefits of talking about mental health with friends.

In addition, funds from the sale of chinos and specially designed lapel pins and pocket squares in the month of November were donated to Movember, raising over A\$90 000.

A\$391 000

support provided by David Jones to its six Rose Clinics in 2019, where complimentary breast screening services are conducted for women over 40. The six Rose Clinics scan over 35 000 women a year.

A\$253 997

worth of clothing donated by David Jones to The Smith Family clothing recycling programme.

A\$887 487

raised to date in our partnership with Our Watch, through the proceeds from the sale of Mimco X Our Watch products and additional cash donations. The proceeds from this collaboration continue to fund education tools and resources to drive nationwide change in the cultures and behaviours that can lead to violence against women.

CASE STUDY

10 YEARS OF REDKITE

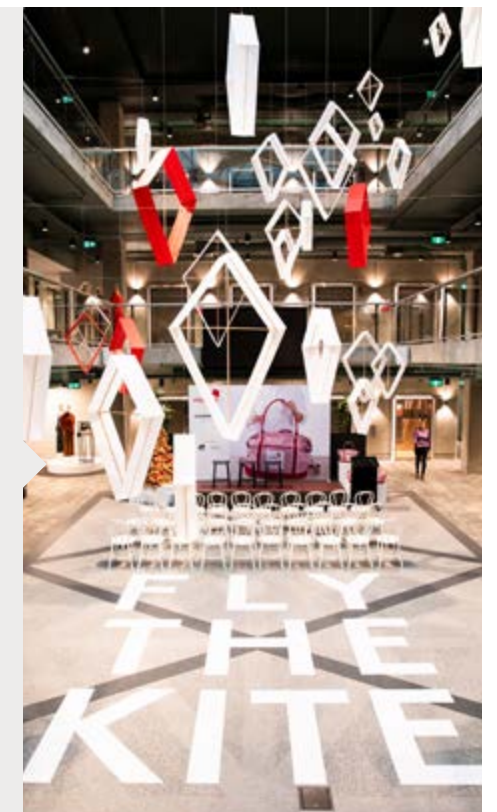
This year, we celebrated ten years of partnership with Redkite, an Australian charity that provides essential support to children and young people who have been diagnosed with cancer, and their families. Each year at head office, we pack and donate Redkite Red Bags to give to families at the time of their child's diagnosis. These bags are full of practical items, such as toiletries, vital information about support services, and a teddy bear to cuddle.

5 000+

families supported through Redkite

To celebrate the ten-year milestone, we redesigned the Red Bag with family feedback in mind; increasing its capacity, improving the base, adding internal pockets but retaining the iconic red stripe that allows families to recognise and connect with one another in the hospital. We also designed a brand-new Red Bear, the first time that the teddy has been designed by Country Road exclusively for the children who receive it.

Together, Redkite and Country Road have supported more than 5 000 families and raised vital funds through an in-store gift wrap service and customer donations collected at point of sale.



Country Road and Redkite celebrate 10 years of partnership at David Jones and Country Road Group head office.

WOOLWORTHS DISASTER RELIEF BLANKETS

The Woolworths Trust has worked closely with Gift of the Givers over a number of years and has donated much-needed funding to assist them in carrying out their relief efforts. In 2018, in discussion with Gift of the Givers, Woolworths became aware of an opportunity to do more, and briefed their technical team to design a customised blanket for use in disaster relief. The result is a specially designed blanket made out of multi-functional fabrics – a wind- and waterproof outer layer for protection from the elements and a soft, warm, fleecy inner layer to trap body heat and keep the user warm. The blanket is also multi-functional – it can be wrapped around someone and worn like a poncho or used as a ground sheet or a simple shelter. It also has reflective strips, making it visible in the dark. The blankets went into production at a local clothing supplier and the first 400 were handed out to people impacted by flooding in KwaZulu-Natal in April 2019.

EMPLOYEE INVOLVEMENT

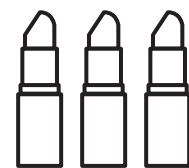
The primary aim of our employee involvement pillar is to encourage our employees to give back to their communities through multiple platforms in order to foster a culture of giving.

KEY EMPLOYEE INVOLVEMENT ACTIVITIES DURING THE YEAR WERE:

- Expanding employee involvement in meaningful and sustainable community programmes across our stores in Africa
- Teaming up for 'Just a Cause', an initiative where staff are invited to pick a charity to support. Each cause selected receives R10 000 in seed funding to get them started. Over and above that, The Woolworths Trust commits that, for every team that reaches its fundraising target, it will match the funds up to R40 000. This initiative not only raises funds for worthy causes but also enables team-building within the business.
- Hosting of Mandela Day celebrations in South Africa, where teams of store and distribution centre employees, in order to build on their relationships with local communities, were able to nominate a charity of their choice. 67 charities were selected and R5 000 was donated to each charity. Teams supported a variety of causes including children, animals, and the elderly.
- Continuing participation by employees in workplace giving programmes:
 - 112 employees (2018: 125) at Country Road took their annual volunteering leave day during 2019, amounting to A\$45 000 worth of time donated (2018: A\$42 000)
 - Employees at Country Road and David Jones participated in the employee giving programme on the Good2Give platform. The total Country Road and David Jones contribution for 2019 was A\$61 225

CAUSE-RELATED MARKETING

Our cause-related marketing initiatives create awareness and raise funds for important conservation- and sustainability-related issues. Through the sale of certain products, funds are collected and donated to nominated organisations. Included in this during the past 12 months was the 'One Small Spoon' campaign in December for which FoodForward SA was the beneficiary, as well as the UNICEF cause-related marketing bags released in June 2019. In the past year, we raised over R8.8 million (2018: R6.3 million) through the sale of cause-related bags and bracelets.



A\$51 398

raised by David Jones (A\$1 from every lipstick and lip gloss sold, donated during the Look Good Feel Better Month)



A\$20 240

raised for the National Breast Cancer Foundation through the sale of David Jones pink ribbons



WE HAVE RAISED OVER R8.8 MILLION THROUGH THE SALE OF CAUSE-RELATED BAGS AND BRACELETS THIS YEAR.

LOOKING AHEAD: SOCIAL DEVELOPMENT

From a social development perspective, we will continue to progress our existing programmes and initiatives as well as seek out and drive collaboration with other like-minded stakeholders towards enhancing delivery against our key social development pillars, enabling wider impacts and the creation of shared value.



HEALTH AND WELLNESS

Customers want us to do more, not only to benefit the community and the environment but also to help them to be better.



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SUMMARY OF RESULTS



6.7

tonnes of salt removed from Woolworths private label food

2018: 11.0
2017: 1.9



1.2

tonnes of sugar removed from Woolworths private label food

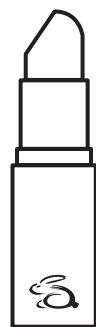
2018: 43.3
2017: 29.3



100%

of all Woolworths private label food (including pet food) is currently GMO free

2018: 98%
2017: 98%



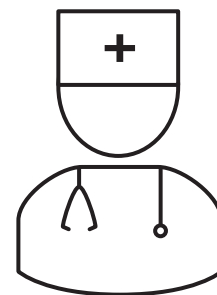
Woolworths WBeauty range of beauty products is now

100%
vegan



A\$20K

raised for MOVEMBER by Country Road Group and David Jones through employee participation



17

Health and Wellness Practitioners for WHL staff to access

STRATEGY AND MANAGEMENT APPROACH

STRATEGY

Our vision to be one of the world's most responsible retailers reflects our deep commitment to doing good business for our customers, our employees, and our planet. Our Group purpose of adding quality to life for our customers and our people is, therefore, reflected by the fact that health and wellness is a key people focus across the Group. As a food business, we are clear that we want to lead and own health in the context of providing a wide variety of healthy food options as well as encouraging healthy lifestyles. In 2017, we launched the Woolworths Health Manifesto as part of our strategy for creating an integrated world of wellbeing with a focus on reinforcing the objectives of our Good Food Journey, our ongoing, comprehensive plan to offer food that's better for our customers, better for the environment, and better for the people who produce it.

As an employer, we know that there are many different aspects to our employees' lives; therefore, providing them with relevant and accessible wellness programmes that allow them to take the best care of themselves, is part of how we deliver on our Group mission of adding quality to life. Regional focuses include a well-established operational occupational health and wellness model and service in Woolworths South Africa, David Jones and Country Road Group. This model is based on three pillars: movement, nutritional, and mental wellbeing. Across our regions, we continue to monitor the usage of wellness services and the success of our programmes, and evolve and refine our offerings based on this feedback.

Across the Group, we continue to ensure that we partner with a network of service providers to provide assistance to our employees. To this end, David Jones and Country Road are consolidating their supplier base for Employee Assistance programmes to improve the total wellbeing proposition for our people. In South Africa, we continue to review and refine our offerings based on feedback received and the success rate of our current initiatives. We are also in the process of developing a Group executive wellness programme, as we believe that leaders who take care of themselves are more likely to create a culture of employees who take care of themselves.

MANAGEMENT APPROACH

Through our nutrition commitment, we are dedicated to promoting a holistic approach by providing delicious, nutritionally balanced food solutions to our customers through:

- Inspiring healthy lifestyles by making healthy eating satisfying, delicious, and convenient
- Innovating to improve the nutritional quality of our foods by always considering the nutrient profile of products
- Promoting healthy and informed nutritional choices through customer communications with clear nutrition information
- Continually reviewing our list of restricted ingredients, e.g. no tartrazine, azo-dyes, MSG or glutamate flavour enhancers; minimal use of additives and preservatives; no added trans fats or hydrogenated vegetable oils; minimal sugar and salt; and reduced saturated fats. As part of this ongoing nutrition commitment, we are continually working towards reducing the sugar and salt content of our private label food products.



Under the Australian government's 'Health Star Rating', David Jones applies a nutrition information panel to all relevant David Jones products.

IMPACT IN THE VALUE CHAIN



WELLNESS FOR OUR CUSTOMERS



THE GOOD FOOD JOURNEY

South Africa is ranked as the unhealthiest country in the world by the Indigo Wellness Index. This index tracks the world's healthiest countries across ten key measures: obesity, depression, happiness, alcohol use, tobacco use, healthy life expectancy, blood pressure, blood glucose (diabetes risk), inactivity (too little exercise), and government spending on healthcare. We received positive feedback from the South African National Department of Health for the removal of sweets from our checkout lines, and continue to report our progress towards achieving the agreed targets to improve the healthfulness of our food products in South Africa.

The Good Food Journey is our plan to inspire a healthy lifestyle by making healthy eating satisfying, delicious, and convenient across our product ranges while also innovating and improving nutritional quality through reformulation. In doing this, we assist customers in making informed dietary choices through transparent product ingredient and nutritional labelling.

As part of this journey, we aim to reduce the sugar and salt content of our private label food products, and in the last year, we removed 6.7 tonnes of salt and 1.2 tonnes of sugar from our private label food products. We also have a list of restricted ingredients for our private label food products

to ensure that we avoid additives like tartrazine and all other azo-dyes, MSG, and non-nutritive sweeteners such as aspartame, saccharine and cyclamate in our foods, switching to natural colourants and flavourants, never using mechanically deboned meat, labelling ingredients from potentially GM crop sources and offering more organic and free range choices, as well as caring for the welfare of animals and promoting healthy eating as part of a healthy lifestyle.

DAVID JONES HEALTH AND WELLBEING STRATEGY

The principles of the Good Food Journey also sit at the heart of David Jones' Food business. The David Jones Health and Wellbeing strategy, informed by industry engagement and consultation, was released this year. As part of this strategy, David Jones aims to make it easier for customers to choose healthy food options through clear, on-pack labelling and nutrition information. On-pack labelling for a range of products that contain no artificial flavours, no artificial colours and no added preservatives has also been developed. David Jones has also started to incorporate the Health Star Rating system onto their packaging.

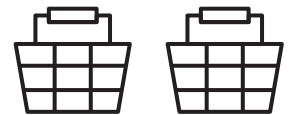
PLANT-BASED FOOD

Woolworths wants to lead and drive sustainable nutrition. We have seen a fundamental shift in customers' habits towards plant-based eating, a concept that appeals to a diverse range of customers, including meat-eaters, sustainable farming supporters, and health advocates alike. Woolworths has created a range that celebrates delicious vegetable options by introducing plant-based products that encompass a spectrum of eating patterns that focus on eating whole plants, including vegetables, fruits, whole grains, nuts, seeds, and legumes, and eating fewer or no animal products. The plant-based food ranges cover all kinds of lifestyle choices. Through the years, we have gradually introduced ranges of plant-based food products such as non-dairy yoghurts, drinks, snacks, and desserts; dairy-free cheeses; vegan mayonnaise; salads; salad dressings and deli options, in addition to our ready-made meals and meal accompaniments. We are also inspiring our customers through recipe solutions that include plant-based kitchen staples like whole grains, legumes, nuts and seeds, and everyday vegetables. We also partnered with the Humane Society International - Africa to develop a plant-based eating guide for customers.

[Watch the video](#)

VITALITY HEALTHYFOOD™

Woolworths' ongoing partnership with the Discovery Vitality HealthyFood™ programme incentivises and rewards customers for making healthy food purchasing decisions. The programme helps customers to avoid buying foods that are linked to dietary practices that cause non-communicable diseases such as diabetes, high cholesterol and high blood pressure. Customers who have linked their Woolworths loyalty cards to Vitality can receive up to 25% cash back when they purchase Vitality HealthyFood™ linked products. We currently have 332 289 customers (2018: 319 559) who have linked their Woolworths loyalty cards to Vitality.



332 289
customers on
Vitality HealthyFood™

HEALTHY NUTRITION AT SCHOOLS

Through the Woolworths Educational Programmes, we promote healthy nutrition and exercise at schools, starting as early as possible. The intermediate phases of basic education provide a crucial window of opportunity to establish healthy behaviours from a young age. In the last year, 78 071 class lessons were provided to educate learners on good nutrition. We provide curriculum-based resources for schools, including learner talks focusing on where food comes from, as well as on healthy living, learner visits to our stores, and dietitian-led store tours for parents focusing on child nutrition.

[Read more on the Woolworths Educational Programmes in the Social Development chapter](#)



78 071
class lessons provided
on nutrition

VEGAN BEAUTY

During the year under review and in response to the growing number of customers looking for animal-free products or products without animal-derived ingredients, Woolworths converted its WBeauty range to be a 100% vegan. This range includes skincare, colour cosmetics, fragrances, nail polishes, cosmetic bags and beauty accessories as well as bath and body ranges. The products are less likely to cause skin issues because the ingredients are plant-based or synthetic. The products are also made from ethically sourced ingredients and are endorsed by Beauty Without Cruelty.



Beauty Without
Cruelty

WELLNESS FOR OUR EMPLOYEES

Ensuring that our wellness offering is accessible to all our people is a key challenge. Our focus continues to be to engage with service providers that are able to reach our employees not just at head office but throughout our wide network of stores.

WHL is committed to providing a safe and healthy working environment for all employees. Prevention is an important aspect of our health and safety procedures; hence, all our buildings are designed within stringent health and safety guidelines and with employee and customer wellbeing as a primary consideration. As per legislative requirements, health and safety representatives are appointed in each part of the business, and health and safety committees are in place. At our South African distribution centres, compliance and health and safety legislation are covered in a collective agreement with a trade union. Across the Group, we aim to deliver comprehensive occupational health and safety programmes that meet the needs of our employees in the context of their country of operation and local legislation. This work is supported by our teams of occupational health practitioners employed across our operations in South Africa and Australia.

EMPLOYEE ASSISTANCE PROGRAMME

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

We currently have 17 health and wellness practitioners (2018: 17) across WHL and our employees continue to make use of this programme.

WELLBEING AT OUR BOTANICA HEAD OFFICE IN AUSTRALIA

Country Road Group and David Jones employees based at the Botanica head office have the benefit of an on-site gym facility, biometric health checks for employees and weekly yoga classes. Other event-orientated activities such as seated massages, Pilates classes, mindfulness practices, Bike 'n Blend juicing machines, and lunchtime walking groups all contribute to enhancing the physical and mental health of our people. Our retail teams also enjoy occasional yoga classes in Brisbane, Melbourne, and Sydney and receive regular health and wellbeing promotional information in-store.

MOVEMBER PARTNERSHIP

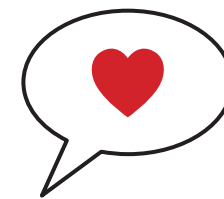
Country Road Group and David Jones launched their Movember campaign this year in collaboration with the Movember Foundation to raise awareness around issues of men's health such as prostate and testicular cancer as well as men's suicide. Employees were encouraged to sign up and grow a Mo (Moustache) or join the 'MOVE' campaign to walk or jog for 60 km in November (at 2 km per day for the month of November). Collectively, A\$20 000 was raised for the Movember Foundation through employee participation.

HIV/AIDS/TUBERCULOSIS (TB) MANAGEMENT

Woolworths is committed to aligning with the applicable national legislation which informs our HIV/AIDS and TB policy. We recognise that HIV/AIDS/TB could potentially affect our workforce, and consequently business productivity, and recognise our role as an employer to assist in the management and monitoring of HIV/AIDS/TB through leadership, strategic planning, and implementation of cost effective and sustainable measures. To address some of the challenges that come with HIV/AIDS/TB, we have adopted

a company-wide HIV/AIDS and TB policy, last reviewed in June 2015. In respect of employees living with HIV and AIDS, Woolworths treats the disease no differently than other life-threatening or chronic diseases. Woolworths provides a supportive environment that minimises the impact of the disease on both the employee and our business through sustainable interventions focusing on prevention and addressing risk.

HIV-positive employees receive the requisite treatment via the Woolworths Clinical Management programme run by Momentum Health, the 'HIV Your Life Programme', and if they do not have access to a medical aid, they are eligible for all employee benefits.



We provide free voluntary HIV/AIDS/TB screening and counselling to all employees. In addition, we ensure the distribution of condoms in all our facilities.

INJURIES AND ABSENTEEISM

WHL has very clear policies on absenteeism from work. All employees are entitled to paid sick leave in accordance with legislation. Extended absenteeism due to incapacitation of any sort is dealt with on a case-by-case basis.

[See Group Employee Information](#)

CASE STUDY

WORKPLACE MENTAL HEALTH AND WELLBEING TRAINING

Through our Employee Assistance Programme, Woolworths offers psychosocial support services such as free and confidential counselling to employees and their immediate family members to help improve mental health and personal resilience. There has also been an appetite for mental health training at Country Road Group, and, in partnership with the Black Dog Institute, CRG provided six workplace mental health training courses for area managers and human resource personnel to assist them in identifying staff who may be experiencing mental health issues and facilitating conversations with them. A total of 100 employees took part in the training.

A clinical psychologist provided the training, which also focused on building confidence within teams, promoting mental wellbeing in the workplace, addressing factors that impact mental health, and supporting employees through their recovery process. The next step will be to introduce mental health first aid training to offer an additional layer of support for employees exposed to mental health issues in the workplace.



**Black Dog
Institute**

PRODUCT SAFETY AND INTEGRITY

PRODUCT SAFETY, FOOD SAFETY, AND INTEGRITY

Woolworths is committed to maintaining the highest possible levels of product safety throughout the business. 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. All factories producing products for Woolworths are audited independently by various inspection services and are visited regularly by the Woolworths technical teams to ensure that the highest standards are maintained. Food products are date marked to indicate until when the product can safely be consumed. All Woolworths food labels contain detailed information on ingredients, nutritional values, and allergens.

FOOD RECALLS

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. In July last year, we had one product recall – for our frozen savoury rice mix. The product is imported from a factory in Hungary that was linked to a Listeria outbreak in that country. Customers who had any of the listed products were asked to return the products to their local store for a full refund.

CHILD SAFETY

Woolworths is committed to maintaining the highest possible levels of product safety through the design and manufacturing of our baby and children's clothing. We do our utmost to ensure that our baby and children's clothing is safe through practices such as:

- Running all clothing through metal detectors before it leaves a factory to ensure no pins and needles are left in the clothes
- Putting a bartack behind all the draw cords of children's clothing to ensure they cannot be pulled out
- Putting a protective flap over the zippers of baby rompers to avoid skin getting caught by the zipper
- Putting anti-slip silicone prints on baby socks to avoid slipping
- Designing selected school items with fabric that has built-in UV protection
- Putting reflective strips on school bags, rain jackets, and shoes to make children more visible.

GENETICALLY MODIFIED CROPS

Woolworths has been working to reduce the number of our private label foods containing ingredients derived from GM crop sources. We are pleased to report that Woolworths private label foods (including pet food) are currently 100% GMO-free.



LOOKING AHEAD: HEALTH AND WELLNESS

The Good Food Journey will continue to place emphasis on all new products to ensure they align with the health manifesto for an integrated world of wellbeing for our people, communities, and planet. The focus will be on making health not only more tangible for our customers but less complicated, by offering the widest variety of products with healthy credentials.

Wellness and overall wellbeing will remain a key focus area across all levels in the Group. We will continue to build partnerships to leverage an enhanced benefit portfolio that will contribute to the total Employee Value Proposition.

ETHICAL SOURCING

“In light of increasing stakeholder focus on the ethics of the products they purchase, how raw materials have been farmed and sourced, how ethically products are being manufactured and how transparent we are about our supply chain, ethical sourcing has become a business imperative.”

– Scott Fyfe, Chief Executive Officer, Country Road Group



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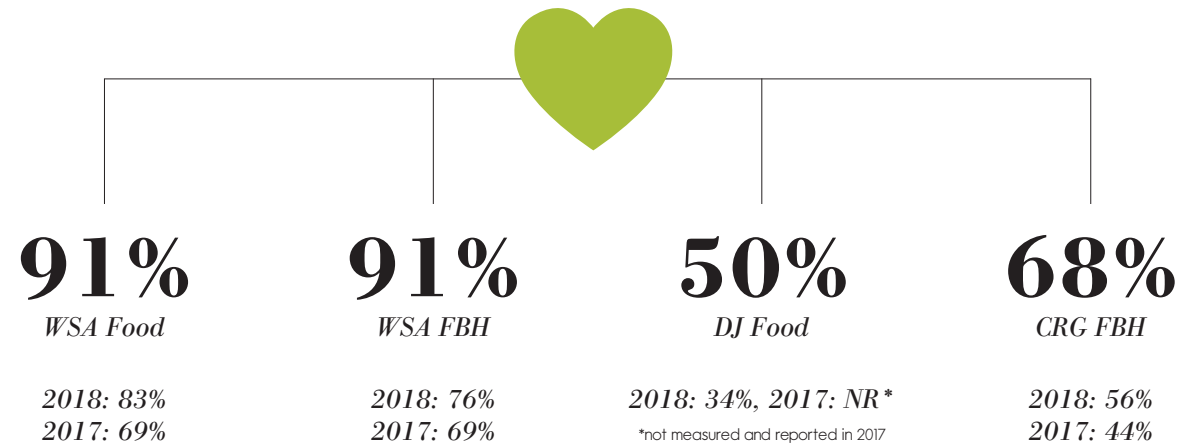
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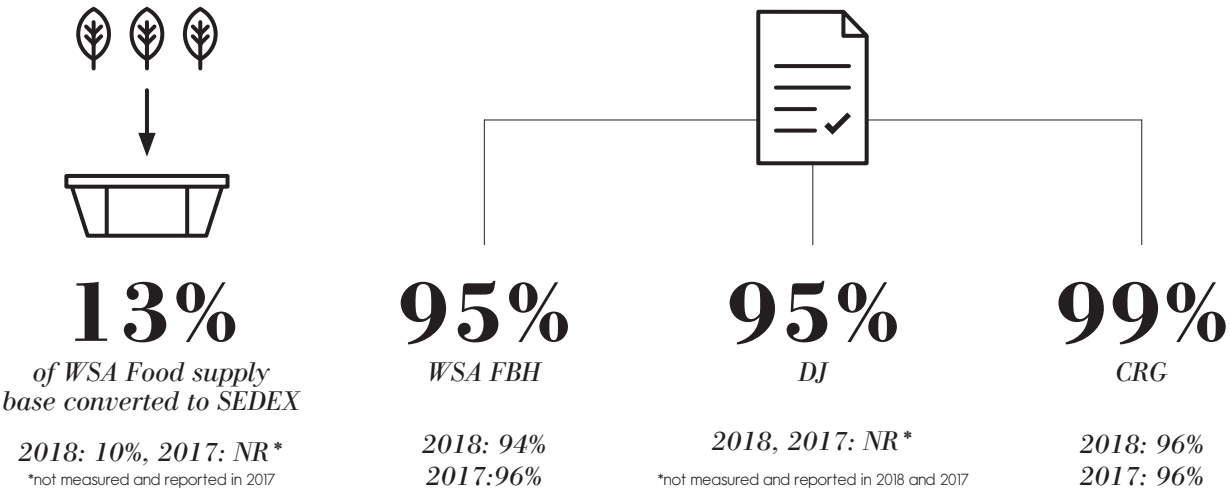
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SUMMARY OF RESULTS

PERCENTAGE OF PRIVATE LABEL PRODUCTS WITH SUSTAINABILITY ATTRIBUTES



PERCENTAGE OF SUPPLIERS MEETING SOCIAL AND ETHICAL COMPLIANCE STANDARDS



STRATEGY AND MANAGEMENT APPROACH

OUR STRATEGY

The diverse and often complex supply chains involved in producing the food, fashion, beauty, and homeware products we sell can have some significant social and environmental impacts. Continuously strengthening our value chains through our ethical sourcing strategy is thus non-negotiable. Awareness regarding the transparency of supply chains and the traceability of products is also on the rise, and we are working actively to enhance our programme to address this.

Ethical and responsible sourcing for us means the procurement of products as well as raw material commodities from sources, be they farms or factories, which apply environmental and social best practice and are accredited to applicable best-in-class third-party standards. It is our intention that, by 2020, through our ethical sourcing strategy, all of our key commodities will be responsibly sourced and all directly sourced products will have at least one sustainability attribute.

2.MONITORING OF SUPPLIERS AND ETHICAL AUDITS

We monitor our suppliers' performance through various programmes on which they are required to report. We are members of SEDEX, a web-based platform for sharing responsible sourcing data on supply chains. We are working on converting our suppliers to SEDEX Members Ethical Trade Audit (SMETA), one of the most widely used ethical audit formats in the world. We also continue to audit those who have not yet made the switch against our own, independently verified ethical audit protocols.

3.PARTNERING

We partner with best-in-class organisations, standards, and certification schemes to tackle complex and systemic issues to further strengthen our responsible sourcing as well as our relationships with our suppliers.

4.BUILDING AWARENESS AND CAPACITY

We ensure ongoing training of our staff and, where possible, our suppliers, in human rights, ethics, and responsible commodity sourcing to drive progress in our ethical sourcing commitments.

[See WHL Group ethical trade position statement](#)

MANAGEMENT APPROACH

Ethical sourcing requires us to build meaningful and long-term value-sharing relationships with our suppliers and other key stakeholders in the supply chain. Our primary focus is on our private label suppliers and supply chains. This is where we can exert the greatest influence for positive change and more easily monitor performance. Where possible, we also engage with branded suppliers to ensure that our standards are understood and upheld.

OUR APPROACH TO ETHICAL SOURCING COMPRISES:

1. SUPPLIER CODES OF CONDUCT

We expect our suppliers to share our vision for ethical sourcing. This is laid out in our Supplier Codes of Conduct and various ethical-sourcing-related position statements to which suppliers are required to adhere.

IMPACT IN THE VALUE CHAIN



WHERE WE SOURCE FROM



Over
1 400
suppliers globally

Over
50
countries

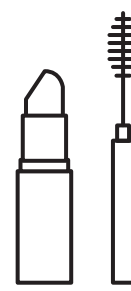
The WHL Group continues to work on improving traceability through the supply chain. In 2019, the Country Road Group published its factory list and David Jones its private label products supplier map, providing a level of transparency to customers on where our products are made.

[See Country Road Group's factory list](#)

[See David Jones' supplier map](#)

31%^{LA}
of Woolworths branded
fashion, beauty and
homeware locally sourced

^{LA}Included in the scope of EY's limited assurance engagement. The basis of measurement of this indicator can be found on www.woolworthsholdings.co.za



HUMAN RIGHTS AND ETHICS

SUPPLIER CODES OF CONDUCT

All WHL Group suppliers and service providers, whatever their location, are bound by our company Codes of Conduct (codes), all of which are aligned with the International Labour Organisation's conventions in relation to ethical trade and the Ethical Trade Initiative base code. The codes outline our requirements for labour and safety standards, environmental stewardship, animal welfare, and our zero tolerance for bribery and corruption, and are supplemented by a number of supporting policies and position statements. Suppliers undergo regular compliance checks against the codes, conducted by independent auditors, or are required to supply audit reports from independent auditors.

[See Country Road Group's Code of Labour Practice](#)

[See more information on David Jones' Supplier Code of Conduct](#)

continue working with our suppliers to resolve audit findings, we do reserve our right to seek an alternative supplier or to reconsider our continued trading relationship if we do not see reasonable progress over time.

There is an expectation that branded suppliers have their own policies and systems in place to ensure that their own supply chains are in compliance with those requirements. In recent years, over 1 000 of David Jones' branded vendors were engaged with using a self-assessment questionnaire, to understand what systems and policies they have in place, where they are producing, and where they are sourcing key inputs.

David Jones has used this data to implement various capacity-building activities, including webinars, workshops, and training sessions, that would directly address their brands' needs.

SEDEX AND ETHICAL AUDITS

Since 2013, the WHL Group has been rolling out SEDEX for the purpose of supplier audits against the Codes of Conduct. SEDEX helps companies manage ethical supply chain risk and streamline the challenge of engaging with multi-tier supply chains by providing a single platform for ethical audit performance transparency, enabling greater efficiency and consistency. A business-wide process is underway to convert our supply base from our existing social and ethical compliance audit protocol to SMETA, which reports against SEDEX's four pillars of labour, health and safety, environment, and business ethics. Woolworths Food has converted an additional 25 suppliers during the past year (13% of its supply base to date) to SEDEX, while 91% of Woolworths fashion suppliers from Southern Africa have been converted. David Jones has 100% of its suppliers registered on SEDEX, and Country Road, 14%. For any critical findings that arise from the audits, we work with our suppliers to assist them in aligning with our requirements and conduct follow-ups to ensure that corrective actions have been taken. While we aim to

Who made my clothes?

DAVID JONES' FASHION REVOLUTION CAMPAIGN: MINDFULLY MADE

David Jones supported Fashion Revolution Week 2019 (April 22-28) by sharing the unique supply chain stories of eight Australian brands making a positive impact in the global fashion industry through their ethical supply chain practices and responsible commodity sourcing programmes.

[See more information on the Mindfully Made campaign](#)

[Watch the video](#)

HUMAN RIGHTS TRAINING

During the year, the Woolworths Food business partnered with Stronger Together, a multi-stakeholder business led initiative aiming to reduce modern slavery, on an awareness and training programme in South Africa. This programme's goal is to support South African fruit and wine suppliers to address the risk of forced labour within their direct operations and supply chains. The intention is to roll out similar workshops to all Woolworths Food suppliers and to host workshops for internal Woolworths' teams in the near future.

Ethical sourcing training is included in the David Jones stores and support centre induction programme, and, in 2018, in-store training was provided to 1 300 existing staff on ethical sourcing as well sustainability attributes assigned to products. Furthermore, to date, 91% of David Jones merchandise teams have completed ethical sourcing awareness training on the risks and issues encountered in modern supply chains. David Jones also has an extensive resource library for the buying teams to support them when engaging with suppliers on the topic of ethical sourcing.

In May 2019, the Country Road Group and David Jones hosted a full-day ethical sourcing workshop in Shanghai for their offshore suppliers. External subject matter experts presented on relevant topics, including worker empowerment, use of SEDEX, making the transition to Better Cotton Initiative (BCI) cotton, and social insurance and grievance mechanisms.

THE AUSTRALIAN MODERN SLAVERY ACT

The Modern Slavery Act (Act) in Australia came into effect on 1 January 2019. The Act requires organisations with a consolidated revenue of A\$100 million and above to report annually on modern slavery risks in their operations and supply chains, the action they have taken to assess and address those risks, as well as the effectiveness of their responses. Both Country Road Group and David Jones will soon be required to submit their first report in accordance with this Act by 31 December 2020, covering the period 1 July 2019 - 30 June 2020.



To ensure preparedness to implement and report, Country Road Group and David Jones have been involved in various industry engagements with the Australian government on the Act and have set up a modern slavery cross functional team. A full-day workshop was also hosted for Country Road Group and David Jones teams as well as their local Australian suppliers on modern slavery in order to build awareness about it. Speakers included government representatives and modern slavery experts.



During the year, both Country Road Group and David Jones signed the Bangladesh Accord on Fire and Building Safety (the Accord). The Accord is an independent and legally binding agreement between brands and trade unions to work together towards a safe and healthy garment and textile industry in Bangladesh.



The WHL Group is a signatory to the UN Global Compact. Being a signatory means that we operate in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption.

BAPTIST WORLD AID ETHICAL FASHION REPORT

This is Australia's most prominent and high-profile report detailing ethical performance among the country's largest fashion brands. This year, Country Road Group maintained its A- score while David Jones improved from a B- to a B.

[See 2018 Baptist World Aid Ethical Fashion Report](#)



Irene Olweny, Store Manager for the Mimco X Fashion Initiative (Initiative). She has been with the Initiative for five years.

CASE STUDY

EMPOWERING MARGINALISED COMMUNITIES WITH MIMCO X ETHICAL FASHION INITIATIVE

Country Road Group is committed to promoting ethical sourcing beyond compliance and supports organisations that empower marginalised artisans through fair work opportunities.

In the last year, Mimco produced three handcrafted ranges in partnership with the Ethical Fashion Initiative (EFI) to support marginalised communities in Kenya.

Unfortunately a number of challenges were encountered with two of the collections, though happily, 1 460 pieces handcrafted for the 'Life Line' collection were sold, providing work to 28 artisans, 57% of whom were women. 64% of them saved their earnings, and 82% invested in education, health, housing, and small business.

In July 2018, the Mimco design team visited Kenya to gain a better understanding of how we can design for the greatest social impact.

RESPONSIBLE SOURCING AND TRACEABILITY

We are on a journey to responsible sourcing across our key commodities. With this journey, we aim to contribute to creating the demand for responsible production methods – methods that ensure that commodities are produced in ways that environmental impacts are managed and that are good for the farmers and suppliers themselves as well as their local communities.

Photo by Tim Westoby for Unsplash

HOW WE MANAGE COMMODITY SOURCING IN FOOD










MANAGEMENT APPROACH			UPDATE ON PROGRESS
PALM OIL 	60% <i>of palm oil sourced for Woolworths private label products certified by the RSPO</i>	<p>Woolworths was the first South African company to become a member of the global Roundtable on Sustainable Palm Oil (RSPO) and has been working with suppliers and local refineries to create demand and develop the market for sustainable palm oil since 2011. Based on an updated detailed baseline assessment, Woolworths uses just over 3 000 tonnes of palm oil across Food (0.004% of the total palm oil market). However, since unregulated palm oil production has the potential to result in tropical forest deforestation, climate change, habitat destruction, and loss of livelihoods for indigenous communities, we believe it is important to avoid the use of unsustainable and untraceable palm oil.</p> <p><u>See Woolworths' position statement on palm oil</u></p>	<p>Twenty of Woolworths' supplier sites are now RSPO members and are bound by the RSPO Code of Conduct, which includes public reporting of progress to achieving 100% certified sustainable palm oil. Just under 60% of the volume of palm oil that Woolworths uses in Food each year is certified as sustainable by the RSPO through supply chain audits, and a number of key lines, including rusks and pies, now bear the RSPO logo. Woolworths continues to purchase PalmTrace 'Book and Claim' RSPO certificates to offset the remainder of our use to help increase the production of and demand for sustainable palm oil. 1 000 tonnes of PalmTrace credits were purchased from smallholder farmers in Johor, West Malaysia, during this year.</p> <p>As such, in terms of volume, we estimate 98% of all private label food lines and 72% of all private label beauty lines containing palm oil are sourcing RSPO (mass balance) palm oil.</p>
COCOA 	96% <i>of all cocoa sourced for David Jones private label confectionery responsibly sourced</i>	<p>Woolworths has been working with UTZ since 2012. The UTZ certification programme provides assurance that cocoa is grown and harvested responsibly. However, due to being a very small player in the global and local cocoa market, it is not always feasible to source UTZ for cocoa ingredients. As a result, the cocoa sourcing strategy was expanded to refer to 'responsibly sourced' cocoa, including UTZ, Fairtrade, and Cocoa Life.</p> <p>David Jones Food has engaged with UTZ as well as other preferred certification standards, including Rainforest Alliance (with whom UTZ is currently merging), Fairtrade, and Cocoa Horizons (Forever Chocolate) to advance its sustainable cocoa agenda.</p> <p><u>See David Jones' position statement on sustainable cocoa</u></p>	<p>Currently, 98% of all cocoa sourced for private label products that Woolworths sells that contain cocoa or chocolate is responsibly sourced (2019 target: 100%).</p> <p>96% of David Jones private label confectionery currently uses 100% sustainably sourced cocoa.</p>
COFFEE 	100% <i>organic and African coffee sold at Woolworths cafés and coffee carts</i>	<p>Woolworths is one of the largest coffee retailers in South Africa, with about 300 tonnes of coffee sourced for WCafés and Woolworths' coffee carts each year. Our initial responsible sourcing strategy for coffee was to source Fairtrade coffee. However, due to persistent challenges with the cost and consistency of the supply of Fairtrade coffee beans, the focus was changed during the 2016 financial year to organic certification and the sourcing of African beans.</p>	<p>For our WCafés and Woolworths coffee carts, we source 100% organic African coffee from Tanzania and Ethiopia directly from co-ops that support in excess of 60 000 smallholder farmers.</p> <p>Woolworths is also working towards implementing a direct trade sustainability programme in Moshi, Tanzania, together with our supplier and agent. The aim of the programme is to focus on the issues which are most pervasive across the small-scale farmers operating in this region; the ultimate aim is to improve the yield, quality, and livelihoods of the farmers who grow our coffee.</p>
SUGAR 	<i>An in-field learning SUSFARMS® pilot was conducted with a key Woolworths sugar supplier</i>	<p>Woolworths' packaged sugar supplier is working towards BONSUCRO certification. BONSUCRO is an international not-for-profit, multi-stakeholder organisation established in 2008 to promote sustainable sugar cane.</p> <p>Woolworths has also supported the development of local standards for sustainable sugar for a number of years, through the SUSFARMS® collaboration. SUSFARMS® is a sustainable sugarcane farm management framework.</p>	<p>Woolworths is actively supporting the development of the SUSFARMS® framework as part of the Midlands Canegrower Initiative and contributed funding towards the development of small-scale grower projects in the year.</p> <p>Furthermore, during the year, an in-field learning SUSFARMS® pilot was conducted with a key Woolworths sugar supplier.</p>
SOY 	39% <i>equivalent of Woolworths soy footprint offset with credits from the Roundtable for Responsible Soy</i>	<p>Woolworths became a member of the Roundtable for Responsible Soy (RTRS) in 2015. Because of considerable complexity in converting soy used in animal feeds to a responsibly sourced variety, we have started purchasing RTRS credits to promote the uptake and development of the responsible soy industry.</p> <p>Woolworths uses nearly 25 000 tonnes of soy annually, but 99% is used indirectly in animal feed for our dairy (41%), chicken (24%), pork (20%), eggs (11%), beef (2%), and fish (1%) products.</p>	<p>For the second consecutive year, Woolworths purchased 9 750 RTRS credits, equivalent to 39% of the total soy footprint, from Brazilian growers (offsetting the use of soy in chicken, eggs, beef, and fish products). The credits are only purchased from growers who are certified as meeting the RTRS standard for responsible soy production. One credit is equivalent to one tonne of soy. In this way, we are supporting the responsible production of soy.</p> <p>Woolworths is also investigating opportunities to support and develop African soy.</p>



Photo by iStock Downing o splash

HOW WE MANAGE COMMODITY SOURCING IN FASHION, BEAUTY AND HOME

MANAGEMENT APPROACH			UPDATE ON PROGRESS
<div>COTTON</div> <div></div>	<div>75%</div> <div>responsibly sourced cotton across Country Road Group</div>	<p>With cotton being the fibre most used across our private label collections, the WHL Group is focused on supporting more sustainable cotton farming practices. In 2014, Woolworths became a member of the Better Cotton Initiative (BCI), a leading global sustainability standard for responsibly sourced cotton that aims to create long-term change by helping small-scale and commercial farmers to grow cotton in a way that reduces stress on the environment and improves the livelihoods of farming communities.</p> <p>The WHL Group also supports locally grown South African and Australian cotton as well as certified organic cotton.</p> <p>The SA Cotton Cluster, of which Woolworths is a member, has committed its support to the BCI, working to promote the BCI standard at the farm and producer level and help farmers to produce cotton more sustainably.</p>	<p>Woolworths is sourcing sustainable cotton for the equivalent of 80% of all cotton garments (2019 target: 75%) and is on track to reach the 2020 goal of 100%. Woolworths sourced 65 tonnes of South African cotton as Better Cotton in the last year, with the aim of increasing this to 850 tonnes in the next financial year.</p> <p>75% of Country Road Group’s cotton was sustainably sourced during the past 12 months (2018: 66%). David Jones became a member of BCI in 2019. Country Road Group and David Jones private label sourced 897 tonnes of cotton as Better Cotton through the BCI in the last year.</p> <p>Read more on sustainable cotton in the Sustainable Farming chapter</p>
<div>CELLULOSE FIBRES (including viscose, modal and lyocell)</div> <div></div>	<div>45%</div> <div>Canopy compliant cellulosic fabrics in Woolworths</div>	<p>In 2015, the WHL Group partnered with Canopy and 150 other brands as part of the CanopyStyle initiative to promote uptake of responsible sourcing policies among the top 10 global producers (responsible for 70% of global supply). Our goal is to drive engagement with our suppliers and producers of cellulose (timber) based fabric to ensure that the production of fabrics such as viscose and rayon does not result in illegal forest degradation or deforestation.</p> <p>See WHL Group CDP Forests disclosure</p>	<p>Currently, Woolworths is sourcing 45% deforestation-free viscose, and Country Road Group 34%.</p> <p>The target for 2022 is 100%. More work is required on the traceability of viscose in order for us to meet this target.</p>
<div>LEATHER</div> <div></div>	<div>69%</div> <div>LWG certified leather in Country Road Group</div>	<p>In 2015, the WHL Group became a member of the Leather Working Group (LWG), an environmental standard that promotes best practice in chemical management and wastewater treatment. LWG certification also assesses the ability of leather manufacturers to trace material back to the slaughterhouse. The WHL Group is an active participant in the Textile Exchange Beef and Leather working group. Still in its relative infancy, this group’s objective is to bring together a diverse range of stakeholders to address issues within the leather and beef supply chain.</p> <p>The extraordinary complexities of leather sourcing due to multi-tier supply chains is a global challenge that we, along with many other brands worldwide, are seeking to solve.</p>	<p>69% of Country Road Group’s products containing leather are sourced from LWG-accredited tanneries (2018: 40%). All of Witchery’s leather handbags are also currently LWG certified.</p>
<div>TIMBER</div> <div></div>	<div>85%</div> <div>of Woolworths Food packaging suppliers FSC certified</div>	<p>Woolworths signed the Vancouver Declaration in 2017, making a commitment to work towards more sustainable sourcing of forest products and endorsing the Forest Stewardship Council (FSC) as the supplier of choice for the certification of forest products.</p> <p>David Jones is committed to purchasing all timber, and products with timber inputs, from legally harvested sources. A timber due diligence programme was put in place to ensure the responsible sourcing of timber, including sawn timber, plywood, veneer, pulp, paper, wood furniture, and other timber- and paper-based products used in a number of product categories (including books, stationery, and furniture). Where initial due diligence identifies a potentially at-risk product, evidence is sought of species and origin to inform a risk assessment. High-risk products are then required to provide credible evidence from an independent third party that verifies the use of responsible forest management practices, for example, certification from the FSC. If that evidence cannot be provided or if it is discovered that the timber has been sourced illegally, David Jones will not purchase that product.</p> <p>See David Jones’ position statement on illegal logging</p> <p>See Woolworths deforestation position statement</p>	<p>85% of Woolworths Food packaging suppliers are currently FSC certified.</p> <p>In time, David Jones will extend its due diligence programme to include all timber products, irrespective of risk profile.</p>

REDUCING ENVIRONMENTAL IMPACTS

SUSTAINABILITY ATTRIBUTES

In 2012, Woolworths developed a list of Good Business Journey sustainability attributes. These are product characteristics that contribute to minimising the social and/or environmental impacts of a product at one or more stages of the value chain. Subsequently, both Country Road Group and David Jones similarly developed their own defined sustainability attributes. The WHL Group made a public commitment in 2015 that all directly sourced products sold will have at least one sustainability attribute by 2020.

[See David Jones' list of sustainability attributes](#)

CASE STUDY

RSPO PALMTRACE CREDITS

The Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria are applicable to all growers of palm oil, including smallholders. However, many small, individual growers find it challenging to implement these Principles and Criteria on their own due to a lack of resources and capacity and the associated audit costs related to certification. To overcome this, the RSPO has developed a system of group certification which allows individual growers to obtain certification together under a single certificate.

For the first time this year, Woolworths purchased 1 000 tonnes of PalmTrace credits as part of a group certification scheme directly from a group of 108 independent smallholders (with an average farm area of three hectares) and three non-corporate private estates in Johor, West Malaysia.



1 000
tonnes of PalmTrace
credits purchased



From
108
smallholder farmers



LOOKING AHEAD: ETHICAL SOURCING

In 2020, we will be extending our ethical sourcing approach to help increase visibility of our supply chain and driving key traceability and verification projects across the Group, where necessary through industry partnerships and collaboration. We will continue to conduct training and build capacity within our teams and suppliers to equip them with the skills and knowledge needed to advance ethical sourcing across our supply chain. The Group will complete a supply chain risk assessment to inform its modern slavery action plans and future sourcing strategies.



QUICK ACCESS TO SECTIONS

SUSTAINABLE FARMING

“We recognise that some fundamental shifts are required if we are to feed 10 billion people by 2050 within the limits of our planetary boundaries. We know we need to be agile and adapt in order to ensure a sustainable food future for people and the planet. This means greater focus is required on how food is grown, sourced, and produced. The scale of the challenge is significant. We cannot do it alone. Partnership and industry collaboration will be key.”

– Spencer Sonn, Managing Director: Food, Woolworths

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SUMMARY OF RESULTS

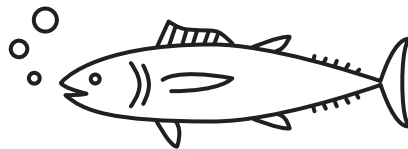


52%

*of Woolworths private label
produce and horticulture lines on the
Farming for the Future programme*

2018, 2017: NR*

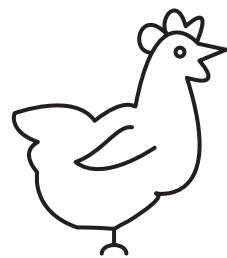
*not measured and reported in 2018 and 2017



84%

*of Woolworths seafood meeting
our wild-caught and aquaculture
sustainability commitments*

2018: 80%
2017: 75%

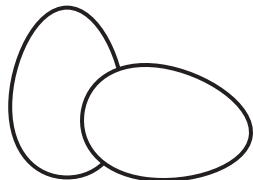


100%

*of David Jones eggs, chicken, and
turkey that are free range*

2018: 100%, 2017: NR*

*not measured and reported in 2017



99%

*of egg ingredients in Woolworths private
label products that are free range*

2018: 98%
2017: 85%

STRATEGY AND MANAGEMENT APPROACH



STRATEGY

Over the last few decades, it has become clear that producing food and raw materials in a way that is at odds with natural and social systems is no longer a viable option. Given that a high proportion of the environmental impact resulting from our operations is linked to the farming and processing of products that we sell, we make it a priority to work together with our suppliers on a long-term basis to minimise these impacts and positively influence the environmental and social outcomes of doing business.

As well as monitoring and managing these impacts, we recognise our responsibility to ensure that our farmers and suppliers are meeting our exacting requirements for human rights and animal welfare.

Working to improve farming and husbandry practices with our private label suppliers as well as with the broader network of upstream farmers, we can improve soil health, protect water supply, restore biodiversity, support rural livelihoods, help communities adapt to climate change, promote good animal welfare, and, ultimately, help ensure we produce sufficient food to meet the needs of our customers now and into the future.

Through this strategy we want to ensure a sustainable and inclusive food system for people, communities, and the planet as well as to assist our customers in making informed purchasing choices that satisfy their values.

MANAGEMENT APPROACH

Our management approach to sustainable farming is formalised in our Farming for the Future, Fishing for the Future, animal welfare, and sustainable fibres programmes. This approach is strengthened through the partnerships we have with a wide range of stakeholders and organisations. To ensure that our animal welfare and sustainable seafood policies and positions are adhered to by suppliers, they are included in our contractual agreements with them.

IMPACT IN THE VALUE CHAIN



Agriculture



Suppliers &
Processors



Communities
Environment
Economy

SUSTAINABLE FARMING AND FISHING

FARMING FOR THE FUTURE

Woolworths' pioneering approach to growing food in a sustainable, harmonious way will be celebrating its 10th anniversary at the end of 2019. Farming for the Future manages the entire farming process from the ground up, with soil quality at the heart of the programme. Healthy soil requires fewer chemical inputs and less water, resulting in reduced chemical run-off and soil erosion, with positive biodiversity impacts. The related auditing and certification scheme works with the farmers to continually improve their performance through the development of individual enhancement programmes based on the farmers' individual needs and audit results, at no extra cost to the customer.

While many of our primary suppliers are already extremely well advanced, our secondary supplier base is increasingly being brought onto Farming for the Future, with a particular focus on our top selling product suppliers. In the last twelve months, the programme has been expanded to certain of our long-life milk, fruit juice, and frozen fruit and vegetable suppliers.



52%

of Woolworths private label produce and horticulture lines on the Farming for the Future programme

Of the 483 (2018: 331) suppliers that were engaged in the year, 304 were secondary suppliers. In total 179 (2018: 136) of our primary suppliers and 304 (2018: 195) of our secondary supplier base were assessed against the Farming for the Future standard during the year. Overall, these farmers achieved a 60% pass rate

(2018: 90%) against the programme criteria. If newcomers who underwent their first assessment are excluded from this calculation, the pass rate increases to 92%.

In order to reduce food waste to landfill, we are working with our farmers and processing facilities through the Farming for the Future and green factories programme to understand their food waste management practices.

During the last 12 months, we increased the focus on water and water-use efficiency in the Farming for the Future programme, including through the Water Footprint Index (WFI) tool.

Going forward, we are looking at how to integrate our supply chain vertically to enable the use of Farming for the Future ingredients in our range of private label prepared foods as well as how to expand the Farming for the Future standard to incorporate the social aspects related to farming.

[Watch the video](#)

[Read more on the green factory programme in the Energy and Climate Change chapter](#)

[Read more on the WFI tool in the Water chapter](#)

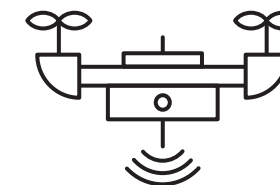
WWF CONSERVATION CHAMPIONS

The WWF Conservation Champions continue to support best practice and long-term conservation in the wine industry and transfer learnings through farmer information days, joint in-field workshops on areas of key environmental risks such as wastewater, water stewardship, alien clearing, and fire management. There are currently nine Woolworths wine suppliers that are Conservation Champions.

CASE STUDY

DRONE TRIAL

The pace of digital disruption over the last two decades has been remarkable, transforming every sector of the global economy, including agriculture. Woolworths has partnered with Aerobotics, an agri-tech start-up focused on providing crop protection to farmers through the use of innovative drones and other technology, allowing for the early problem detection and issuing of alerts, using drones, sensors, and digital imaging capabilities.



Aerobotics aero view platform combines weekly satellite data, drone imagery, and scout information to track farm performance on a per tree or per-field basis, allowing farmers to take a data-driven approach to optimising the health of their farm. The software uses machine learning to identify early stage problems, automatically detect pests and diseases, and can guide farmers to these problematic locations.

Woolworths has trialled this technology at one of our suppliers, and so far has seen an improvement in quality and yields, enhanced water use efficiency, decreased weed and disease-related losses, and a reduction of inputs such as fertiliser.

FISHING FOR THE FUTURE

In 2012, Woolworths became one of the first retailers in South Africa to set time-bound seafood commitments that all wild-caught seafood sold in store would be either WWF-SASSI green listed, caught from Marine Stewardship Council (MSC) certified fisheries, or sourced from fisheries that were undertaking credible improvement projects by 2015.

Further to this, Woolworths made the commitment that by 2020, all farmed fish species sold by Woolworths will be either WWF SASSI green-listed, Aquaculture Stewardship Council (ASC) or equivalent certified, or from aquaculture operations that are engaged in a credible improvement project. Woolworths remains deeply committed to procuring all seafood from sustainable fisheries and responsible aquaculture operations.

Of the volume (tonnage) of farmed species sold by Woolworths, 85% (2018: 80%) overall meet our 2020 commitments. A challenge faced during the past 12 months has been securing the supply of ASC-certified salmon all year round. Work is underway to address this for both for fresh and frozen salmon.



84%

of Woolworths' seafood meets our wild-caught and aquaculture sustainability commitments

We continue to work with a range of partners, including WWF-SA and the Marine Stewardship Council (MSC), to ensure that we meet our 2020 commitments by focusing on key strategic species. Woolworths is also an advisory board member of Fish4Good, which is mapping the fisheries landscape in South Africa and assisting them in preparing for MSC certification where relevant.

IMPROVING ANIMAL WELFARE STANDARDS

We believe it is our ethical obligation to ensure that our suppliers treat the animals in our supply chain with respect and in the most humane way possible, and are committed to a journey of continuous improvement, working with our suppliers in all aspects of animal welfare.

ANIMAL WELFARE IN FOOD

FREE RANGE

Woolworths stopped selling whole eggs from caged hens in 2004 and was the first South African retailer to do so. Today, all whole eggs and 99% (2018: 98%) of egg ingredients sold in Woolworths private label products are free range. We are committed to supporting initiatives which enable a shift away from caged systems in South Africa, and have started to engage collaboratively with other retailers around this.

Woolworths continues to sell extensive lines of free-range chicken, beef, and lamb, which means the animals eat a natural diet and are not given routine antibiotics or growth promoters. Suppliers are regularly audited by independent bodies to ensure compliance with our free-range standards.

David Jones only sells fresh free range hen eggs and all David Jones own-label packaged and meat counter fresh chicken and turkey is certified free range or RSPCA approved.

rBST FREE MILK

BST is a naturally occurring protein hormone produced by dairy cows to regulate their milk production. rBST is a synthetic version of BST, often given to cows to increase their milk production. Since 2002, Woolworths has not administered any rBST to any of their Ayrshire dairy cows. Dairy suppliers are regularly audited by independent bodies to ensure compliance with our requirements.

KINDER TO SOWS

The Woolworths Kinder to Sows programme was launched in 2014. The aim of the programme is to source pork from farms that no longer use sow stalls to restrain pregnant sows for prolonged periods, reducing the time adult sows spend in gestation crates from 16 weeks to under one week.

From 2016, we were able to source Kinder to Sows pork in our fresh pork products and introduced on-product messaging to this effect. Thereafter, we expanded our Kinder to Sows offering to include easy-to-cook ranges, and all bacon and gammon lines.

Suppliers on the programme are regularly audited by independent bodies to ensure compliance with the requirements.

OUTCOME-BASED MEASUREMENT PROGRAMME

We are in our third year of working with FAI (Food Animal Initiative), on our outcome-based measurement programme. We regularly collect outcome measurement data from our chicken and laying hen, pork, duck, dairy, and free range beef and lamb farms, and have data relating to the lives and welfare of over 64 million animals. This data is trended and tracked on our bespoke Woolworths web portal and results are reported back to our suppliers along with guidance on best practice to help drive continual improvement to animal welfare within our supply chains.

This year, we launched our Ayrshire dairy farm web portal. The farms where our Ayrshire milk is produced submit their outcome measurement data directly via this portal. These results are then displayed and benchmarked against other dairy farms, so that best practice and areas for improvement can be identified. Information is shared and reported at our dairy farmer meetings.

FAI have also undertaken welfare review visits of our poultry supply chains from breeder farms through to abattoirs, assessing and sharing knowledge on international best practice with our suppliers. These visits are helping to shape our future farming standards and ensure that we continue to deliver on our commitments around animal welfare.

ANIMAL WELFARE IN FASHION, BEAUTY AND HOME

We support the following principles for animal welfare across the WHL Group:

ANIMAL TESTING

We do not permit the testing of our products on animals. Since 2008, Beauty Without Cruelty has approved the entire Woolworths private label range of cosmetics and toiletries. David Jones' entire private label beauty range is also accredited by PETA as cruelty free.

ANGORA

We do not support live plucking in any form. The WHL Group ceased ordering products containing angora in January 2014.

FUR

We are a proud member of the Fur-Free Alliance. We do not permit the use of any natural or farmed fur in our products. While our definition of fur includes any fur from animals bred and farmed purely for their skins, including mink, sable, chinchilla, fox, muskrat, racoon dog, rabbit, astrakhan, and karakul, it excludes by-products of the meat industry, such as shearling and sheepskin.

FEATHERS & DOWN

We do not permit live plucking of duck and goose down and aim to source from suppliers that are Responsible Down Standard (RDS) compliant. We are also looking at synthetic alternatives in our products, including recycled PET in pillows, duvets, and jackets.

WOOL

We support local wool industries in South Africa and Australia, and take a proactive approach to sourcing non-mulesed wool where possible. Country Road Group and David Jones are working on a responsible wool strategy that will see them transition away from mulesed wool over time.

[See Woolworths animal welfare position statement](#)

[See David Jones animal welfare policy and fur, faux fur and angora position statements](#)

[See Country Road Group's animal welfare principles](#)

RESPONSIBLE WOOL STRATEGY

Country Road Group and David Jones are developing a responsible wool strategy that will transition them away from the practice of mulesing in the wool industry. Mulesing is a painful surgical procedure, which is common practice in Australia, involving the removal of strips of wool-bearing skin from around the breech of a sheep to prevent the parasitic infection known as flystrike.

A further aim of the strategy is to support higher animal welfare standards and improved land management more broadly across the wool supply chain. Farmers will be encouraged to adopt more regenerative farming practices, which will be measured via leading industry standards.

As part of the development of the strategy, various animal-welfare-related, industry and internal stakeholders have been engaged with, including the RSPCA, Four Paws, Humane Society International, Australian Wool Innovation, Textile Exchange, and New Merino.

THE STRATEGY FEATURES THREE KEY COMMITMENTS REGARDING ANIMAL WELFARE STANDARDS AND SUSTAINABLE FARMING PRACTICES:

- By the end of 2021, all pure wool products (100% wool composition) will be verified non-mulesed or ceased-mulesed
- By the end of 2023, all wool-rich products (>30% wool composition) will be verified non-mulesed or ceased-mulesed
- By the end of 2025, all pure wool and wool-rich products will be fully traceable, non-mulesed or ceased mulesed and certified by a credible third party to ensure high animal welfare standards and sustainable farming practices

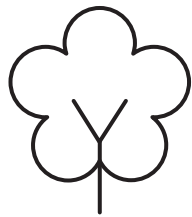
SUSTAINABLY SOURCED FIBRES



SUSTAINABLE COTTON

Cotton is one of the main fibres used across the WHL Group in private label clothing. In recognition of the impact that cotton farming has on global land, soil, and water resources, we continue to drive the use of fibres produced in a more responsible way and those that support sustainable farming practices. We have set an ambitious Group target that by 2020, all our private label cotton products will be sustainably sourced, including certified organic and Better Cotton Initiative (BCI) cotton. Woolworths currently uses sustainable cotton across 80% (2018: 60%) of fashion items and Country Road Group 75% (2018: 66%). During the last year, Politix launched its first range of products made with cotton sourced as Better Cotton, with the aim that by the end of 2020, 100% of its cotton ranges will be manufactured using BCI cotton. Over the past year, we continued to roll out training internally, to empower our teams to source BCI cotton and share appropriate messaging with our customers. Country Road Group and David Jones also invited the BCI to run a training session on BCI cotton as part of a supplier workshop held in Shanghai in May 2019.

[Read more on sustainable cotton in the Ethical Sourcing chapter](#)



80%
of Woolworths cotton
sustainably sourced

CASE STUDY

COUNTRY ROAD TRACEABLE AUSTRALIAN MERINO COLLECTION

Country Road is committed to supporting Australian farmers and now, in a southern hemisphere first, every fibre of Country Road's 2019 traceable merino knit range can be verified as being sourced from Australian farms through its partnership with scientific traceability company, Oritain. With a commitment to transparency, Oritain takes a scientific approach to verifying where the merino wool in each garment originates from based on the origin fingerprint of the fibres. Mother nature embeds all things with a unique code based on where in the world they were produced. This natural code is created from the exact geochemistry of the product's environment: some environments are nutrient-rich, some are poor; some are high in elements, some are low. These differences are what Oritain measures, using the results to create an 'origin fingerprint' that they then use to scientifically verify where a product has originated.

Plans are underway to expand this initiative in the next year, as Country Road is committed and is continuously working to improve traceability through the supply chain.

[See more information on the traceable merino knit range](#)

"There is a strong story about traceability in fashion, and the Country Road customer is increasingly keen to know the origin of their purchase," Country Road Managing Director Elle Roseby said. "At Country Road, we value the provenance of our products and strive for visibility of where and how our raw materials are farmed. For the first time in Australian history, we're proud to not only be able to trace every fibre of this range to local farms, but to verify that every garment is made of 100 percent Australian merino wool."

LOOKING AHEAD: SUSTAINABLE FARMING

In the next year, we will celebrate 10 years of the Farming for the Future programme and will continue to build on it along with redeveloping the Fishing for the Future programme to outline our plans for post-2020. We will continue to grow our outcome-based measurement programme across beef, lamb, and farmed fish and also by gathering critical data and information from more of our suppliers and developing solutions to tackle some of the challenges identified. We will further explore alternative and recycled fibres in our move to reduce the environmental impacts associated with fast fashion.

WASTE

“We recognise that we cannot solve the packaging and waste issue on our own. It is for this reason that we have taken a holistic approach and are engaging with key partners across the value chain to walk this journey with us.”

– Feroz Koor, Group Head of Sustainability

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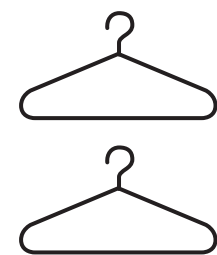
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SUMMARY OF RESULTS



14.8M

hangers recycled at Woolworths

2018: 12M
2017: 13.8M



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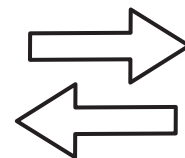
Woolworths stores that are plastic-bag-free



2.4M

Number of reusable bags sold

2018: 1.9M
2017: 1.8M



-8.7%

change in plastic bag sales per transaction (2019 vs. 2018)

26%

change in reusable bag sales (in units) (2019 vs. 2018)

PACKAGING HIGHLIGHTS FOR 2019

Removal of plastic straws, earbuds, cutlery

Plastic-bag-free store introduction

Introduction of low-cost reusable bag



0.74

Average number of plastic bags sold per transaction (Woolworths Food)

2018: 0.82
2017: 0.83

STRATEGY AND MANAGEMENT APPROACH

STRATEGY

At the beginning of our Good Business Journey in 2007, we identified waste (including packaging) as one of three key projects, together with water and energy, to drive sustainability across Woolworths. Our aim is to work across our value chain to minimise waste through reducing and enabling the recycling of our packaging. We recognise that packaging will always have a role to play in sustainability. It is probably one of the most complex issues we continue to grapple with as a business.

Packaging also remains high among the concerns of our customers and they routinely communicate this to us. They are particularly concerned about over-packaging and the use of non-recyclable packaging. While Woolworths understands that most used packaging becomes waste, our approach is aimed at achieving the right balance by taking into account a number of important considerations such as food safety, product labelling, maintaining product quality, as well as minimising waste. In our quest to create the perfect package, it is inevitable that trade-offs between environmental, social, and commercial factors may sometimes occur.

WE HAVE EMBEDDED A SYSTEMATIC APPROACH TO PACKAGING AND WASTE WITH A STRATEGY THAT AIMS TO:

- Design packaging to enable a circular economy
- Minimise the need for non-renewable resources in packaging
- Encourage the recycling of our packaging

Our approach is, therefore, that of ensuring a balance between optimising the protective role of packaging for our products while using packaging as sustainably as possible.

MANAGEMENT APPROACH

Our approach to waste is dependent on cross-industry collaboration to not only improve the available infrastructure for recycling but also for the development of more innovative packaging solutions. We also work internally with product technologists to encourage improvements to existing packaging by:

- Driving packaging efficiencies by reviewing innovation opportunities for alternative sustainable packaging options
- Identifying where the troublesome packaging is and removing it from our product offering. Troublesome packaging refers to packaging with characteristics that are not in line with our sustainable packaging vision
- Reducing the amount of waste sent to landfill from our own operations
- Making it easier for customers to recycle by communicating recycling options on product packs as well as providing recycling facilities where we operate

IMPACT IN THE VALUE CHAIN



Communities
Environment
Economy



WHL
operations



Customers

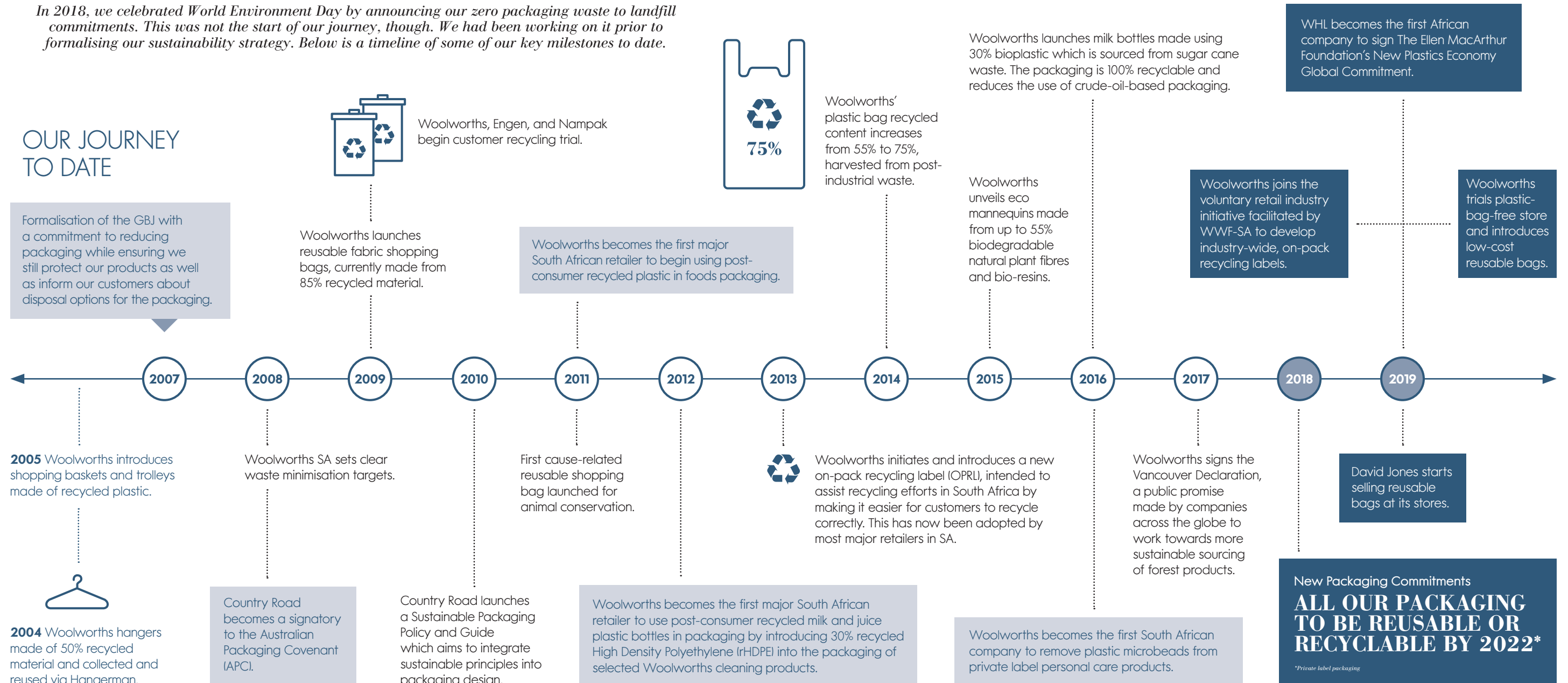


Suppliers &
Processors

WASTE AND PACKAGING TIMELINE

In 2018, we celebrated World Environment Day by announcing our zero packaging waste to landfill commitments. This was not the start of our journey, though. We had been working on it prior to formalising our sustainability strategy. Below is a timeline of some of our key milestones to date.

OUR JOURNEY TO DATE



PACKAGING AND CONSUMABLES

A strong component of our packaging and waste strategy speaks to the need for us to engage with customers and other stakeholders around this issue, balancing the role that packaging plays, as well as working with suppliers, other retailers, and the recycling sector to develop collaborative solutions.

To date, we have removed single-use cutlery and straws from our stores and cafés. We have also successfully introduced a low-cost reusable bag to selected stores as part of a phased roll-out of single-use plastic bags. All our plastic-coated fish finger boxes are now widely recycled and turned into new carton board. We have started transitioning our avocado and chicken packaging made from polyvinyl chloride (PVC) to a fully recyclable substrate, polyolefin.

PRODUCT PACKAGING

The majority of materials (85%) used by Woolworths for packaging are technically recyclable, but many are not recycled in South Africa. The light, flexible containers (bags, wraps, and films), often contaminated with food, hold very little value for recyclers and are not yet widely collected and recycled.

Woolworths has been continuously making packaging improvements and reductions across product offerings and supply chain. Through life cycle assessments of some of our products, we have identified various packaging areas for concern and have put systems in place to ensure that we tackle them. To help us address these areas, we have introduced an internal initiative called ‘bad ambassadors’ that allows us to treat packaging and waste using a product stewardship approach where the entire life cycle of a product is established to identify its environmental impacts through the different stages of production.

In the last year, a packaging baseline for David Jones foods products was established by quantifying the types of materials by volume used in David Jones packaging. The results will be used to set clear targets for packaging and waste reduction for David Jones.

DEFORESTATION-FREE PACKAGING

We continue to work towards using only sustainably sourced or recycled wood products throughout our operations. Where we use forest products like wood, paper, and board

for packaging, they are sourced from sustainably managed forests and certified by the Forest Stewardship Council (FSC). This year, the paper used for our till slips became FSC certified and in 2020, all our paper board will be certified.

REUSABLE & SINGLE-USE PLASTIC BAGS

In the last year, we have seen more and more customers sharing their concerns with regards to single-use plastics. For Woolworths, the use of plastic bags at till points has long been a concern. Since 2007, we have offered reusable bag alternatives to meet the concerns of our customers, and we continue to promote the use of reusable bags across our store network. As part of our commitments, we have started phasing out single-use plastic bags from our stores. This is not an easy task and has come with a myriad of challenges, but we have taken learnings from initial trials to help in rolling out more widely. We sell a wide range of reusable bags, including, in the past year, a low-cost alternative to make it easier for our customers to access reusable bags. This will replace the currently used single-use bag at our food shops. This low-cost, reusable shopping bag consists of 80% post-consumer PET waste from plastic bottles. We also continue to offer our colourful fabric bags made from 85% post-consumer PET waste from plastic bottles. In line with our goal to remove single-use bags from our stores by 2020, we will be focusing our efforts on rolling out these low-cost reusable shopping bag to more stores across the country.

In Australia, David Jones started selling reusable bags in the last year. Politix, a Country Road Group brand, transitioned from their single-use plastic bag to recyclable paper bags.

Phasing out single-use plastic bags



Replacing with low-cost reusable bags



CASE STUDY

PLASTIC BAG FREE

Woolworths has started phasing out single-use shopping bags from its stores. In November 2018, a six-month trial was initiated to test whether, given a choice of a more affordable reusable bag, consumers will make the shift away from buying single-use plastic shopping bags. We made a low-cost reusable shopping bag available at four stores across the Western Cape, with one of the stores going completely plastic bag free. During the trial, over 100 000 single-use bags were saved from going out into the environment as customers opted for affordable, reusable shopping bags. This trial has been extended to an additional 15 stores across the country, with an additional three stores becoming completely plastic bag free.

The reusable bags are made locally out of recycled plastic bottles and are recyclable. To date, the production of the low-cost reusable bag has resulted in over 129 000 plastic bottles being removed from South African waste streams to be recycled and made into the bag’s fabric. This figure will increase significantly with the roll-out to 15 more stores. The project also supports a South African black-owned supplier, which has been supplying Woolworths with reusable bags for over 10 years. The supplier currently employs 130 people, and 17 new jobs were created during the first phase of the trial. The ongoing roll-out of the low-cost reusable bag will enable them to grow their business and employ more people.

WASTE AND RECYCLING

DIRECT OPERATIONS

Woolworths has various recycling initiatives and trials at stores, corporate offices, and distribution centres. We have, in recent years, experienced a variety of challenges with regards to recycling at these facilities, especially at the head office, with regard to an increase in contaminated waste which reduced the recyclability of our waste.



2 400 kg

organic waste from the David Jones Bourke Street store diverted from landfill in January 2019

STORES

All Woolworths' secondary and tertiary packaging used in our operations, such as cardboard cartons and protective packaging, is collected, managed, and recycled from stores using existing logistics operations, or utilising reverse logistics within our existing network. We manage this waste directly from our distribution centres, where we sort and bale recyclables. Challenges persist, especially for David Jones and Country Road, where at shopping centres, the bulk of the waste management solutions are provided by third parties. The David Jones Bourke Street store recycles organic waste on site by taking food offcuts from food halls and converting them to fertiliser, which is sent to farmers. In January of 2019, 2 400 kg of organic waste was diverted from landfill, and this produced 192 kg of fertiliser. Country Road Group currently recycles 39.8% of waste from stores (2018: 40.1%); this excludes waste from Politix stores. In-store take home packaging is 99% recyclable.

HEAD OFFICE

Woolworths has recently partnered with a new recycling company to assist us in implementing a more accurate process of measuring our waste streams. We have also upgraded our internal recycling bins to make separation at source easier for staff. To prevent the contamination of clean paper, we introduced separate paper recycling bins. In addition, we have rolled out coffee cup recycling bins across the head office. We are now able to track waste streams on a 'real-time' basis using an online dashboard and identify where challenges still exist.

David Jones and Country Road are also working on quantifying waste and packaging impacts in order to develop waste management strategies for their operations.



The top of our coffee cup recycling unit.

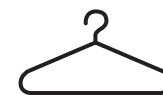
DISTRIBUTION CENTRES

A lot of work is going into improving waste management at our distribution centres to reduce waste to landfill. The distribution centres manage waste, especially transit packaging, which comes via reverse logistics from stores as well as waste generated on site. Both the Midrand and Montague Gardens Food distribution centres have recycling facilities equipped with baling equipment to compress recyclables on site before transporting to our recycling partners.

At Country Road Group's Omni-channel Fulfilment Centre in Melbourne, 85.5% of waste is currently recycled (2018: 80.6%).

HANGER RECYCLING

Woolworths has a 34-year relationship with Hangerman, the hanger supplier and recycler that helps in rescuing and reusing hangers. In the last year, 14.8 million hangers were rescued and recycled (2018: 13.8 million). Last year, we launched a reverse logistics initiatives for hangers from the Eastern Cape and we are now recovering more than 80% of hangers in that area. A project team has been established to manage the roll out of reverse hanger logistics countrywide.



71M

hangers rescued and reused to date



Hanger sorting at Montague Gardens distribution centre, Cape Town.

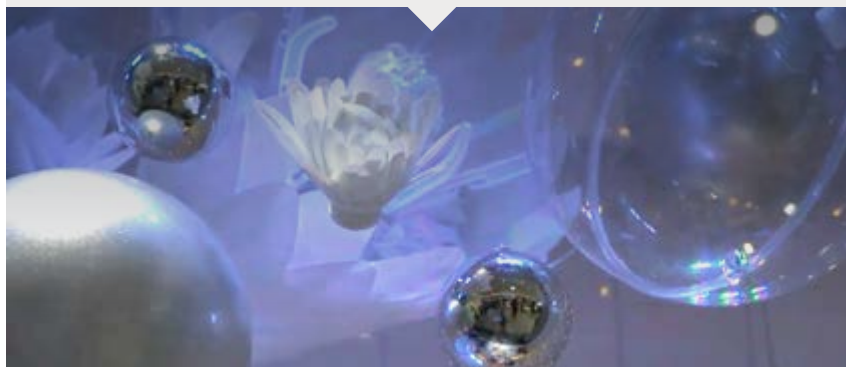
CASE STUDY

WOOLWORTHS WINNING CHRISTMAS WINDOW

In a first for Woolworths, the Christmas window display for 2018 at selected stores was made from recycled plastic bottles, plastic cutlery, and hangers collected from the Woolworths head office and neighbouring schools. With a Christmas theme in mind, we partnered with a small local empowerment project, Essay Gifts, a project that helps artists and crafters from disadvantaged communities find opportunities for earning an income.

Women from these communities handcrafted these recyclables into 3-D flower artworks featuring iconic Proteas and Pincushions. Each King Protea was made from 20 used plastic bottles and 20 hangers. After Christmas, the flowers were sent to local recyclers to be reused in products such as duvets, pillows, shopping bags, packaging, and T-shirts. The aim was not only to create a representation of Woolworths' zero-packaging-to-landfill journey over the holiday season but also to raise awareness of the importance of recycling plastics waste.

Woolies' Christmas window displays received a Creative Retail award for Best Sustainable Display in London, June 2019



CUSTOMER RECYCLING

Recycling is a shared responsibility. We aim to make it easier for our customers to separate their waste at source and dispose of it responsibly. In 2018, in line with the zero-packaging-waste-to-landfill commitments, Woolworths was the first retailer to trial in-store recycling 'reverse vending machines' at two of our stores. The machines accept plastic, glass, and tin containers up to 2.25 litres in size and work on a barcode recognition system. There are currently two of these machines in the Western Cape. We also have recycling bins in our stores where customers can drop off batteries and light bulbs. In addition, we also currently have clothing take-back facilities in selected stores for customers to donate their used clothing for reuse.

ON-PACK RECYCLING LABELS (OPRL)

Woolworths introduced On-Pack Recycling Labels (OPRL) three years ago. These are labels on product packaging indicating what can actually be recycled in metropolitan areas in South Africa.

By making recycling information clearer, we hope that much more waste will be recycled, less contamination will occur in recycling streams, and that more investment will be made in recycling infrastructure.

A key development has been the formation of the OPRL Working Group through WWF-SA – a forum for major SA retailers to agree a standardised way of communicating recyclability on packaging.



WILDLANDS recycling village at Quarry Centre in Hilton, Pietermaritzburg.

CASE STUDY

RECYCLING PARTNERSHIP WITH WILDLANDS

To celebrate World Environment Day in 2019, Woolworths announced a partnership with WILDLANDS aimed at increasing recycling rates in South Africa. The partnership is a trial that will see the upgrade of two WILDLANDS recycling villages and the opening of an additional three villages in KwaZulu-Natal shopping centres. WILDLANDS recycling villages are part of a well-established WILDTRUST programme. The WILDTRUST is an environmental non-profit organisation that works to safeguard threatened species through conservation and restorative action while also uplifting people and communities. It does this through two key programmes - Wildlands and WildOceans.

The partnership covers not just upgrades to infrastructure, but vital public messaging to raise awareness of what substrates are recyclable. Other partners include Dow, Nedbank, and YES (Youth Employment Service). This partnership aims to make it easier for customers to recycle and also facilitate a culture of recycling in those communities. The partnership also supports the YES initiative to bring much-needed work experience to disadvantaged communities. Nedbank has sponsored three WILDLANDS recycling on-site ambassadors from the YES programme as part of this pilot. They will be on-site to help customers with sorting their recycling into the correct bins.

ADDRESSING SURPLUS PRODUCT

SURPLUS FOOD

According to WWF-SA, a third of all food produced never reaches our plates; it ends up in landfill. In a country where one in five people are food insecure, it is important that we work to minimise food waste in our supply chain. An on-going initiative of Woolworths ensures that surplus food from stores that has not been sold and would otherwise go to landfill is donated to charities in the communities surrounding the stores. This is food that has passed its ‘Sell By’ date but is not beyond its ‘Use By’ date. In the last year, Woolworths donated food to the value of R611 million (2018: R570 million), providing much-needed relief to charities also working to alleviate the scourge of food insecurity in South Africa.

[Read more on surplus food in the Social Development chapter](#)

PARTNERING TO ADDRESS FOOD WASTE

Woolworths participates in a dialogue under the partnership of the Consumer Goods Council of South Africa (CGCSA) and the Department of Trade and Industry (dti), co-funded by the South Africa-European Union Dialogue Facility (SA-EU DF) to increase sustainability in the food supply chain by reducing food waste and food loss. This dialogue aims to help South African consumer goods companies to contribute and benefit from healthy, sustainable ecosystems in Africa while reducing food insecurity and assisting the government in achieving its Sustainable Development Goal 12.3, which aims to reduce global food loss and waste. The outcome of the process will result in the development of a voluntary agreement (including targets and road map) for signatories to achieve the goal of halving food waste at the retail and consumer levels and reducing food losses along production and supply chains, including post-harvest losses.

SURPLUS CLOTHING

All of our Group companies support the collection and distribution of surplus or pre-loved clothing to charity. Across the Group, we have three partner organisations – The Clothing Bank (Woolworths), the Red Cross (Country Road Group) and The Smith Family (David Jones). The Clothing Bank operates in six major metropolises across South Africa and aims to empower unemployed women and men from disadvantaged areas in South Africa through a programme of life skills and financial and career development to start sustainable clothing micro-businesses. In Australia, Country Road customers can donate their pre-loved clothing at Country Road to support the humanitarian work of the Red Cross. The funds generated through The Smith Family for David Jones support educational outcomes for Australian children from disadvantaged backgrounds.

In the last year, we have donated to our partners as follows:

R60.6M

*worth of clothing for
The Clothing Bank
(R51.1M in 2018)*

A\$3.8M

*worth of clothing for
The Red Cross
(A\$5.3M in 2018)*

A\$253K

*worth of clothing for
The Smith Family
(A\$36K in 2018)*

CIRCULAR FASHION

In the context of increased attention on climate change, water scarcity, and resource constraints, we have also increased our focus on the need to move towards a circular approach, reducing dependence on natural and virgin resources, using recycled raw materials, and revaluing waste within the supply chain. The WHL Group continues to review opportunities for innovation in this regard.

PROGRESS MADE DURING THE PAST YEAR INCLUDES:

- Development of a holistic circular fashion strategy for Country Road Group and David Jones as well as circular design training for Country Road Group teams
- Continued use of TENCEL™ x REFIBRA™ (fibres made from a blend of recycled cotton scraps and wood pulp sourced from responsibly managed forests) in Country Road’s denim garments
- Use of regenerated cashmere, made from recycled pre and post-industrial cashmere waste in the Country Road, Trenery and David Jones private label collections
- Continued use of recycled polyester in Woolworths private label clothing; currently 13% of Woolworths private label clothing sold contains recycled polyester (2022 target: 25%).

INDUSTRY COLLABORATION

Woolworths has partnered with a variety of stakeholders (including WWF-SA, PETCO, POLYCO, Plastics SA as well as the Consumer Goods Council of South Africa and government) to help manage packaging waste and support increased recycling rates in South Africa. Other partners include other retailers in order to build scale to strengthen the business case for increasing and improving the infrastructure in South Africa.

Woolworths Holdings is also the first and only African company to sign The Ellen MacArthur Foundation’s New Plastics Economy Global Commitment, launched in October 2018. This puts us on a platform with over 250 other organisations working together towards defining what a global plastics economy looks like and also to enable a circular economy for plastics, a concept that is endorsed by the World Wide Fund for Nature (WWF) and the World Economic Forum.

In Australia, David Jones and Country Road Group are signatories to the Australian Packaging Covenant Organisation (APCO), a federal government initiative focused on reducing the amount of used packaging that reaches landfill. For the most recent rating period, both Country Road Group and David Jones improved their rating from 23% (Country Road Group) and 26% (David Jones) to 48%, classified as ‘advanced’.

LOOKING AHEAD: WASTE

We continue to set ourselves ambitious targets for the next few years towards meeting our packaging and waste commitments. With regards to ensuring that our packaging is from sustainable sources, we have set a target to have all our paper board packaging FSC certified by 2020. This means we distance ourselves from deforestation, unfair labour practices and slavery, often associated with illegal deforestation.

The Woolworths ‘to-go’ food packaging will also be repositioned. We will see 6.1 million plastic sticker labels and 4.3 million plastic containers being removed from this sector.

Additionally, as part of our partnership with WWF-SA, we are also completing a plastics life cycle analysis on the supply chain for cucumbers and raspberries to understand the issues associated with plastics used all along the value chain of these two types of produce.



WATER

We have a responsibility to promote water conservation and ecosystem protection beyond our own operations. We are committed to working in partnership with government, NGOs, and the private sector to advance sustainable water policies across the industry.



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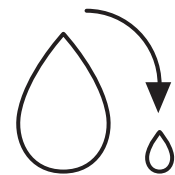
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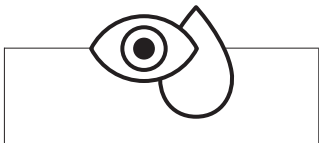
Percentage water reduction per square metre at Woolworths stores against a 2007 baseline



55.6%

2018: 54%
2017: 56%

Percentage of real-time water monitoring (stores)



90%

Woolworths

2018: 89%
2017: 75%

14%

David Jones

2018, 2017: NR*

*not measured and reported in 2018 and 2017

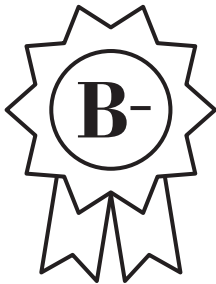


66%

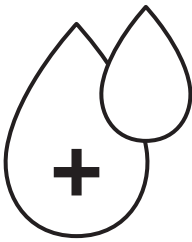
Percentage of relative water consumption shift to greywater in SA corporate buildings

2018: 55%
2017: 60%

WHL received a



for CDP Water Disclosure for the 2017 calendar year water footprint; this is higher than the sector average of C, and equal to the regional average



12%

Percentage improvement against water footprint index for Woolworths food suppliers

2018: 12%
2017: 12%

STRATEGY AND MANAGEMENT APPROACH

OUR STRATEGY

Water is central to everything we do. We rely on a steady and clean supply of water across our entire value chain to grow, process and manufacture our clothing and food products, as well as to ensure the wellbeing and safety of our employees and the running of our stores. With our operations largely in areas where water remains a key risk in respect of availability and quality, we are continuously implementing innovative ways of ensuring that we can proactively mitigate against some of the negative impacts associated our operations.

OUR FOCUS WITH REGARDS TO WATER IS LARGELY ON:

1. Reducing water consumption and managing wastewater across our own operations as well as in our supply chain
2. Partnering for collective action, research and education
3. Creating awareness among our employees, suppliers, customers and schools

The fashion industry uses a large amount of water and chemicals throughout the value chain, from the farming and production of raw materials to the wet processing, dyeing, and manufacturing of garments. To address chemical pollution, we have implemented a chemical detox strategy in which 11 priority chemicals will be removed from the manufacturing of our products. We also have environmental codes of practice which promote best practice for our suppliers at their facilities.

We continue to explore opportunities to improve the monitoring, management, and efficiency of water use across our stores, warehouses, offices, and distribution centres. In the Western Cape last year, Cape Town faced the very real threat of running out of water. Spurred on by this, we are working with key stakeholders on implementing business continuity strategies to deal with possible disruptions in water supply, not only in the Western Cape but across our entire value chain.

MANAGEMENT APPROACH

Water is critical to keeping our facilities, especially stores, running. Over 60 percent of all water consumed by our direct operations in South Africa can be attributed to stores alone. Using our internal green building protocol to facilitate the incorporation of water-efficient measures at all our facilities, we continue to drive new innovations across our business, including water-efficient design, rainwater harvesting, and use of alternate water supplies, such as groundwater, across our operations. We also continue to implement air cooling technology for refrigeration and air-conditioning systems as well as dual flush ablution facilities and timer-taps on basins. Where possible, we have installed greywater systems that help to retain as much water as possible on site for reuse. In preparing for the likely event that we do run out of water, we have focused on the installation of back-up water tanks at stores where the risk is high.

Water availability and quality also impact the sourcing of our raw materials. Through various water stewardship programmes, we work with our value chain stakeholders to ensure water is managed efficiently, especially in the supply chain. Our goal is to establish at least one water stewardship programme a year to increase collective action around water conservation in priority areas.

IMPACT IN THE VALUE CHAIN



WATER EFFICIENCY IN OUR OPERATIONS

DIRECT OPERATIONS


Our direct operations offer us a significant opportunity to test innovative technologies for water efficiency. With every new facility, we evaluate the opportunities for water efficiency by considering factors such as the possibility of installing rainwater collection, greywater and recycling systems, using indigenous shrubs or ground covers for landscaping, installing real-time metering technology as well as other water-efficient fixtures and fitting. As part of monitoring the results of our ongoing effort to reduce water consumption in Woolworths stores we note that the recorded water consumption (per square metre) for a selection of Woolworths stores monitored between 2019 and 2007 (the baseline measurement year) show an aggregate 55.6% reduction in consumption for those stores. We have 77.6% of our operations monitored on a real-time basis. David Jones has achieved a 6% water reduction per square metre in the last year. At Country Road Group, 20.8% of the water at the Omni-channel Fulfilment Centre currently is supplied via rainwater harvesting (2018: 2.7%).

At our distribution centres, we have focused primarily on installing rainwater harvesting technology to increase the reuse of rainwater. Woolworths has put reverse osmosis systems into operation at its Montague and Racecourse Gardens distribution centres in Cape Town. Using a three-step purification process, rainwater stored in reservoirs at the centres is filtered and used for ablution and tray washing. The reverse osmosis plant at the Montague Gardens food distribution centre produces 163 m³ of water per day. We also continue replacing cooling towers at our distribution centres with air-cooling technology.

WATER USAGE (KILOLITRES)

	2019	2018	% CHANGE
WOOLWORTHS	595 522	604 562	-1.5%
STORES	417 062 ^{1A}	422 505	-1.3%
DISTRIBUTION CENTRES	163 659 ^{1A}	162 873	0.5%
HEAD OFFICE	14 801 ^{1A}	19 184	-22.8%
DAVID JONES	72 528*	77 352	-6%

Woolworths water usage for 2018 and 2019 is measured and reported on a calendar year basis (1 July-30 June), not on a 53 week basis.
^{1A}Included in the scope of EY's limited assurance engagement. The basis of measurement of this indicator can be found on www.woolworthsholdings.co.za
* Restated due to change in reporting periods and availability of data


163 m³
*of water produced by Montague Gardens
Food DC reverse osmosis plant*


55.6%
relative water reduction at SA stores since 2007

CONTEXT-BASED WATER TARGETS

Through the United Nations Global Compact CEO Water Mandate, Woolworths has become a participant in a pilot project for setting context-based targets for water. These are targets which are informed by science and take into account sustainable thresholds or limits of a given basin based on the basin's environmental, economic, and social needs, and current and future conditions. They are also aligned to public sector objectives such as Sustainable Development Goal Six which speaks to water quality, availability, and governance. This pilot project will also assist us in reframing our global water target (saving 500 billion litres of water by 2020) into a more contextual target. This will help in not only enhancing the existing water stewardship work we are engaged in but to also frame our work within a more holistic view in addressing the unique challenges and needs of those areas in managing water resources.



Tray washing facility using recycled water at the Montague Gardens Food Distribution Centre, Cape Town.

WATER RESILIENCE IN OUR SUPPLY CHAIN

Our direct operations account for only a small portion of our overall water footprint and are relatively straightforward to manage. The bulk of our water footprint is associated with the farming and manufacture of our products. Long-term collaboration with the stakeholders in the value chain becomes a critical component of implementing efficiency initiatives for water reduction as well as best practice in the supply chain. Onwards to 2020, our goal is to significantly upscale the work we are doing in the supply chain to reduce water usage and manage wastewater. Various programmes on how we engage with our supply chain are discussed below.



FARMING FOR THE FUTURE WATER FOOTPRINT INDEX

Water availability and quality is a key component of the Farming for the Future programme and directly impacts the sustainability of our fresh produce suppliers as well as the cost of food. Woolworths uses a risk-based approach to identify where the critical hotspots are in the food supply chain to address the risks associated with water availability and quality. Various methods are used to assess a farmer's performance when it comes to water management using a custom measurement tool called the Water Footprint Index (WFI) that takes into account 116 parameters linked to water-use efficiency, wastewater, alien vegetation, and soil quality, among others, and helps to track an individual supplier's progress year on year. In the last year, supplier efficiency against this index showed a 12% improvement.

[Read more on Farming for the Future in the Sustainable Farming chapter](#)

WATER STEWARDSHIP WITH SUPPLIERS

Water stewardship is embedded in how we manage water resources where we grow our products. Through our strategic partnership with WWF-SA, we committed to establishing one water stewardship project a year. We have two water stewardship projects to date, one in the Ceres region with our stone fruit suppliers and the other in Mpumalanga, where a majority of our tropical fruit, sugar, and citrus suppliers operate. Our work in the Ceres valley with our fruit suppliers has been used as a blueprint on how to implement best practice in other areas when instituting a water stewardship project. In the last year, we focused our efforts on bringing on board the Breede River fruit suppliers who are part of the Farming for the Future programme onto the Ceres water stewardship project.



Country Road Group and David Jones are exploring initiatives to further promote water stewardship within their supply chain.

REHABILITATING WATER CATCHMENTS

Woolworths invests annually in WWF-SA's Water Balance project, which aims to protect some of South Africa's most important water source areas through the removal of alien (invasive) vegetation that is estimated to capture up to 7%

of South Africa's already scarce water resources. With funding from Woolworths, an alien clearing coordinator was appointed to manage this project and work in partnership with farmers, government agencies, and water-use associations. The coordinator managed to secure an additional R8.3 million from the Department of Environmental Affairs (DEA) Natural Resources Management (INRM). Additional funds of US\$300 300 were raised via other donor sources to aid in the expansion of the alien clearing programme.

ADVANCING BEST PRACTICE

Woolworths has been engaging 15 Farming for the Future suppliers to understand their overall water risk and footprint in addition to other parameters such as energy efficiency and waste as well as social and ethical compliance. Using a questionnaire sent to the suppliers, opportunities to link with other deliverables on water efficiency, such as water stewardship, are explored for those that are not currently on the programmes. The outcomes of these questionnaires will help us understand the issues on the ground and, ultimately, will be translated into a guidance document to support other farmers in implementing best practice in water conservation on their farms.

DETOX JOURNEY

In 2011, Greenpeace launched a water detox campaign to expose the links between global clothing brands, their suppliers, and water pollution around the world. In response to this, in 2016, Woolworths made a commitment to eliminate 11 key priority chemicals from our clothing supply chain. We also finalised the chemical detox roadmap that aligns us to global best practice by removing these chemicals as well as finding safer alternatives. Additionally, we recognise that discharging hazardous chemicals through our processes has huge negative impacts on the environment and human health. Our intent is, therefore, to have these chemicals removed from production by 2020 using the Oeko-Tex® standard as the benchmark for ensuring compliance. We have thus far eliminated hazardous chemicals from 57% of our products, which is below our target of 60%. Instead of tackling one chemical at a time, we have taken the approach of tackling all 11 chemicals simultaneously.

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

CASE STUDY

COUNTRY ROAD LOW WATER WASH DENIM

The production of denim is often synonymous with water waste. Country Road has introduced a range of men's 'Low Water Wash Denim' as part of their commitment to making the manufacture of their denim more sustainable. The process of washing denim, in particular, uses thousands of litres of water, and to address this issue, Country Road is working to identify innovative measures that can reduce water use in making their denim.



Country Road has worked with Jeanologia® to develop a low-impact washing process for their men's denim range. All of Country Road men's main range of denim scores 'Green' on water usage according to the Jeanologia® Environmental Impact Measuring (EIM) system. The EIM software analyses the environmental impact of denim washing and processing, which determined that in making the jeans using a low water washing process, Country Road used 50% less water compared with the global standard. Focusing production in factories that have embraced these progressive technologies has allowed Country Road to start developing denim with more sustainable attributes without compromising on quality. This is just the start of Country Road's responsible denim journey. The team will also be introducing denim made using recycled yarns, focusing on the fabrication as well as the processing impacts.

WATER STEWARDSHIP IN OUR COMMUNITIES

We remain committed to water conservation – especially in assisting to educate customers, school learners, and community groups around water conservation.

EDUCATIONAL INITIATIVES

The Woolworths Educational Programme has, over the last four years, presented water conservation lessons to over 300 000 learners in 572 primary schools across the country. Additionally, Water Month is used annually to raise awareness around the importance of keeping freshwater resources clean. This is done through campaigns such as coastal clean-ups with schools as well as using media channels to communicate how communities can be part of the journey of water conservation.

*Water educational
programme reached*

162

schools this year

teaching

3 640

water conservation lessons this year

and reaching

145 600

learners

[Read more on Educational Initiatives in the Social Development chapter](#)

THE WOOLIES WATER FUND

Many schools across the country are adversely affected by drought, poor access to fresh water, and frequent water cuts. For hygiene issues, schools close during water cuts, repeatedly disrupting the education of scores of South African learners. In order to support affected schools by improving access their access to clean water for day-to-day use, food gardens and sanitation as well as addressing water shortages in the communities under focus, we launched the Woolies Water Fund last year. This is a collaboration between MySchool MyVillage MyPlanet, Thirsti, Urban Harvest, and the Department of Basic Education. The initiative is a 'swipe to give' drive to raise funds for much-needed rainwater harvesting tanks for under-resourced schools in the drought-stricken areas of South Africa.

In the last year, we installed water harvesting tanks at 21 schools in the Western and Eastern Cape. In total, 42 projects have been completed in the last year in KwaZulu-Natal, Western Cape, and Eastern Cape. Rainwater harvesting tanks with a storage capacity of 10 000 litres, as well as associated filtration equipment where required, were installed. These systems provide high-quality fresh water for use in drinking, cooking, and when there is surplus, to irrigate food gardens and use in ablution facilities at the schools. With this intervention, we are able to impact not only the learners at the schools but the surrounding communities as well.

42

water tanks installed to date

[Watch the Woolies Water Fund video](#)



A Woolies Water Fund installation supplies clean, potable water at Haig Primary School in KwaZulu-Natal.

PUBLIC POLICY ALIGNMENT AND TRANSPARENCY

We support clear and decisive policies on water strategy and implementation planning and maintenance to ensure the preservation of South Africa's scarce water resources and are committed to working in partnership with government, NGOs, and the private sector.

We continue to engage through membership of the United Nations CEO Water Mandate and the National Business Initiative to advance sustainable water policies and management across the industry.

WE MEAN BUSINESS

Woolworths is a signatory to the 'We Mean Business' coalition, a global coalition that supports the transition to a low-carbon economy. Through this, we have committed to:

- Analysing water-related risks and implementing collaborative response strategies
- Measuring and reporting water use data
- Reducing impacts on water availability and quality in direct operations and along the value chain

We report transparently on our water management performance and material risks posed by water resources in our business through various voluntary reporting mechanisms. We voluntarily report our performance through the CDP Water Disclosure as well as our annual Good Business Journey Report.

[See WHL Group CDP Water disclosure](#)

LOOKING AHEAD: WATER

Woolworths aims to improve data collection for water initiatives to unlock further opportunities for driving efficiency as well as tracking progress against targets. We will be exploring options to increase the share of greywater use in our operations. In the farming space, we will be intensifying work with Farming for the Future suppliers on the Water Footprint Index as well as use some of the biggest water users as case studies in knowledge sharing initiatives. The Green Factory Assessment provides us with useful information to identify where hotspots are in the supply chain, and we will continue to expand this to additional suppliers.

Through the Woolies Water Fund, we will focus on providing rainwater harvesting tanks to schools in the Northern Cape and expand our efforts to other areas of the country when the need arises.



ENERGY AND CLIMATE CHANGE

We need to allow for incremental improvements over time, not try to achieve the impossible immediately.



QUICK ACCESS TO SECTIONS

105
SUMMARY
OF RESULTS

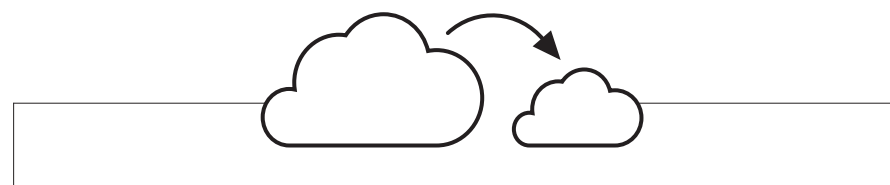
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SUMMARY OF RESULTS

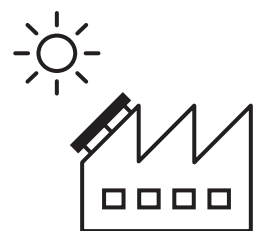


1%

*Change in absolute
WHL emissions
(2017: -3%, 2016: 5%)*

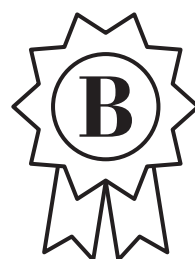
5%

*reduction carbon emissions
per general letting area (m²)
year-on-year for WHL*



5

*renewable energy
installations across
WHL to date*



*WHL received a B
for carbon disclosure
in the CDP*



R742M

*worth of electricity saved to
date through energy efficiency
initiatives (2018: R608M)*

Please note, we have changed our reporting timeline for our carbon footprint from calendar year to financial year. The carbon footprint in this report is therefore for the financial year which runs from July 2017 - June 2018.

STRATEGY AND MANAGEMENT APPROACH

STRATEGY

The focus on energy and climate change continues to be embedded in our business strategy and remains a strategic pillar of our Good Business Journey. To drive this focus operationally, we have made a commitment to halve our energy impact by 2020, as well as source all our energy from renewable sources by 2030.

WE FOCUS ON THREE PILLARS TO MEET OUR ENERGY AND CLIMATE CHANGE GOALS:

ENERGY PRODUCTIVITY

We are working to maximise our energy productivity while reducing our environmental impact. We have put systems in place for the active monitoring and control of our energy usage at all our facilities.

REDUCING OUR CARBON FOOTPRINT

Understanding our carbon footprint is vital to enabling our energy and climate change strategy. We do this by calculating the carbon footprint annually and evaluating where within our operations we can implement energy reduction initiatives to ensure that we not only reduce our carbon footprint but are also reducing it in line with science.

LOW CARBON TRANSITION

Our low carbon transition strategy centres around the following key initiatives:

1. Applying an in-house green building protocol to ensure that our facilities have the most up-to-date and energy efficient equipment as possible
2. Working with logistics partners to ensure that our distribution fleet continues to offer us a sustainable solution for the distribution of our products
3. Working with our suppliers to understand the opportunities within the supply chain for energy efficiency
4. Sourcing renewable energy for our direct operations

MANAGEMENT APPROACH

Our approach to managing our energy footprint as well as the impacts of climate change across our business is to ensure that we implement the best innovation available to enable efficiency. From this, we are able to generate energy and financial savings and these gains continue to help us build the business case to increase our energy efficiency.

Over the years, we have continued to roll out online metering to all our facilities to ensure the accurate measurement and monitoring of our electricity use.

A new energy reporting platform was approved for Country Road Group and David Jones which will enable better monitoring of energy data. We also continue to transition some of our facilities to green buildings by either using our internal green building rating protocol or requesting a third-party rating agency for certification.

Woolworths has also continued to build relationships with industry bodies for collective action in responding to the challenges of energy and climate change.

Disclosure and transparency of our energy footprint remains a key focus of these industry bodies; Woolworths continues to voluntarily respond annually to organisations such as the CDP (formerly known as the Carbon Disclosure Project) as well as meet all mandatory reporting obligations in the areas where we operate.

IMPACT IN THE VALUE CHAIN



WHL
operations



Suppliers &
Processors



Customers

ENERGY PRODUCTIVITY

ENERGY EFFICIENCY INITIATIVES

As a retailer, we are an energy intensive business, with 92% of our electricity usage attributed to stores; these facilities have become our main focus. Distribution centres use 6% of our total electricity and corporate offices 2%. We have, therefore, focused a great deal of our initiatives at a store level. Over the years, guided by our internal green building protocol, we have implemented innovations for energy reduction. In the last year, we:

- Continued to roll out real-time energy monitoring at all new facilities as well as upgrading equipment at existing facilities
- Approved a new reporting system for Country Road Group and David Jones businesses. This will ensure accurate measuring and monitoring of energy across all their facilities
- Expanded the roll out of clear acrylic door refrigeration equipment to an additional 25 stores to further improve cold chain and reduce energy consumption. We have completed 37 stores to date
- Ensured that all new facilities as well as refurbishments are fitted with LED lighting

25

additional stores with closed door refrigeration, bringing the total to 37

94.2%

stores on real time monitoring

[See more information on our internal green building design features](#)

ELECTRICITY CONSUMPTION

WHL trades across an area of 2 226 328 m². In the last financial year (July 2018 - June 2019), our total electricity consumption across the business was 503 971 981 kWh (2017: 492 261 073 kWh). This represents a 3% increase from the previous year. Woolworths South Africa continues to be the biggest user of electricity across the Group and accounts for 77.5% of our electricity consumption. This is due to the high energy requirements of the refrigeration across Woolworths' Food business. David Jones accounts for 18.8% and Country Road Group accounts for 3.7%.

Our relative electricity intensity per square metre of general letting area (kWh/m²) for this year is 226.4 kWh/m² (2017: 226.8 kWh/m²), a reduction of 0.2% compared to the previous year. This figure is the measure of our energy efficiency at store level – the average electricity used will continue to increase as we expand, but the average used per square metre should decrease as we improve efficiency and productivity. Given the significant focus on this area over the past decade and a half, primarily in the Woolworths business, we are reaching a plateau in respect of our efficiency trajectory.

Having maximised the opportunities available, we expect to see lower year-on-year increases in efficiency going forward.

Electricity intensity per kWh

226.4kWh/m²

226.8 kWh/m² in 2017, 235 kWh/m² in 2016 which is a 0.2% reduction year on year on electricity consumption for WHL



Closed door refrigeration messaging at Woolworths Palmyra store, Cape Town.

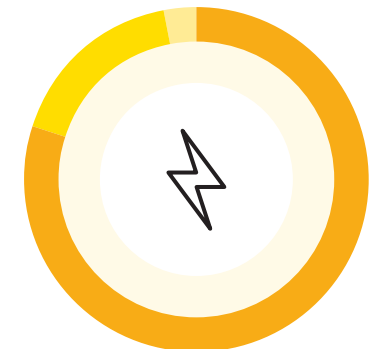
Overall electricity usage in kWh



503 971 981
in 2018

2017: 492 261 073
2016: 488 448 252

WHL electricity usage breakdown by operating company



● WSA: 77.5% ● DJ: 18.8% ● CRG: 3.7%

CARBON FOOTPRINT

The overall WHL total Scope 1 and 2 Greenhouse Gas emissions decreased by 0.4% (2017: 2%) and increased by 1% (2017: 2.45%) with Scope 3 included. For the first time, WHL included downstream transportation and distribution of products purchased online. WHL's greenhouse gas (GHG) emissions were calculated for the period 1 July 2017 to 30 June 2018 – independently verified by Global Carbon Exchange (GCX).

As mentioned in the 2018 Good Business Journey Report, we have changed our carbon footprint reporting timeline from calendar year to align to our financial year. This means that the current carbon footprint timeline overlaps with the previous one by six months. Going forward, our carbon footprint will always be reported a year in arrears.

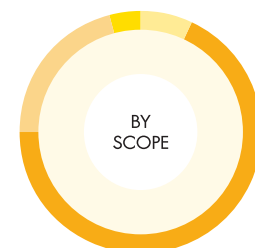
[See Carbon Footprint Verification Statement for the 2018 Financial Year](#)

EMISSIONS BREAKDOWN

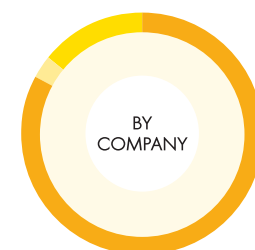
Total WHL Scopes 1, 2, and 3 emissions (including non-Kyoto)


681 836 CO₂e
 2018

2017: 649 498 CO₂e
 2016: 660 482 CO₂e



Scope 1: 7% Scope 2: 68%
 Scope 3: 21% Outside of scopes: 4%



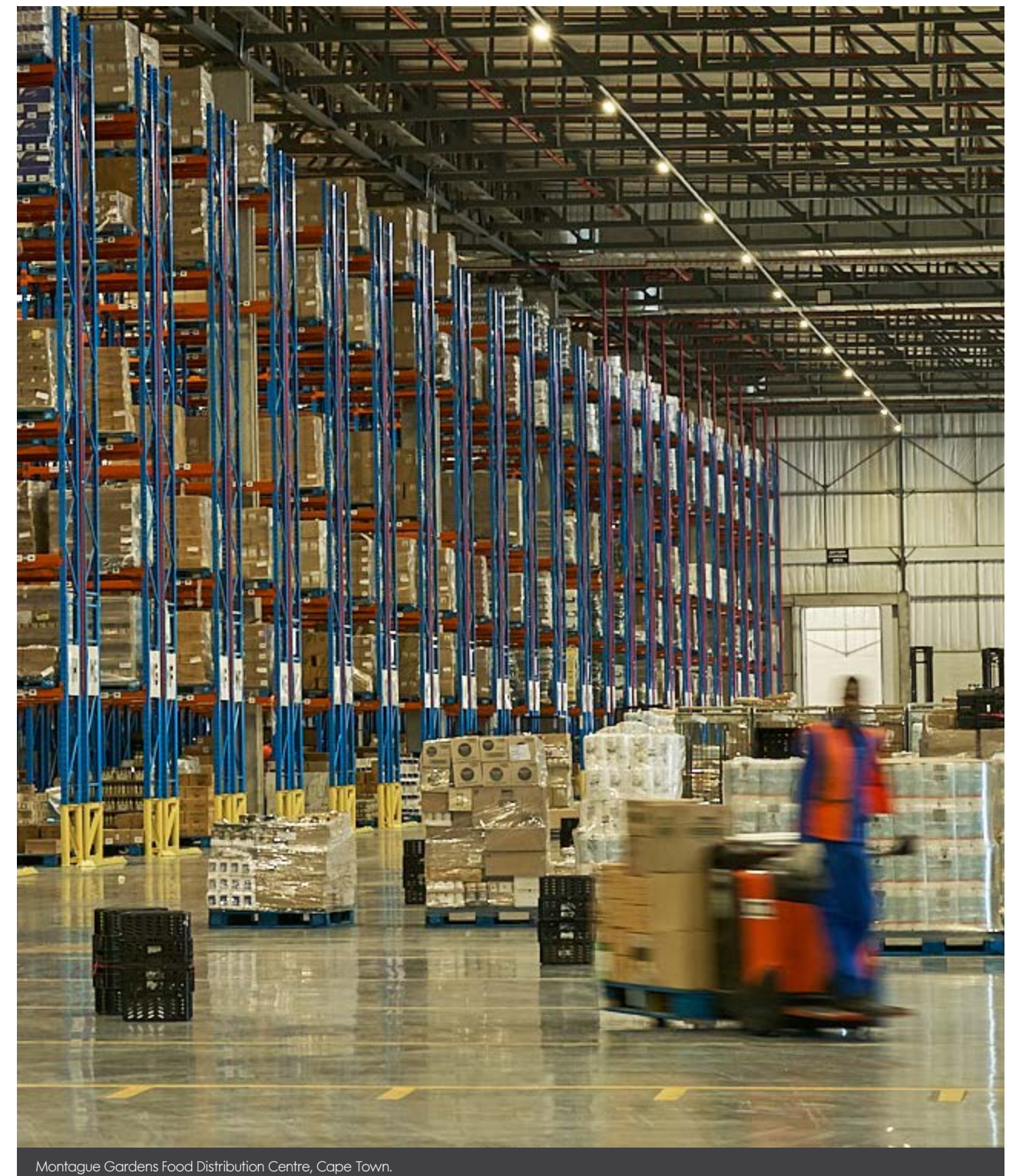
WSA: 82% DJ: 15% CRG: 3%

WHL intensity (emissions per m² GLA including non-trading area)

0.228
2018

2017: 0.24
 2016: 0.24

This figure represents a 5% improvement in efficiency year on year.



Montague Gardens Food Distribution Centre, Cape Town.

[See WHL Group CDP Climate disclosure](#)

[See Carbon Footprint Overview](#)

LOW CARBON TRANSITION

GREEN BUILDING INNOVATION

The inherent uncertainties associated with the cost of doing business in light of continuous changes in energy policy regulation, as well as the cost of energy itself, has driven Woolworths to continuously seek innovative solutions to future-proof its buildings. Woolworths’ overall approach to greening of the property portfolio has to date focused primarily on utilising its own green building certification programme. This certification involves rating and classifying buildings into three categories (Platinum, Gold and Silver) in accordance with the green design features they possess. With a large part of our energy usage attributed to our stores and distribution centres, we have focused many of our energy efficiency initiatives on ensuring we continue to reduce our energy usage and seek renewable energy alternatives in line with our 2030 goal on renewable energy.

Five Green Building-rated facilities across WHL:



SUSTAINABLE TRANSPORT STRATEGY

The distribution of our products accounts for 7% of our overall emissions across WHL. In partnership with Imperial Logistics, we continue to ensure that we are transporting our products using the most energy efficient equipment possible. We have established a Logistics Integration Centre (LIC) which gives us the ability to analyse distribution patterns and results continually to help us optimise delivery footprints.

GREEN FACTORIES

Given that a large proportion of environmental and social impacts associated with our products occur in our supply chain, Woolworths Food launched its Green Factory assessment in 2017. In this, suppliers are asked to complete a holistic assessment taking into account sustainability management, water, energy, waste, human rights, employee wellbeing, lean manufacturing, transformation, and responsible sourcing. Suppliers are ranked according to their performance with a Red, Bronze, Silver or Gold rating. During the past 12 months, the questionnaire was updated to incorporate additional reporting on climate change metrics and related targets as well as water efficiency and management. Of the 91 suppliers (covering 80% of Woolworths Food procurement), who completed the assessment this year (2018: 67 suppliers), 11 were classified as ‘Silver’ (2019 target: 10). A trial is currently underway with the National Cleaner Production Centre through the Department of Trade and Industry to assist suppliers who completed the questionnaire to identify opportunities to improve energy, water, waste, and circular economy thinking.

JOURNEY TO 100% RENEWABLE BY 2030

In 2015, we made public commitments to source all our energy from renewable sources by 2030. This will be the biggest investment from an energy management perspective that we will have to make in order to meet the target. One of the challenges in this space is that we do not own most of our facilities and, therefore, are very limited in terms of what we can and cannot do with those facilities.

With stores accounting for the majority of our energy usage and mainly housed in shared premises (malls), we need to find innovative ways to engage with the facility managers on those premises and collaborate on feasible ways of investing in renewables for those facilities. We are, however, increasing our use of renewable energy at our owned facilities and currently have five solar photovoltaic (solar PV) systems across the Group, with four in South Africa – two at the Woolworths Head Office precinct, one distribution centre in Montague Gardens in Cape Town and one distribution centre in Johannesburg. We also have a solar PV installation at Country Road Group’s Omni-channel Fulfilment Centre in Melbourne, Australia. This currently constitutes 0.4% of our overall renewable energy needs, putting us a long way from our 2030 target to source all our energy from renewable sources. If we were to put solar PV systems on all owned facilities, we would be able to meet just less than 5% of our target. A process of identifying the right energy mix for our business, therefore, continues to enable us to meet our long-term target. We have seen our energy efficiency progress plateauing over the years and we know that the next big step is to be very deliberate on renewable energy if we are to see any big gains.

The Midrand distribution centre’s solar PV system is our biggest installation to date and generates over

10%

of the total energy consumed on site.

CASE STUDY

SOUTH AFRICA’S FIRST FIVE-STAR ECO-FRIENDLY INDUSTRIAL SITE

In April 2019, Woolworths’ largest fresh and prepared food supplier, In2Foods, opened the largest fresh food manufacturing facility in the southern hemisphere. In2Foods has been a partner and supplier to Woolworths for over 28 years. Developed to Woolworths’ specifications for a green building, the new In2Foods facility also received a 5-star rating from the Green Building Council South Africa using the Green Star Industrial rating tool. This makes it the first industrial site of its kind in South Africa to achieve this rating.

The facility boasts eco-friendly features such as sustainable waste management systems, four boreholes, a water recycling and storage system, 8000m² of solar panels which produce about 25% of the total energy requirement for the facility, which also uses natural gas for running its boilers, staff kitchens, and ablution geysers. In addition, it is the largest Transcritical Refrigeration System with Carbon Dioxide (CO₂) in South Africa. This CO₂ refrigeration installation has a cooling capacity of 3 MW and includes a heat recovery system that will deliver about 18 000 litres of hot water per hour. The benefits of this installation are that the refrigeration processes on the site will have a low environmental impact and also contribute to the phasing out of refrigerant greenhouse gases with high global warming potentials.

The site is situated at the OR Tambo Special Economic Zone within the Gauteng Industrial Development Zone, which is designed to drive inclusive growth and industrialisation in South Africa. In2Foods plans to open an additional three factories around the country.

INDUSTRY COLLABORATION

IMPROVING WATER SECURITY

[Read more on water security in the Water chapter](#)

THROUGH THE WE MEAN BUSINESS COALITION WE PUBLICLY COMMITTED TO:

1. Eliminate deforestation within our supply chain by focusing on the sustainable sourcing of commodities such as soy, palm oil, beef, timber and pulp
2. Double our energy productivity by 2020 through working with the Energy Productivity 100 (EP100)
3. Continue to disclose our climate change information via the CDP (formerly Carbon Disclosure Project)
4. Setting science-based targets via the Science-Based Targets Initiative
5. Improve our water security for resilience across the value chain

REMOVING DEFORESTATION

[Read more on deforestation in the Ethical Sourcing chapter](#)

EP100

In 2017, we became the first major retailer to sign up to EP100, The Climate Group's corporate leadership initiative for energy smart companies doing more with less to lower emissions and accelerate the clean economy. Woolworths set a target to double our energy productivity by 2020 from a 2005 baseline. This year, as reported by The Climate Group, we are pleased to share that we met our commitment to double our energy productivity in 2011, nine years ahead of the 2020 target we set ourselves.

TRANSPARENCY AND DISCLOSURE

We voluntarily report WHL's performance through the CDP Climate Change programme for climate change, deforestation, and water. We also report our energy usage in the areas we operate in line with the prevailing national requirements. David Jones and Woolworths continue to report in accordance with the National Greenhouse and Energy Reporting Act (NGER) in both Australia and South Africa.

[See WHL Group CDP Climate disclosure](#)

SETTING SCIENCE-BASED TARGETS

In 2015, we committed to ensuring that our energy reduction is in line with the global average threshold of 2 °C. In 2018, we submitted our proposed targets to the Science-based Targets Initiative. These targets were not approved as they did not fully address Scope 3 emissions across the value chain. We are in the process of addressing this in order to finalise this commitment.



LOOKING AHEAD: ENERGY AND CLIMATE CHANGE

Woolworths has made a public commitment to set emissions reductions targets in line with science via the We Mean Business Coalition. We will continue to work on this, especially with regard to our value chain emissions, to finalise this commitment. We will also be rolling out closed door and CO₂ refrigeration to an additional 300 stores in the next three years. In addition, we will continue to focus on our business in the rest of Africa where we have a footprint of 76 stores that presents an opportunity to improve on the progress made thus far.

**To find out more about
what we're doing, visit**

**We appreciate any feedback on our Good Business Journey Report.
Please contact GoodBusinessJourney@woolworths.co.za**
