



**WOOLWORTHS HOLDINGS LIMITED**

*2019 CDP Forests submission for 2018 Financial Year*

**START**

F0. Introduction

F0.1

**(F0.1) Give a general description of and introduction to your organization.**

Woolworths Holdings Limited (WHL) is a southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. It is one of the top 40 JSE-listed companies and has a market capitalisation of R75.5 billion as at 24 June 2018. Approximately 41.2% of revenue is derived from Australian operations. WHL employs more than 46 000 employees across 14 countries and trades in over 1 500 store locations. The Group trades through three operating subsidiaries, which include Woolworths Proprietary Limited (Woolworths or WSA which operates in South Africa and 11 other African countries), Country Road Group Proprietary Limited (Country Road Group or CRG) and David Jones Proprietary Limited (David Jones or DJ), the latter of which was acquired on 1 August 2014 and formerly listed on the Australian Securities Exchange (ASX). In addition, Woolworths holds a minority interest in Woolworths Financial Services Proprietary Limited (WFS), in a joint venture with Barclays Africa Group which holds the controlling interest.

Woolworths offers a range of quality private label clothing and general merchandise and a wide range of perishable, long-life and non-food products, as well as financial services provided through Woolworths Financial Services. Country Road Group offers stylish high-quality apparel, accessories, footwear and homeware. David Jones offers a range of international and private label brands in womenswear, menswear, shoes and accessories, beauty products, childrenswear, electronics and general merchandise.

While the business of fashion and food retailing follows generic business processes, the WHL Group has developed key competencies over the years that enable value creation for all stakeholders and direct how we create value. We believe that the activities in our business model use our resources to optimise value creation. We also recognise the inter dependencies between the resources, and trade-offs between the costs and benefits offered by the resources that we must manage responsibly. We manage our broader business impact through comprehensive social, ethical, and environmental policies and practices which are defined through our sustainability strategy, known as the Good Business Journey. Unique to our business model is the extent to which the Good Business Journey supports and nurtures future access to our resources, and how we aim to generate sustainable returns for investors and shareholders over the short-, medium-, and long-term.

Through our Good Business Journey, we have embedded sustainability into every aspect of our business and every product we sell, with eight key focus areas: sustainable farming, water, waste, energy, ethical sourcing, transformation, social development, and health and wellness. Our vision is to be the most responsible retailers in the world.

**Ethical sourcing of forest-risk commodities**

It is our intention that, by 2020, all of our key raw commodities will be responsibly sourced. This means that they are produced in ways that benefit the people that grow and harvest them and the environment they come from. Our fashion businesses continue to work on improving traceability through the supply chain and are currently able to trace raw materials.

Our primary responsibility is towards our private label suppliers and supply chains. This is where we can exert the greatest influence for positive change and monitor performance. Where possible, we also engage with branded suppliers to ensure our standards are understood and upheld and to build capacity where required.

We aim to create long-term, value-sharing relationships with our direct suppliers to ensure that the products we source are in accordance with our exacting requirements, and that the fundamental human rights of those we buy and sell from are protected and respected.

Due to the complexity of our supply chains, a partnership-based approach is necessitated, where we can leverage against best in class standards, certifications and expertise over the long-term to achieve our goals. Collaboration remains a key enabler for us to meet our ethical sourcing targets for all our key commodities. This is done through not only being signatories to the UN Global Compact, via the SEDEX programme (the Supplier Ethical Data Exchange), the conventions of the International Labour Organisation (ILO) and Ethical Initiative (ETI) Base Code to underpin our programme, and to help determine principles specific to WHL.

F0.2

**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	July 1 2017	June 30 2018

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

ZAR

#### F0.4

(F0.4) Select the stage(s) of the value chain which best represents your organization's area of operation pertaining to forest risk commodities.

	Stage of the value chain
Timber	Retailing
Palm Oil	Retailing
Cattle Products	Production Retailing
Soy	Retailing
Other - Rubber	Not applicable
Other	Not applicable

#### F0.5

(F0.5) Do you produce, use, or sell materials or products that contain any of the forest risk commodities?

	Produce/use/sell	Disclosing	Explanation if produce/use/sell but not disclosing
Timber	Yes	Yes	<Not Applicable>
Palm Oil	Yes	Yes	<Not Applicable>
Cattle Products	Yes	Yes	<Not Applicable>
Soy	Yes	Yes	<Not Applicable>
Other - Rubber	No	<Not Applicable>	<Not Applicable>
Other	No	<Not Applicable>	<Not Applicable>

#### F0.6

(F0.6) Are there any parts of your direct operations not included in your disclosure?

Yes

#### F0.6a

(F0.6a) Identify the parts of your direct operations not included in your disclosure.

Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Business activity	Branded products sold in our retail stores	Potential for forests-related risk but not evaluated	We feel at this time our efforts are best concentrated where we have most leverage with our supply chain i.e. the suppliers of our own branded products.

#### F0.7

(F0.7) Are there any parts of your supply chain not included in your disclosure?

No

### F1. Current state

#### F1.1

(F1.1) How does your organization produce, use, or sell your disclosed commodity(ies)?

**Forest risk commodity**

Timber

**Activity**

Retailing/onward sale of commodity or product containing commodity

**Form of commodity**

Hardwood logs

Softwood logs  
Paper  
Boards, plywood, engineered wood  
Primary packaging  
Secondary packaging  
Tertiary packaging  
Cellulose-based textile fiber

**Source**

Contracted suppliers (manufacturers)

**Country/Region of origin**

Australia  
Canada  
China  
India  
South Africa  
United States of America

**% of procurement spend**

Don't know

**Comment**

Solid timber is used in a wide variety of WHL products, including kitchen/ homeware accessories, small furniture accessories, shoes, stationery, gifting as well as clothing made from viscose and other cellulosic fibers. Timber is also used for WHL packaging such as foods packaging (primary and secondary), and clothing (swing tags) and homeware product packaging, as well as the packaging used at interactive areas in the food markets such as the WCafé and bakery. As timber is used so extensively across such a large business, it is extremely difficult to calculate what percentage of procurement spend timber represents.

---

**Forest risk commodity**

Timber

**Activity**

Other, please specify (Marketing materials and visual merchandising (store design))

**Form of commodity**

Softwood logs  
Sawn timber, veneer, chips  
Paper  
Boards, plywood, engineered wood

**Source**

Contracted suppliers (manufacturers)

**Country/Region of origin**

Australia  
Brazil  
China  
Czechia  
Finland  
French Southern Territories  
Ghana  
South Africa  
United States of America

**% of procurement spend**

Don't know

**Comment**

The main sourcing countries for timber/plyboard include USA, Finland, China, Czechia Republic, Ghana, Brazil, and South America. Country Road Group and David Jones sourced primarily from Australia and China. Timber and plyboard/veneer are used extensively in-store and cafe/food hall equipment and visual merchandising across all our store locations. It is also used for furniture required in stores and administrative buildings. WHL also uses timber in specialised paper and board used for marketing materials including various publications, magazines, ticketing, and permanent décor. Copy paper used for internal administrative operations, and for till rolls. For Woolworths, most paper is locally sourced (SA), with the exception of some specialty papers. As timber products are used so extensively in operations across all three subsidies, it is extremely difficult to calculate what percentage of procurement spends timber represents.

---

**Forest risk commodity**

Palm Oil

**Activity**

Retailing/onward sale of commodity or product containing commodity

**Form of commodity**

Refined palm oil  
Palm oil derivatives  
Palm kernel oil derivatives

**Source**

Contracted suppliers (manufacturers)

**Country/Region of origin**

Indonesia  
Malaysia

**% of procurement spend**

<1%

**Comment**

Since South Africa does not have a "segregated" supply of palm oil coming into the country, the origin is anticipated to align with top palm oil-producing nations. Palm oil is used as a constituent ingredient in WHL food, household (cleaning), home (e.g. candles) and beauty products. Palm oil procurement spend is a relatively small percentage of total WHL procurement.

---

**Forest risk commodity**

Cattle products

**Activity**

Retailing/onward sale of commodity or product containing commodity

**Form of commodity**

Cattle  
Beef  
Hides/leather

**Source**

Contracted suppliers (manufacturers)

**Country/Region of origin**

Argentina  
Australia  
China  
India  
Namibia  
New Zealand  
Pakistan  
Saudi Arabia  
South Africa  
Turkey

**% of procurement spend**

Don't know

**Comment**

All Woolworths fresh meat and dairy is procured locally (South Africa and Namibia). David Jones fresh meat and dairy Cattle products and beef are sold in fresh and prepared meals in the form of beef and dairy products in Woolworths Foods stores as well as Woolworths and David Jones Interactive areas (Food Halls and WCafé's). Leather is used within clothing and general merchandise products that are sold through Woolworths, David Jones, and Country Road Group stores in clothing, footwear and accessories (belts, bags, pouches, wallets, jewelry) as well as homeware. We have completed a supply chain mapping exercise on all key leather accessories across Country Road, MIMCO and Trenerly - where the majority of our leather is sold. We have varying levels of traceability/visibility back to the tannery in most cases and in some cases back to the slaughterhouse.

---

**Forest risk commodity**

Soy

**Activity**

Retailing/onward sale of commodity or product containing commodity

**Form of commodity**

Whole soy beans  
Soy bean oil  
Soy bean meal  
Soy derivatives

**Source**

Contracted suppliers (manufacturers)

**Country/Region of origin**

Bolivia (Plurinational State of)  
Brazil  
Canada  
China  
India  
Paraguay  
Uruguay

**% of procurement spend**

<1%

**Comment**

Soy is a traded commodity, and South Africa both imports and exports soy. At this stage, we have limited understanding of the exact origin or Soy entering the county and therefore have used information relating to the top 10 producers of soy globally. The majority (99%) of soy used in our operations is indirectly consumed as it is incorporated into animal feed used to feed the livestock sold in Woolworths and David Jones food stores. In addition, we sell a number of products containing soy (both soybean and soy oil) as well as small volumes used in soy candles and sold as beans (frozen and in salads).

---

**F1.1a**

---

**(F1.1a) Indicate from which State/region(s) and municipality(ies) your disclosed commodity(ies) originate.**

**Forest risk commodity**

Soy

**Country/Region of origin**

Brazil

**State/Region**

Don't know

**Municipality**

Don't know

**Please explain**

Assumed that some of the soy imported into SA / Australia is from Brazil, however, no traceability exists on the open market for soy imports, so there is no way of telling where it originates from.

**Forest risk commodity**

Cattle Products

**Country/Region of origin**

Brazil

**State/Region**

Don't know

**Municipality**

Don't know

**Please explain**

A very small proportion of our usage (approximately 5%), is from Brazil. We do not have full traceability to the slaughterhouse as yet.

**F1.2**

**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber	Please select	We have not conducted this analysis as of yet. This would be a lengthy exercise due to the sheer number of products sold in clothing, homeware, and foods which contain timber products.
Palm Oil	1-5%	This is an estimate based on a preliminary analysis conducted. We know how many of our products potentially contain palm oil but cannot be certain as this figure varies year-on-year.
Cattle products	Please select	We have not conducted this analysis as of yet. This would be a lengthy exercise due to the sheer number of products sold in clothing, homeware, and foods which contain cattle products. We do know that leather accounts for approximately 10% of all unit sales for Country Road Group.
Soy	6-10%	This reflects our usage of soy from potential deforestation risk regions for animal feed and low usage across other categories.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>

**F1.3**

**(F1.3) Do you own or manage land used for the production of your disclosed commodity(ies)?**

**Forest risk commodity**

Timber

**Own and/or manage land?**

Don't own or manage land

**Type of control**

<Not Applicable>

**Description of type of control**

<Not Applicable>

**Country/Region**

<Not Applicable>

**Land type**

<Not Applicable>

**Size (Hectares)**

<Not Applicable>

**Do you have a system in place to monitor forests-related risks?**

<Not Applicable>

**Type of monitoring system**

<Not Applicable>

**Description of monitoring system**

<Not Applicable>

**Recent infraction(s)**

<Not Applicable>

**Explanation of infraction**

<Not Applicable>

---

**Forest risk commodity**

Palm Oil

**Own and/or manage land?**

Don't own or manage land

**Type of control**

<Not Applicable>

**Description of type of control**

<Not Applicable>

**Country/Region**

<Not Applicable>

**Land type**

<Not Applicable>

**Size (Hectares)**

<Not Applicable>

**Do you have a system in place to monitor forests-related risks?**

<Not Applicable>

**Type of monitoring system**

<Not Applicable>

**Description of monitoring system**

<Not Applicable>

**Recent infraction(s)**

<Not Applicable>

**Explanation of infraction**

<Not Applicable>

---

**Forest risk commodity**

Cattle Products

**Own and/or manage land?**

Don't own or manage land

**Type of control**

<Not Applicable>

**Description of type of control**

<Not Applicable>

**Country/Region**

<Not Applicable>

**Land type**

<Not Applicable>

**Size (Hectares)**

<Not Applicable>

**Do you have a system in place to monitor forests-related risks?**

<Not Applicable>

**Type of monitoring system**

<Not Applicable>

**Description of monitoring system**

<Not Applicable>

**Recent infraction(s)**

<Not Applicable>

**Explanation of infraction**

<Not Applicable>

---

**Forest risk commodity**

Soy

**Own and/or manage land?**

Don't own or manage land

**Type of control**

<Not Applicable>

---

**Description of type of control**

<Not Applicable>

**Country/Region**

<Not Applicable>

**Land type**

<Not Applicable>

**Size (Hectares)**

<Not Applicable>

**Do you have a system in place to monitor forests-related risks?**

<Not Applicable>

**Type of monitoring system**

<Not Applicable>

**Description of monitoring system**

<Not Applicable>

**Recent infraction(s)**

<Not Applicable>

**Explanation of infraction**

<Not Applicable>

**F1.4**

**(F1.4) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.**

**Timber**

**Do you collect data regarding compliance with the Brazilian Forest Code?**

No, we do not collect data

**Please explain**

Not sourcing directly, we purchase from third parties.

**Palm Oil**

**Do you collect data regarding compliance with the Brazilian Forest Code?**

No, we do not produce/source in/from Brazil

**Please explain**

N/A

**Cattle products**

**Do you collect data regarding compliance with the Brazilian Forest Code?**

No, we do not collect data

**Please explain**

Not sourcing directly, we purchase from third parties.

**Soy**

**Do you collect data regarding compliance with the Brazilian Forest Code?**

No, we do not collect data

**Please explain**

Not sourcing directly, we purchase from third parties.

**F1.5**

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber	Consumption data available, disclosing
Palm Oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	Consumption data available, disclosing
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

**F1.5a**



**(F1.5a) Disclose your production and/or consumption data.**

**Forest risk commodity**

Timber

**Data type**

Consumption data

**Volume**

11673

**Metric**

Metric tons

**Data coverage**

Partial commodity production/consumption

**Please explain**

This data includes Woolworths marketing materials, Woolworths head office, and Country Road (Australia) print paper, SA till rolls, Foods packaging (board), toilet paper/serviettes (sold in store), cardboard boxes for CRG and homeware for CRG and Woolworths. It does not include timber associated with store design, furniture, general merchandise products, clothing packaging. Note: In addition, we produce around 9 million clothing units per year from cellulosic fabrics (CRG/ WW).

---

**Forest risk commodity**

Palm Oil

**Data type**

Consumption data

**Volume**

3000

**Metric**

Metric tons

**Data coverage**

Partial commodity production/consumption

**Please explain**

This consumption covers the most significant areas of our business - all Woolworths private label food and the major beauty products containing palm oil. The figure excludes non-Woolworths branded food and beauty products containing palm oil as an ingredient, food and beauty products sold in David Jones, as well as palm oil contained in food sold in Woolworths and David Jones Food Hall, Food store and Cafés. Although Woolworths believes that 97% of all lines containing palm oil are sustainable palm oil, only 50% is so far certified as sustainable using a mass-balance system. We are working with suppliers to complete the necessary auditing and certification processes. We continue to purchase PalmTrace 'Book and Claim' RSPO certificates to offset the remainder of our users to help increase the production of and demand for sustainable palm oil.

---

**Forest risk commodity**

Cattle products

**Data type**

Consumption data

**Volume**

500000

**Metric**

Metric tons

**Data coverage**

Partial commodity production/consumption

**Please explain**

This figure is based on analysis of one years' sales figures for all Woolworths and Country Road Group private label footwear and accessories. It does not include data from David Jones clothing/footwear and accessories, or small amounts found in homeware/ general merchandise. 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. 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 the 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. With 40% of leather products containing leather sourced from LWG-accredited tanneries, the Country Road Group is supporting tanneries that are committed to reducing environmental impact, including water and energy reduction, chemical management, and wastewater treatment. In addition, all of Witchery's leather handbags are also currently LWG certified.

---

**Forest risk commodity**

Soy

**Data type**

Consumption data

**Volume**

25000

**Metric**

Metric tons

**Data coverage**

Partial commodity production/consumption

**Please explain**

Our soy footprint is nearly 25 000 tons, but 99% is used indirectly in animal feed for our dairy (41%), chicken (24%), pork (20%), eggs (11%), beef (2%), and fish (1%)

products. This is an estimate based on the most significant areas of our business in relation to soy - all Woolworths private label food products containing soy as an ingredient as well as soy used in animal feed (for chicken, pork, farmed fish, milk, and eggs). The figure excludes food containing soy sold in David Jones Foodhall, and candles sold across the WHL Group, and café's/ cafeterias. 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. Last year, Woolworths purchased 9 750 RTRS credits, equivalent to 39% of the total soy footprint at that time (offsetting the use of soy in chicken, eggs, beef, and fish products). An additional purchase will be made in the next 12 months to further offset our footprint. 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 ton of soy. In this way, we are supporting the responsible production of soy.

---

## F1.6

---

**(F1.6) Have you identified sufficient sources of sustainable materials to meet your current operational needs? If yes, what are you doing to ensure the security/continuity of this supply?**

### Timber

#### Sustainable source identified

Yes

#### Primary action to ensure supply

Engaging in capacity building activities in the value chain

#### Please explain

We see our role in ensuring sufficient supply in the future as creating the consumer demand supporting FSC (and in the future Canopy) through marketing and communications and educating customers and other stakeholders around the value and meaning of traceability. We are increasingly using the FSC logo, and promoting responsibly sourced paper and timber as part of our differentiator when we communicate the sustainability credentials of our products, services and operations. Unfortunately, there is still limited uptake and interest from customers or other retailers in South Africa, and as a result we struggle to convert our suppliers to FSC certification. For timber/ pulp/ paper, we are working to build the capacity of our suppliers through hosting FSC workshops for suppliers and internal buying teams on an annual basis. Whilst we do experience challenges in sourcing sustainable materials with chain of custody at the right cost, we do believe current supply is sufficient. For viscose: at the time of writing, there are only two CanopyStyle certified producers globally, but we do anticipate that the supply of sustainable viscose will grow rapidly as the other top 10 viscose producers working with Canopy complete their CanopyStyle audits. We are working to promote uptake among supplier base through communications around our intentions (e.g. letters) to our suppliers, and to viscose producers themselves. In 2017, we also partnered with Canopy on International day of the Forests to share a social media campaign around responsible viscose. Currently, Woolworths is sourcing 45% deforestation-free viscose, and Country Road Group 41%. 85% of Woolworths Food packaging suppliers are currently FSC certified. In time, David Jones will extend its due diligence program to include all timber products, irrespective of risk profile.

### Palm Oil

#### Sustainable source identified

Yes

#### Primary action to ensure supply

Engaging in capacity building activities in the value chain

#### Please explain

Historically, it has been difficult for South Africa refiners, who are all members of the RSPO, to access a physical supply of certified palm oil. Our engagement with the six major oil refiners eventually resulted in securing a supply of RSPO oil with traceability to crushing mill and we have also facilitated the development of local auditing capacity. Currently, the availability of certified sustainable material is enough to satisfy our suppliers' needs, however, we are experiencing bottlenecks in certification due to the fact that there is still only one certified auditor available in SA. Additionally, even with these recent advances, we are still working to abate supplier reservations associated with costs of certification and membership. We hold annual workshops with staff and suppliers to reaffirm our commitment to sustainable palm oil, and have in addition run supplier workshops (in 2014 and 2016) with an international RSPO certification company and requested that our suppliers develop plans and time-bound commitments for sourcing certified sustainable palm oil. In the meantime, we have chosen to buy PalmTrace certificates as a way to encourage and reward farmers in South East Asia to farm sustainably. Our membership of the Roundtable on Sustainable Palm Oil (RSPO) has also been a strategic decision to help increase the quantity of sustainably produced palm oil available. Whilst we continue to experience challenges, we do believe the current supply is sufficient. We are not able to assess whether the supply will be enough to satisfy future demand however, given the rate of adoption of zero-deforestation policies, and our limited ability to affect palm oil producers. As such, we estimate that 97% of all private label food lines and 72% of all private label beauty lines containing palm oil are sourcing RSPO (mass balance) palm oil.

### Cattle products

#### Sustainable source identified

No

#### Primary action to ensure supply

<Not Applicable>

#### Please explain

Sourcing sustainable leather is one of the most complex of commodities sold by WHL due to the nature of the supply chain. At present, the sustainable leather industry appears to be undergoing rapid evolution, and we are supporting the development of the standards through our membership of Textile Exchange and Leather Working Group. Through our responsible leather sourcing journey, we are working to ensure sufficient supply by creating demand through our responsible sourcing commitments and engaging suppliers, but have not yet established whether a viable (cost-effective with requisite traceability) supply exists to meet our current needs.

## Soy

### Sustainable source identified

No

### Primary action to ensure supply

<Not Applicable>

### Please explain

Whilst we are only at the beginning of our responsible soy sourcing journey we are working to ensure sufficient supply by creating demand through our responsible sourcing commitments and engaging with suppliers, but have not yet established whether a viable supply exists to meet our current needs. Through our membership of the Roundtable for Responsible Soy (RTRS), and purchase of credits we hope to stimulate the production and demand of a viable sustainable source for import into South Africa. Last year, Woolworths purchased 9 750 RTRS credits, equivalent to 39% of the total soy footprint at that time (offsetting the use of soy in chicken, eggs, beef, and fish products). An additional purchase will be made in the next 12 months to further offset our footprint. 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 ton of soy. In this way, we are supporting the responsible production of soy.

## F1.7

---

### (F1.7) Has your organization experienced any detrimental forests-related impacts?

No

## F2. Procedures

---

### F2.1

---

#### (F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

### F2.1a

---

#### (F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

##### Timber

##### Value chain stage

Direct operations  
Supply chain

##### Coverage

Partial

##### Risk assessment procedure

Assessed in an environmental risk assessment

##### Frequency of assessment

Six-monthly or more frequently

##### How far into the future are risks considered?

3 to 6 years

##### Tools and methods used to identify and assess risks

Internal company methods  
External consultants  
Other, please specify (Canopy Hot Button Report (Viscose))

##### Please explain

Deforestation risks are included as a component of the bi-annual business unit and group operating company reviews where performance is reviewed against incentive-based scorecard KPI's/goals/targets at which a member of the Sustainability Committee and the Head of Sustainability must be present. During these sessions, key risks and opportunities to the business are highlighted. Progress on the sustainable sourcing of deforestation-linked timber as well as its associated risks as identified is then reported to the Sustainability Board Committee. We also conduct more in-depth risk assessments with technical specialists from across the business (buying groups) and our partners such as WWF-South Africa. Risks identified feed into the WHL Group corporate risk framework reviewed by the Board Risk Committee on a quarterly basis.

## Palm Oil

### Value chain stage

Supply chain

### Coverage

Partial

### Risk assessment procedure

Assessed in an environmental risk assessment

### Frequency of assessment

Six-monthly or more frequently

### How far into the future are risks considered?

3 to 6 years

### Tools and methods used to identify and assess risks

Internal company methods

External consultants

### Please explain

Deforestation risks are included as a component of the bi-annual business unit and group operating company reviews where performance is reviewed against incentive-based scorecard KPI's/goals/targets at which a member of the Sustainability Committee and the Head of Sustainability must be present. During these sessions, key risks and opportunities to the business are highlighted. Progress on the sustainable sourcing of deforestation-linked palm oil as well as its associated risks as identified are then reported to the Sustainability Board Committee. We also conduct more in-depth risk assessments with technical specialists from across the business (buying groups) and our partners such as WWF-South Africa. Risks identified feed into the WHL Group corporate risk framework reviewed by the Board Risk Committee on a quarterly basis.

## Cattle Products

### Value chain stage

Supply chain

### Coverage

Partial

### Risk assessment procedure

Assessed in an environmental risk assessment

### Frequency of assessment

Six-monthly or more frequently

### How far into the future are risks considered?

3 to 6 years

### Tools and methods used to identify and assess risks

Internal company methods

### Please explain

Deforestation risks are included as a component of the bi-annual business unit and group operating company reviews where performance is reviewed against incentive-based scorecard KPI's/goals/targets at which a member of the Sustainability Committee and the Head of Sustainability must be present. During these sessions, key risks and opportunities to the business are highlighted. Progress on the sustainable sourcing of deforestation-linked cattle products as well as their associated risks as identified are then reported to the Sustainability Board Committee. We also conduct more in-depth risk assessments with technical specialists from across the business (buying groups) and our partners such as WWF-South Africa. Risks identified feed into the WHL Group corporate risk framework reviewed by the Board Risk Committee on a quarterly basis.

## Soy

### Value chain stage

Supply chain

### Coverage

Partial

### Risk assessment procedure

Assessed in an environmental risk assessment

### Frequency of assessment

Six-monthly or more frequently

### How far into the future are risks considered?

3 to 6 years

### Tools and methods used to identify and assess risks

Internal company methods

### Please explain

Deforestation risks are included as a component of the bi-annual business unit and group operating company reviews where performance is reviewed against incentive-based scorecard KPI's/goals/targets at which a member of the Sustainability Committee and the Head of Sustainability must be present. During these sessions, key risks and opportunities to the business are highlighted. Progress on the sustainable sourcing of deforestation-linked soy as well as its associated risks as identified are then reported to the Sustainability Board Committee. We also conduct more in-depth risk assessments with technical specialists from across the business (buying groups) and our partners such as WWF-South Africa. Risks identified feed into the WHL Group corporate risk framework reviewed by the Board Risk Committee on a quarterly basis.

## F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

## Availability of forest risk commodities

### Relevance & inclusion

Relevant, always included

### Please explain

We have commitments to source our key commodities responsibly by 2020. Hence we conduct reviews with each of the buying teams within the business units in relation to progress. The availability of certified sustainable forest risk commodities is a key factor in this.

## Quality of forest risk commodities

### Relevance & inclusion

Not relevant, explanation provided

### Please explain

Quality screening is largely the domain of the supplier supplying into WHL. It is unclear if the quality is affected by the responsible sourcing of these commodities.

## Impact of activity on the status of ecosystems and habitats

### Relevance & inclusion

Relevant, always included

### Please explain

The impact of the commodities we require for our products and services is assessed in relation to possible reputational risks associated with our business. Our customers are increasingly interested and aware of environmental and social impacts associated with their product purchases and thus we need to consider the impacts of our sourcing on biodiversity resources.

## Regulation

### Relevance & inclusion

Relevant, always included

### Please explain

Changes in regulation relating to the use of deforestation risk commodities may impact costs of doing business and pose brand reputation risks, hence we engage with various industry bodies and our legal risk team to assess changes in regulatory requirements. For example, changes in labeling regulation now mean that we declare the type of oil used in our products which poses a risk in terms of reputation given a large number of products sold containing palm oil.

## Climate change

### Relevance & inclusion

Relevant, sometimes included

### Please explain

The use of forest commodities can have a significant climate impact, we recognise these risks and use them to inform our strategy, e.g. by considering the use of alternative/renewable materials where possible.

## Impact on water security

### Relevance & inclusion

Relevant, sometimes included

### Please explain

Water availability and quality play a significant role in the growing, availability and quality of our forest commodities. In water stricken countries such as South Africa where some of our timber comes from, this has a significant impact.

## Tariffs or price increases

### Relevance & inclusion

Relevant, always included

### Please explain

We assess risks associated with additional costs/ tariffs/ premiums/ memberships for certified sustainable forest risk commodities in relation to our group sustainability commitments. We are conscious of the impact that a growing number of memberships and administrative requirements has on our supply base.

## Loss of markets

### Relevance & inclusion

Relevant, sometimes included

### Please explain

We assess risks associated with changes in consumer demand linked to specific commodities in our products, e.g. products containing palm oil, genuine leather, etc. to plan future business/ product development.

## Brand damage related to forest risk commodities

### Relevance & inclusion

Relevant, always included

### Please explain

The increasing numbers of NGO and media exposé's related to deforestation is a risk to Woolworths in terms of brand reputation. This risk is amplified due to the fact that obtaining full traceability of many commodities is still very difficult.

## Corruption

### Relevance & inclusion

Not considered

### Please explain

We have not considered the risks associated with corruption related to sourcing of forest risk commodities.

## Social impacts

### Relevance & inclusion

Relevant, always included

### Please explain

The impact of the commodities we require for our products and services is assessed in relation to possible reputational risks associated with our business. Our customers are increasingly interested and aware of environmental and social impacts associated with their purchases and thus we need to consider the impacts of our sourcing on stakeholders linked to the production of forest risk commodities.

### Other, please specify

### Relevance & inclusion

Relevant, always included

### Please explain

Taxes related to use of specific products/ materials. e.g. in South Africa the government is preparing to implement packaging taxes.

F2.1c

---

**(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?**

**Customers**

**Relevance & inclusion**

Relevant, always included

**Please explain**

Risks are related to the impact on our business, and reputation/brand damage is a significant component of this. We conduct surveys and customer research, and also constantly track social media to understand customer sentiment. Where available, we disclose where our commodities come from to customers.

**Employees**

**Relevance & inclusion**

Relevant, always included

**Please explain**

Being a brand that cares is one of Woolworths key differentiators, and our employees share these values. Ensuring we remain true to our brand is an important part of our employee value proposition.

**Investors**

**Relevance & inclusion**

Relevant, always included

**Please explain**

We conduct regular horizon scanning and benchmarking exercises to ensure that our strategy is addressing those issues most material to us, and the needs of our investors. Responding to CDP is one of the ways we respond to these needs.

**Local communities**

**Relevance & inclusion**

Not relevant, explanation provided

**Please explain**

We are not any forest commodities directly. We use third-party certification scheme to guard against supply chain impacts, e.g. RSPO palm oil, FSC wood, and paper products.

**NGOs**

**Relevance & inclusion**

Relevant, always included

**Please explain**

NGOs have the potential to negatively affect brand reputation should we be linked to a supplier or commodity exposé's

**Other forest risk commodity users/producers at a local level**

**Relevance & inclusion**

Not relevant, explanation provided

**Please explain**

We are not procuring any forest commodities directly.

**Regulators**

**Relevance & inclusion**

Relevant, always included

**Please explain**

Changes in regulation or lack of regulation are a risk to our business operations and the cost of doing business.

**Suppliers**

**Relevance & inclusion**

Relevant, always included

**Please explain**

Since we are a supply-led business we need to ensure that we have the buy-in and support of our supplier base in meeting our sustainability objectives.

**Other stakeholders, please specify**

**Relevance & inclusion**

Please select

**Please explain**

---

**F3. Risks and opportunities**

---

**F3.1**

---

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Timber	Yes
Palm Oil	Yes
Cattle Products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

**F3.1a****(F3.1a) How does your organization define substantive impact on your business?**

To WHL, a substantive impact would arise where the company was not able to complete its core function as a result of impact in direct operations or the supply chain, or that a financial, reputational, regulatory or customer impact arises, as per the WHL Enterprise Risk Management Framework. The framework defines risks according to a sliding scale e.g. CRITICAL (substantive) risk is defined as an event with a “high” likelihood (>90%), through to a “possible” likelihood event with a potential to impact individual business unit profit by 15%. From a reputational perspective, a substantive change is defined as reputational damage that puts the company at risk of being affected by limited to persistent widespread negative comment or perception.

WHL’s combined assurance endeavours to maximise risk and governance oversight, maximise control efficiencies and optimise overall assurance to the audit and risk committee. The defined risk universe which is reviewed and updated annually by the WHL Risk and Governance teams taking into account existing management controls, reviews and self-assessment, the reviews conducted by internal assurance providers, compliance monitoring, key risk profile changes, reviews conducted by external assurance providers, management reviews and self-assessment and extent of assurance coverage.

**F3.1b****(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.****Forest risk commodity**

Timber

**Type of risk**

Reputational and markets

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Availability of certified sustainable material

**Primary potential impact**

Brand damage

**Company-specific description**

In line with the global focus around packaging, materials used in packaging are under significant spotlight within our business. We have committed to sourcing all of our paper and board packaging from responsibly managed forests by 2020. We continue to experience ongoing challenges with the availability and price of sustainable timber products, particularly when sourcing from China, India, and other international suppliers, and especially when we use alternative suppliers to our ongoing supplier base, for ‘once-off’ limited edition ranges. We have experienced price premiums of up to 20-30% for FSC certified product. In the local market, the number of suppliers able to offer FSC chain of custody products is still limited. Without necessary government, regulatory and fiscal support, this is unlikely to change. These factors mean that we may not progress as fast as we would like, and are a possible reputational risk for WHL. We are also facing similar challenges in regards to sustainable cellulosic fabric sourcing since only two of the world’s major viscose producers has completed the CanopyStyle audit. Although Canopy is making good progress in terms of obtaining commitments from the top 10 viscose producers, progress in terms of auditing for compliance is slow, meaning that we are not able to drive responsible sourcing to the extent which we would like to see within the timeframes we initially anticipated.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Medium

**Likelihood**

Unlikely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - minimum (currency)**



<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Difficult to quantify, impact based on the magnitude of possible reputational and brand damage.

**Primary response to risk**

Engagement with suppliers

**Description of response**

For timber, we are working to improve product specifications in order to enforce better procurement practices across the group. This goes hand in hand with the rolling out of buying group training as well as supplier engagement. In SA, FSC host both internal and supplier workshops on our behalf. Through close members with organisations like FSC and WWF, we hope to assist in the development of critical mass in the SA market to drive FSC as being the norm so we are also increasingly communicating with customers to drive demand for responsibly-sourced timber. Although only in the early stages, we are also investigating an option to develop our own local pipelines of sustainable timber. For cellulosic fabrics, we are working with Canopy to drive producers towards setting a deforestation commitment and having their sourcing practices audited by Canopy. We have sent letters to suppliers to indicate our intent to buy from only Canopy compliant suppliers in the future, and we have also communicated directly with producers to promote uptake of Canopy Audits. We also supported a social media campaign for international forests day in 2017, for the first time, to draw awareness to the issues around cellulosic fabric production. Finally, we try to reduce our requirement for new or virgin material as far as possible through promoting re-use of alternative fabrics e.g. recycled content in packaging, and recycled polyester in clothing.

**Cost of response**

2000000

**Explanation of cost of response**

This is an estimation based on annual costs of memberships, technical support, and training.

**Forest risk commodity**

Palm Oil

**Type of risk**

Technological

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Other technological driver, please specify (Shifts in customer preferences)

**Primary potential impact**

Brand damage

**Company-specific description**

We have been actively working on understanding the extent of used palm oil in our business and have faced significant challenges in securing a physical supply of the limited amount of certified sustainable and traceable palm oil available globally (currently only 19% of the global market is certified sustainable by the Roundtable on Sustainable Palm Oil). This process has involved working directly with SA refineries to secure a supply of Palm Oil into the country, for use in a "mass balance" system. This oil is supplied at a premium, however, and for many Woolworths suppliers, the costs (oil, membership and auditing costs) are proving prohibitive. As a result, the demand within SA is not yet great enough to generate a viable industry for a fully "segregated supply" from origin to end product, although we are aiming for this to be the case in the next few years. With increasing media coverage and business exposés around the issue of deforestation and other impacts associated with palm oil production, there is a reputational risk for our business should we be found to be contributing to, or not making the necessary commitments in to eliminate deforestation from our supply chain.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Medium

**Likelihood**

Unlikely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Difficult to quantify, impact based on the magnitude of possible reputational and brand damage.

**Primary response to risk**

Engagement with suppliers

**Description of response**

We have been working with our suppliers and local refiners to both create the demand and develop the market for sustainable palm oil. To overcome challenges with auditing capacity we facilitated the training of a local auditor to undertake RSPO audits. In addition one of our internal technical specialists is a member of the RSPO complaints panel and is thereby gaining expert industry insight in finding solutions to overcome challenges associated with securing supply in South Africa in the context of long and often interrupted supply chains. We continue to purchase Book and Claim certificates to offset the remainder of our palm oil footprint and drive the market for sustainable palm oil.

**Cost of response**

200000

**Explanation of cost of response**

This is an estimate based on costs of memberships, technical support, and training, book, and claim costs.

---

**Forest risk commodity**

Cattle Products

**Type of risk**

Reputational and markets

**Geographical scale**

Region

**Where in your value chain does the risk driver occur?**

Direct operation

**Primary risk driver**

Shifts in consumer preference

**Primary potential impact**

Reduced demand for products and services

**Company-specific description**

With increasing NGO, activist and consumer-led campaigns, and increasing consumer pressure around leather sourcing around deforestation, as well as animal welfare and chemical usage there, is a reputational risk for our business should our business/ direct/indirect supply chain be linked to contributing towards deforestation. This risk is heightened in our Australian businesses, where we have seen an increase in consumer concern around leather sourcing. An industry-wide challenge has been the lack of programs that support responsible leather sourcing from a traceability perspective, as typically the focus has been on environmental impact at the tannery. Although programs such as the Leather Working Group are promoting traceability in their membership base; those achieving the "A" grade in traceability to slaughterhouse remains limited and traceability to the farm is currently not possible. In addition to this, only a small proportion of the world's leather production is currently LWG audited, meaning that this is a risk in terms of our commitments to source 100% responsibly sourced leather by 2020.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Medium

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Difficult to quantify, impact based on magnitude of possible reputational and brand damage. Leather forms big portion of our premium bran (Country Road, Trenerly and Mimco Brands) , should we not progress against our responsible sourcing targets, or offer alternatives to leather this represents a risk to 10% of unit sales.

**Primary response to risk**

Increased use of sustainably sourced materials

**Description of response**

We have committed to 100% responsible sourcing of all key risk commodities by 2020 and remain transparent about the challenges we are facing. Working in partnership with credible NGOs (e.g. WWF-SA), sustainability standards and certification bodies such as the LWG and Beef and Leather initiative will be important, as there is a lot of interest among retailers and brands to develop appropriate management measures. WHL has the opportunity to shape and influence this process.

**Cost of response**

500000

**Explanation of cost of response**

This is an estimate based on costs of memberships and management

---

**Forest risk commodity**

Soy

**Type of risk**

Reputational and markets

**Geographical scale**

Region

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Availability of certified sustainable material

**Primary potential impact**

Brand damage

**Company-specific description**

Whilst soy has not yet become a consumer pressure point in our areas of operations we do expect it to become so in the next few years, as awareness around the commodity's impact grows. With increasing media coverage and business exposés around the issue of deforestation and other impacts associated with soy production, there is a reputational risk for our business should we be found to be contributing to, or not making the necessary commitments in to eliminate soy linked to deforestation from our supply chain. With only 3% of global soy production certified sustainable, we foresee possible risks associated with challenges in accessing a limited supply in the future (similar to challenges experienced with palm oil). Soy is a key input into animal feeds, therefore shifting to a sustainable supply does not only require shifting our own suppliers but also the animal feed industry - in a way that does not increase input costs for our suppliers. The risk is a possible brand reputation risk should we not manage to meet consumer requirements.

**Timeframe**

4-6 years

**Magnitude of potential impact**

Medium-low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Difficult to quantify, impact based on the magnitude of possible reputational and brand damage.

**Primary response to risk**

Engagement with suppliers

**Description of response**

We have completed a soy footprint assessment, and have identified that 99% is consumed within the animal feed associated with the production of our fish, dairy, pork, and poultry. We have identified numerous challenges in the traceability of soy (being imported via commodity traders), and so have started to investigate (early stages) possible options for developing a local supply of South African Soy. WHL is a member of the Round Table on Responsible Soy (RTRS), and through this hopes to collaborate with leading brands and NGO's to explore the opportunities available for supporting and increasing demand for certified sustainable soy. We have also been engaging with other organizations in SA, including Soy SA and are looking at local (South African) Soy opportunities, but this appears to be limited due to non-GMO soy offerings locally.

**Cost of response**

350000

**Explanation of cost of response**

This is an estimate based on costs of memberships and management

## F3.2

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber	Yes
Palm Oil	Yes
Cattle products	Yes
Soy	Yes
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

## F3.2a

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.****Forest risk commodity**

Timber

**Type of opportunity**

Products & services

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased brand value

**Financial incentives**

<Not Applicable>

**Company-specific description & strategy to realize opportunity**

Across our operations, there is an opportunity to be a market leader in offering responsibly sourced products. By taking this leadership position we are able to differentiate ourselves in the marketplace and thereby increase the value of our brand through attracting customers, employees, and shareholders which share our value proposition. Through engaging with customers via various communication channels we are also able to respond to their concerns and demand for sustainable product offerings. This helps to inform our responsible sourcing strategy and drive new product offerings. e.g. In the last fin year, Country Road is the first major Australian retailer to launch a range of jeans made refibra™ branded lyocell fibers, made from a blend of recycled cotton scraps and wood sourced from responsibly managed forests: <https://www.countryroad.com.au/our-brand/our-good-business-journey/refibra>.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential impact**

Medium-low

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

The scale of the opportunity is difficult to estimate

---

**Forest risk commodity**

Palm Oil

**Type of opportunity**

Products & services

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Increased transparency

**Financial incentives**

<Not Applicable>

**Company-specific description & strategy to realize opportunity**

By working closely with our suppliers and directly with palm oil refineries, to map our supply chain and work towards sourcing a physical supply of certified sustainable palm oil, we are now able to be more transparent about our products and supply chain. We have identified palm oil refiners who are able to trace palm oil back to the crushing mill in SE Asia. We are now encouraging our suppliers to only work with those refiners who have traceability. By committing to using responsibly sourced and certified sustainable materials for our products and operations, we are steadily increasing traceability throughout our supply chain and are therefore able to be more transparent about our products. We have also chosen to participate in the CDP Forests Disclosure for the past five years as a way of remaining transparent about our use of forest risk related commodities.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential impact**

Medium-low

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

The scale of the opportunity is difficult to estimate

---

**Forest risk commodity**

Palm Oil

**Type of opportunity**

Products & services

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased brand value

**Financial incentives**

<Not Applicable>

**Company-specific description & strategy to realize opportunity**

As the first South African retailer to become a member of the Roundtable on Sustainable Palm Oil (RSPO) and through our commitment to using 100% certified sustainable palm oil in our products by 2020, we have shown leadership on this issue, differentiating ourselves as a brand and building customer trust, increasing brand value and consequently positioning ourselves as a leader in this sphere. 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 size of three hectares) and three non-corporate private estates in Johor, West Malaysia. Partnering with credible organizations helps us to drive initiatives forward at a faster pace.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential impact**

Medium-low

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

The scale of the opportunity is difficult to estimate

---

**Forest risk commodity**

Cattle Products

**Type of opportunity**

Products & services

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased brand value

**Financial incentives**

<Not Applicable>

**Company-specific description & strategy to realize opportunity**

Our Good Business Journey is a significant driver of innovation across our operating companies in terms of operations and product offerings. In meeting our sustainability targets and commitments, there is an opportunity to firstly lead the market when it comes to responsibly sourced leather offerings, but also to derive new product line opportunities e.g. leather alternatives such as recycled leather, recycled polyester, and bonded leather. In some instances, this will be supported by consumer awareness campaigns and the use of credible third-party assurance providers and certification schemes. In the past year, County Road Group's Witchery brand reached a significant milestone in that all of Witchery's handbags are now made with LWG certified leather (accounting for 80% of total leather) there is huge opportunity to leverage this differentiation in brands across the market place on SA and Australia.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential impact**

Medium-low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

The scale of the opportunity is difficult to estimate

---

**Forest risk commodity**

Soy

**Type of opportunity**

Products & services

---

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased brand value

**Financial incentives**

<Not Applicable>

**Company-specific description & strategy to realize opportunity**

By showing leadership and/ or offering responsibly sourced products, we are able to differentiate ourselves in the marketplace and thereby increase the value of our brand through attracting customers who share our value proposition and trust in the brand. WHL joined the RTRS in 2015 and is the first South African member. We are currently working to gain a better understanding of our supply chain and dependency on soy. There is still a lot of progress to be made, however.

**Estimated timeframe for realization**

1-3 years

**Magnitude of potential impact**

Medium-low

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

The scale of the opportunity is difficult to estimate

**F4. Governance**

**F4.1**

**(F4.1) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

**F4.1a**

**(F4.1a) Select the options to describe the scope and content of your policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation and/or conversion Commitment to protect rights and livelihoods of local communities Commitment to transparency	As part of our Good Business Journey, Woolworths is dedicated to selling products that cause minimum harm to the natural environment, help maintain biodiversity and help improve the lives of workers in the supply chain. Woolworths is committed to reducing and eventually, removing deforestation and forest degradation from our direct operations and supply chain. We have a publicly available companywide Deforestation Position Statement, published in September 2015 (refreshed in November 2016). We also have a corporate Palm Oil Position Statement (refreshed November 2016). These are available on the Woolworths Good Business Journey website. <a href="http://www.woolworths.co.za/store/fragments/corporate/corporate-index.jsp?content=../article/article&amp;contentId=cmp206026">http://www.woolworths.co.za/store/fragments/corporate/corporate-index.jsp?content=../article/article&amp;contentId=cmp206026</a>

**F4.1b**

**(F4.1b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber	No	<Not Applicable>	<Not Applicable>	Incorporated as part of our overall deforestation policy.
Palm Oil	Yes	Selected facilities, businesses or geographies only	Commitment to eliminate deforestation and/or conversion Commitment to protect rights and livelihoods of local communities Commitment to transparency Commitment to stakeholder awareness and education Recognition of the overall importance of forests and other natural habitats Description of business dependency on forests Recognition of potential business impact on forests and other natural habitats Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related standards for procurement Reference to international standards and widely-recognized forests-related initiatives	<a href="http://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Palm_Oil_Position_Statement_2018.pdf">http://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Palm_Oil_Position_Statement_2018.pdf</a>
Cattle Products	No	<Not Applicable>	<Not Applicable>	Incorporated as part of our overall deforestation policy.
Soy	No	<Not Applicable>	<Not Applicable>	Incorporated as part of our overall deforestation policy.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F4.2**

**(F4.2) Is there board-level oversight of forests-related issues within your organization?**

Yes

**F4.2a**

**(F4.2a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Director on board	The Woolworths Holdings Board oversees the work of the Sustainability Committee as well as our Risk and Compliance Committees. The Sustainability Committee, a sub-committee of the WHL Board, provides a single point of view and direction for all WHL sustainability focus areas, incl. energy and meets half-yearly to oversee progress in achieving all aspects of the Good Business Journey, as well as addressing any sustainability-related risks to the business. The main purpose of the committee is to ensure that the sustainability strategy and objectives are effectively integrated into the business. The Sustainability Committee is chaired by a non-executive director. The Group CEO and Woolworths CEO are members of the committee, together with three independent directors, one of whom chairs the Social and Ethics committee of the WHL Board. These independent directors each have significant expertise and experience in a range of corporate sustainability issues.

**F4.2b**

**(F4.2b) Provide further details on the board's oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing innovation / R&D priorities Setting performance objectives	The role of the Sustainability Committee is to ensure that the Group's sustainable development strategy positions the Group as a sustainability leader. It further ensures that the sustainability initiatives and objectives are effectively integrated into the business and that the Group operates in an environmentally responsible manner, while meeting societal needs. Progress towards meeting climate-related targets and goals, are monitored at an operational level by the executive committee and championed by the Group Director: Marketing and Sustainability.

**F4.3**

**(F4.3) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Other C-Suite Officer, please specify (Director: Group Head of Marketing )	Both assessing and managing forests-related risks and opportunities	Half-yearly	Group Head of Sustainability reports into the Group Head of Marketing.
Sustainability committee	Both assessing and managing forests-related risks and opportunities	Half-yearly	The sustainability committee meets half-yearly to assess progress against our commitments.

**F4.4**

**(F4.4) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

Yes

**F4.4a**

**(F4.4a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Who is entitled to benefit from these incentives?	Indicator for incentivized performance	Please explain
Monetary reward	Corporate executive team	Achievement of commitments and targets	To achieve a performance-based culture and an alignment with shareholders, through value creation. The total reward mix is geared towards a high percentage of pay "at risk" for the achievement of stretched goals which are aligned to company performance, individual performance and employee behavior. This is to motivate executives and senior management to achieve short-term strategic, financial and non-financial objectives in the one-year business plan.
Recognition (non-monetary)	Chief Sustainability Officer (CSO)	Achievement of commitments and targets	To achieve a performance-based culture and an alignment with shareholders, through value creation. The total reward mix is geared towards a high percentage of pay "at risk" for the achievement of stretched goals which are aligned to company performance, individual performance and employee behavior. This is to motivate executives and senior management to achieve short-term strategic, financial and non-financial objectives in the one-year business plan.
Other non-monetary reward	Other, please specify (Procurement teams)	Achievement of commitments and targets	To achieve a performance-based culture and an alignment with shareholders, through value creation. The total reward mix is geared towards a high percentage of pay "at risk" for the achievement of stretched goals which are aligned to company performance, individual performance and employee behavior. This is to motivate executives and senior management to achieve short-term strategic, financial and non-financial objectives in the one-year business plan.

**F4.5**

**(F4.5) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

No, and we have no plans to do so

**F5. Business strategy**

**F5.1**

**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	Management of forest commodities is a component of our sustainability programme and embedding sustainability this across our operations is a long term business objective.
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	Our sustainability strategy is developed with a 5 years time horizon - however identification of long term risk management strategies extends far beyond this time horizon.
Financial planning	No, forests-related related issues were reviewed but not considered as strategically relevant/significant	5-10	Only to the extent that budgetary requirements for sustainability targets and commitments are considered in financial planning for each business unit prior to the start of each financial year.

**F6. Implementation**

**F6.1**



**(F6.1) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

**F6.1a**

---

**(F6.1a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

We Mean Business

Other, please specify (Vancouver Declaration, CanopyStyle Pledge)

**F6.1b**

---

**(F6.1b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

**Commodity coverage**

Timber

**Criteria**

Zero net deforestation

No forest degradation

Avoidance of negative impacts on threatened and protected species and habitats

No conversion of High Conservation Value areas

No sourcing of illegally produced and/or traded forest risk commodities

No sourcing of forest risk commodities from unknown/controversial sources

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

**Operational coverage**

Direct operations and supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

2016

**Commitment timeframe**

No timeframe

**Please explain**

Whilst our deforestation position statement does not specifically set out timeframes, we have publicly stated in our position statement we are committed to reducing and eventually, removing deforestation and forest degradation from our direct operations and supply chain. This commitment includes systematically removing commodities from our supply chain that cannot be traced from a sustainable source. Through this, our goal is to avoid the use of any forest commodities illegally harvested; from ancient and endangered forests; from an area of high conservation value; endangered species habitat; that have contributed to the conversion of forest into non-forest use; obtained in violation of traditional, civil and indigenous rights; or from other controversial sources. In May 2016, WHL committed publicly to a set of 2020 sustainability commitments which includes 100% responsible sourcing of all key commodities material to Group business', including timber. As part of this commitment, we have been working to gain a better understanding of where commodities (including wood products, palm oil, soy, and leather) sourced for our products or used in our business come from, and how we can work together with our suppliers and partners to improve traceability and meet our deforestation commitments. See our reports here <https://www.woolworthsholdings.co.za/sustainability/reports/>

---

**Commodity coverage**

Palm Oil

**Criteria**

Zero net deforestation

No forest degradation

No conversion of High Conservation Value areas

No sourcing of illegally produced and/or traded forest risk commodities

No sourcing of forest risk commodities from unknown/controversial sources

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

**Operational coverage**

Supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

2016

**Commitment timeframe**

2020

**Please explain**

Whilst our Deforestation position statement does not specifically set out timeframes, we have publicly stated in our position statement we are committed to reducing and eventually, removing deforestation and forest degradation from our direct operations and supply chain. This commitment includes systematically removing commodities from our supply chain that cannot be traced from a sustainable source. Through this, our goal is to avoid the use of any forest commodities illegally harvested; from ancient and endangered forests; from an area of high conservation value; endangered species habitat; that have contributed to the conversion of forest into non-forest use or plantations established after 1994; obtained in violation of traditional, civil and indigenous rights; or from other controversial sources. As per our Palm Oil Position statement, It is our policy to avoid the use of unsustainable and untraceable palm oil. We have set a target is to only use certified sustainable palm oil (RSPO Mass

Balance) in our products by 2020. We always declare the type of oil used in our products in the ingredients panel of the packaging.

---

#### Commodity coverage

Cattle Products

#### Criteria

Zero gross deforestation  
No forest degradation  
No conversion of High Conservation Value areas  
No sourcing of illegally produced and/or traded forest risk commodities  
No sourcing of forest risk commodities from unknown/controversial sources  
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

#### Operational coverage

Supply chain

#### % of total production/ consumption covered by commitment

100%

#### Cutoff date

2016

#### Commitment timeframe

No timeframe

#### Please explain

Whilst our Deforestation position statement does not specifically set out timeframes, we have publicly stated in our position statement we are committed to reducing and eventually, removing deforestation and forest degradation from our direct operations and supply chain. This commitment includes systematically removing commodities from our supply chain that cannot be traced from a sustainable source. Through this, our goal is to avoid the use of any forest commodities illegally harvested; from ancient and endangered forests; from an area of high conservation value; endangered species habitat; that have contributed to the conversion of forest into non-forest use; obtained in violation of traditional, civil and indigenous rights; or from other controversial sources. In May 2016, WHL committed publicly to a set of 2020 sustainability commitments which includes 100% responsible sourcing of key commodities material to operating business, including leather. As part of this commitment, we have been working to gain a better understanding of where commodities (including wood products, palm oil, soy, and leather) sourced for our products or used in our business come from, and how we can work together with our suppliers and partners to improve traceability and meet our deforestation commitments. See our GBJ Reports here <https://www.woolworthsholdings.co.za/sustainability/reports/>

---

#### Commodity coverage

Soy

#### Criteria

Zero gross deforestation  
No forest degradation  
No conversion of High Conservation Value areas  
No sourcing of illegally produced and/or traded forest risk commodities  
No sourcing of forest risk commodities from unknown/controversial sources  
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

#### Operational coverage

Supply chain

#### % of total production/ consumption covered by commitment

100%

#### Cutoff date

2016

#### Commitment timeframe

No timeframe

#### Please explain

Whilst our Deforestation position statement does not specifically set out timeframes, we have publicly stated in our position statement we are committed to reducing and eventually, removing deforestation and forest degradation from our direct operations and supply chain. This commitment includes systematically removing commodities from our supply chain that cannot be traced from a sustainable source. Through this, our goal is to avoid the use of any forest commodities illegally harvested; from ancient and endangered forests; from an area of high conservation value; endangered species habitat; that have contributed to the conversion of forest into non-forest use or plantations established after 1994; obtained in violation of traditional, civil and indigenous rights; or from other controversial sources. In May 2016, WHL committed publicly to a set of 2020 Good Business Journey commitments which includes 100% responsible sourcing of all key commodities material to operating companies, including soy. As part of this commitment, we have been working to gain a better understanding of where commodities (including wood products, palm oil, soy, and leather) sourced for our products or used in our business come from, and how we can work together with our suppliers and partners to improve traceability and meet our deforestation commitments. See our latest GBJ report here <https://www.woolworthsholdings.co.za/sustainability/reports/>

---

## F6.2

---

**(F6.2) Did you have any quantified targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

## F6.2a

---

**(F6.2a) Provide details of your target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

**Target reference number**

Target 1

**Forest risk commodity**

Timber

**Form of commodity covered**

Primary packaging

**Type of target**

Third-party certification scheme

**Coverage**

Direct operations and supply chain

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

FSC Chain of Custody

FSC Controlled Wood

FSC Recycled

PEFC Chain of Custody

**Start year**

2018

**Start figure**

11-20%

**Target year**

2020

**Target**

100%

**% achieved**

71-80%

**Please explain**

In 2018 we made packaging commitments that all of Woolworth's packaging would be responsibly sourced. We estimate that about 85% of our foods packaging is already FSC certified, we are still in the process of accurately quantifying this in our Foods and Fashion business. Although we always specify FSC paper and board, this is not always viable since not all suppliers are a chain of custody certified. We are currently consolidating paper and board packaging suppliers, and have made great strides in driving FSC membership across our preferred supplier base.

---

**Target reference number**

Target 2

**Forest risk commodity**

Palm Oil

**Form of commodity covered**

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

**Type of target**

Third-party certification scheme

**Coverage**

Supply chain

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2014

**Start figure**

0%

**Target year**

2020

**Target**

100%

**% achieved**

81-90%

**Please explain**

We believe that our actual usage of Mass Balance RSPO Palm oil is closer to 98%, however, a number of our suppliers have not yet been audited. 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. About 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 users to help increase the production of and demand for sustainable palm oil.

**Target reference number**

Target 3

**Forest risk commodity**

Cattle Products

**Form of commodity covered**

Hides/ leather

**Type of target**

Third-party certification scheme

**Coverage**

Supply chain

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

Other, please specify (Leather Working Group)

**Start year**

2016

**Start figure**

1-10%

**Target year**

2020

**Target**

100%

**% achieved**

41-50%

**Please explain**

The Country Road Group accessories teams completed their second annual supply chain mapping exercise to get a better understanding of where the leather comes from. We know the hide origin of 100% of our leather products and each year we gain more insight into our sources to help us grow our purchasing into tanneries that support our sustainability goals. With 40% of leather products containing leather sourced from LWG-accredited tanneries, Country Road Group is supporting tanneries that are committed to reducing environmental impact, including water and energy reduction, chemical management, and wastewater treatment. The Leather Working Group certification also assesses the ability of leather manufacturers to trace the material back to the slaughterhouse. Witchery's leather handbags are also currently LWG certified.

---

**Target reference number**

Target 4

**Forest risk commodity**

Soy

**Form of commodity covered**

Soy bean meal

**Type of target**

Third-party certification scheme

**Coverage**

Supply chain

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

RTRS Chain of Custody

RTRS certificate trading

Other, please specify (Direct local sourcing (South Africa))

**Start year**

2016

**Start figure**

0%

**Target year**

2020

**Target**

100%

**% achieved**

31-40%

**Please explain**

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. Based on the last soy footprint conducted in the 2018 financial year, Woolworths uses nearly 25 000 tons 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. Last year, Woolworths purchased 9 750 RTRS credits, equivalent to 39% of the total soy footprint at that time (offsetting the use of soy in chicken, eggs, beef, and fish products). An additional purchase will be made in the next 12 months to further offset our footprint. 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 ton of soy. In this way, we are supporting the responsible production of soy.

---

**Target reference number**

Target 5

**Forest risk commodity**

Timber

**Form of commodity covered**

Cellulose-based textile fiber

**Type of target**

Other, please specify (CanopyStyle audit compliant)

**Coverage**

Supply chain

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

&lt;Not Applicable&gt;

**Start year**

2015

**Start figure**

0%

**Target year**

2020

**Target**

100%

**% achieved**

41-50%

**Please explain**

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. Currently, Woolworths is sourcing 45% deforestation-free viscose, and Country Road Group 34%. The target for 2022 is 100%. More work is required on the traceability of viscose in order for us to meet this target.

---

**F6.3****(F6.3) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?
Timber	Yes
Palm Oil	Yes
Cattle products	Yes
Soy	No
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

**F6.3a**

---

**(F6.3a) Provide details on the level of traceability your organization has for your disclosed commodity(ies).**

**Timber**

**% of total production/consumption volume traceable**

71-80%

**Point to which commodity is traceable**

Country

**Description of traceability system**

Cellulose: This is an ongoing supply chain mapping exercise. Woolworths and CRG currently have 80-90% traceability back to fiber producer. This is an ongoing (manual) supply chain mapping exercise. Timber: In Australia, we have high levels of traceability due to legislative requirements. In South Africa, we rely on manual tracking systems from buyers and technologists are internal system capability is limited.

**Exclusions**

Please select

**Description of exclusion**

**Palm Oil**

**% of total production/consumption volume traceable**

51-60%

**Point to which commodity is traceable**

Mill

**Description of traceability system**

Currently, we have 60% traceability to mill through the use of the Web-based system for tracing RSPO certified palm oil. This is a manual exercise involving direct requests to suppliers and is an ongoing supply chain mapping exercise.

**Exclusions**

Source/country/geographical area

Business activity

Facility

**Description of exclusion**

**Cattle Products**

**% of total production/consumption volume traceable**

41-50%

**Point to which commodity is traceable**

Tannery

**Description of traceability system**

We have completed a supply chain mapping exercise on all key leather accessories across Woolworths, Country Road, MIMCO, Trenery, and MIMCO, with varying levels of traceability. WHL currently supports the LWG as the primary mechanism under which we intend to obtain traceability. Our internal systems allow for rudimentary capturing of sustainable product attributes and are one of the main constraints to being able to record and analyse consumption figures. We have formal systems in place to capture the supplier and country of origin for all products we sell, but do not necessarily capture the point of origin of the components. We currently have dedicated projects in place across the Group that are specifically looking at increasing traceability in our supply chain. As we use such a large range of raw materials that are associated with a number of environmental and social issues (broader than deforestation related issues), we are working to address traceability in the key risk commodities, however, a system of prioritization of efforts is required.

**Exclusions**

Source/country/geographical area

Business activity

Facility

**Description of exclusion**

**F6.3b**

---

**(F6.3b) Why do you not have system(s) in place to track and monitor the origin of your disclosed commodity(ies) and what are your plans to develop these in the future?**

**Forest risk commodity**

Soy

**Primary reason**

We are planning to track and monitor the origin of forest risk commodities within the next two years

**Please explain**

We are still in the process of defining our strategy to address soy and as such will look to develop the necessary transparency system once this is bedded down. We have up till now conducted soy footprint within the business and estimate that of the 25000 tons of soy we use, 99% is mainly used in animal feed. In 2018, we offset 39% of soy using credits from the RTRS.

---

**F6.4**

---

**(F6.4) Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and percentage of your production and/or consumption covered.**

**Forest risk commodity**

Timber

**Do you specify any certification scheme?**

Yes

**Certification coverage**

Consumption volume

**Third-party certification scheme**

FSC Chain of Custody  
FSC Controlled Wood  
FSC Recycled  
PEFC Chain of Custody  
Australian Forest Standard (AS 4708)  
Australian Chain of Custody Standard (AS 4707)  
American Forest Foundation Tree Farm System  
Other, please specify (verified alien invasive clearing scheme)

**% of total production/consumption volume certified**

85

**Form of commodity**

Hardwood logs  
Softwood logs  
Paper  
Primary packaging

**Volume of production/ consumption certified**

7800

**Metric**

Metric tons

**Please explain**

This is an estimation. WHL specifies that paper and wood products and packaging must be responsibly sourced, and recommends FSC as the best in class. WHL became a signatory to the Vancouver Declaration in 2017. Woolworths and Country Road Group has an ongoing commitment that 100% of copy paper, marketing material, including our in-house magazines and visual merchandising materials must be printed on recycled or CoC FSC / PEFC certified paper. We specify that Woolworths private label homeware products must contain wood from sustainable sources (FSC certified) where possible. These factors are monitored on an ongoing basis and included as part of a balanced scorecard. Country Road Group and Woolworths have developed Sustainable Packaging Guidelines for sourcing of packaging as well as marketing and visual merchandising. In addition, our real estate team has recently completed the development of their responsible sourcing strategy and specifies FSC, wherever possible but understand that there are challenges associated with this in South Africa. We have also established a network nominated packaging suppliers who share our vision and have targets that all of WW packaging board must be from responsible sources by 2020.

---

**Forest risk commodity**

Palm Oil

**Do you specify any certification scheme?**

Yes

**Certification coverage**

Consumption volume

**Third-party certification scheme**

RSPO Mass Balance

**% of total production/consumption volume certified**

50

**Form of commodity**

Refined palm oil  
Palm oil derivatives  
Palm kernel oil derivatives

**Volume of production/ consumption certified**

1000

**Metric**

Metric tons

**Please explain**

In the last year, 1000 tons worth of palm oil credits were purchased. Although Woolworths believes that 98% of all lines containing palm oil are sourcing RSPO palm oil, only 60% is so far certified as sustainable using a mass-balance system. We are working with suppliers to complete the necessary auditing and certification processes. We continue 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. It is our policy to avoid the use of unsustainable and untraceable palm oil, and we request that suppliers use RSPO in Woolworths products. Ultimately we wish to see all of our suppliers converting to a 'segregated' supply of RSPO-certified sustainable palm oil. A number of our remaining foods suppliers having begun to source mass balance RSPO palm oil but not yet completed their audits.

---

**F6.5**

**(F6.5) Do you specify any sustainable production/procurement standards for your disclosed commodity(ies), other than third-party certification? Indicate the percentage of production/consumption covered and if you monitor supplier compliance with these standards.**

**Forest risk commodity**

Timber

**Do you specify any sustainability standards?**

Yes

**Type of standard**

Please select

**Description of standard**

Woolworths and County Road Group are both signatories to the CanopyStyle pledge, and as such we are aiming to only source deforestation-free cellulosic fibers (viscose, rayon, Tencel, etc) by 2020. To date, just two suppliers have met Canopy's (rainforest alliance) audit requirements, although 9 out of the top 10 viscose producers have developed a deforestation policy in line with Canopy's standards. We have communicated with suppliers that we are working toward this commitments, and have indicated which producers are low, medium and high risk according to Canopy's Hot Button Report, and requested that preference be applied to low-risk producers. We will continue to update our sourcing requirements as producers progress.

**% of total commodity volume covered by standard**

100%

**Do you have a system in place to monitor compliance with this standard?**

Yes

**Type(s) of monitoring system**

Third-party auditing

Other, please specify (CanopyStyle / Rainforest Alliance audit)

**% of suppliers in compliance with standards**

<Not Applicable>

**Please explain**

Procurement standard

**Forest risk commodity**

Cattle Products

**Do you specify any sustainability standards?**

Yes

**Type of standard**

Please select

**Description of standard**

Procurement standard - Woolworths specify that leather comes from tanneries that are REACH (Registration, Evaluation, Authorisation and. Restriction of Chemicals) approved or abide by all the ISO 14000 standards.

**% of total commodity volume covered by standard**

41-50%

**Do you have a system in place to monitor compliance with this standard?**

Yes

**Type(s) of monitoring system**

Other, please specify (manual tracking process )

**% of suppliers in compliance with standards**

<Not Applicable>

**Please explain**

Most of our largest suppliers buy from tanneries that are REACH or ISO 14001, with 50% of our supply currently meeting these standards. At this stage, tracking is manual with certificates of compliance requested by relevant technologist upon entering into purchase agreements.

**F6.6**

**(F6.6) Are you working with smallholders to encourage and support best practices that aim to reduce or remove deforestation/forest degradation?**

	Are you working with smallholders?	Smallholders engagement approach	Please explain
Timber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm Oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle Products	No, not working with smallholders	<Not Applicable>	WHL works either directly with suppliers or are signatories to certification standards to support and encourage best practice in the sourcing of key commodities.
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F6.7**



**(F6.7) Are you working with your direct suppliers to support and improve their capacity to supply sustainable raw materials?**

	Are you working with direct suppliers?	Supplier engagement approach	Please explain
Timber	Yes, working with direct suppliers	Encouraging certification Supplier questionnaires on environmental and social indicators Workshops and training Technical support	Woolworths runs regular workshops with FSC (in 2015, 2016 and hosted a chain of custody workshop in February 2017), open to internal technical teams and also interested suppliers/ producers, and have also upskilled staff internally on FSC as a traceability system and packaging communications. We have also been engaging with clothing suppliers to determine traceability of cellulosic fabrics and have communicated our intent to them as part of the CanopyStyle pledge around responsible viscose sourcing. In addition, we hold supplier conferences on an annual basis, where we reiterate our responsible sourcing strategies to suppliers and seek to feedback in terms of progress. We communicate major developments with suppliers (e.g. Woolworths signing the Vancouver Declaration), and participate in communication campaign partnerships e.g. Canopy International Day of the Forests 2017.
Palm Oil	Yes, working with direct suppliers	Encouraging certification Encouraging work with multi-stakeholder groups Supplier questionnaires on environmental and social indicators Workshops and training Technical support	Over the past few years we have been engaging and working closely with our suppliers to ensure that they understand our commitment and procurement specifications around sourcing certified sustainable palm oil. We have sent out questionnaires to help map our supply chain as well as run workshops. We have requested that our suppliers develop plans and time-bound commitments for sourcing certified sustainable palm oil. In addition, we hold supplier conferences on an annual basis, where we reiterate our responsible sourcing strategies to suppliers and seek to feedback in terms of progress.
Cattle products	Yes, working with direct suppliers	Collecting data in central database Encouraging certification Supplier questionnaires on environmental and social indicators	We engage with suppliers in supply chain mapping exercises. This has not only led to increased traceability, but has played a positive role in increasing awareness and support for Leather Working Group accreditation within our supplier base. In addition, we hold supplier conferences on an annual basis, where we reiterate our responsible sourcing strategies to suppliers and seek to feedback in terms of progress.
Soy	Yes, working with direct suppliers	Collecting data in central database Encouraging work with multi-stakeholder groups Supplier questionnaires on environmental and social indicators	At this stage, our engagement has been limited to our first tier of suppliers in meat and poultry departments to understand the challenges associated with obtaining traceability in soy supply chains. In addition, we hold supplier conferences on an annual basis, where we reiterate our responsible sourcing strategies to suppliers and seek to feedback in terms of progress.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F6.8**

**(F6.8) Are you working beyond your first-tier supplier(s) to manage and mitigate forests-related risks?**

	Are you working beyond first tier?	Please explain
Timber	No, not working beyond the first tier	We do not have visibility beyond our first tier.
Palm Oil	No, not working beyond the first tier	We do not have visibility beyond our first tier.
Cattle products	No, not working beyond the first tier	We do not have visibility beyond our first tier.
Soy	No, not working beyond the first tier	We do not have visibility beyond our first tier.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>

**F6.9**

**(F6.9) Do you participate in external initiatives or activities to further the implementation of your policies concerning the sustainability of your disclosed commodity(ies)?**

**Forest risk commodity**

Timber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in industry platforms

**Initiatives**

<Not Applicable>

**Please explain**

We continue engaging with Canopy, with regards to how we can work towards a deforestation free supply of viscose and other cellulosic fibres. We are also engaging with suppliers of paper, pulp and timber products around sustainable timber sourcing, and our commitments for which we require their support.

---

**Forest risk commodity**

Palm Oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in industry platforms

**Initiatives**

<Not Applicable>

**Please explain**

For the past few years, we have worked with the six major palm oil refiners in South Africa to help physically secure a sustainable source of palm oil for our suppliers. We hold regular (annual) workshops with the various role players in the value chain and offered training on RSPO chain of custody. We also engage with the industry more broadly through our technical specialists participation in the RSPO complaints panel.

---

**Forest risk commodity**

Cattle Products

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in industry platforms

**Initiatives**

<Not Applicable>

**Please explain**

WHL became a member of the Leather Working Group in April 2017 and through Country Road Group, is also a participant in the Textile Exchange Beef and Leather working group. This is still in its infancy, with the objective of bringing together a diverse range of stakeholders to address issues within the leather and beef supply chain. In South Africa we have been engaging with the Department of Trade and Industry and a national cluster of factories to try and encourage an alternative source of local hide for our suppliers through imposing export duties. This alternative local supply would increase our ability to ensure traceability within our supply chain.

---

**Forest risk commodity**

Soy

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in industry platforms

**Initiatives**

<Not Applicable>

**Please explain**

We are a member of the RTRS, although engagement with the organisation to date has been limited. We have been in initial engagements with Soy SA around the development of a local sustainable soy market. This is still in its infancy however.

---

**F7. Linkages and trade-offs**

---

**F7.1**

---

**(F7.1) Has your organization identified any linkages or trade-offs between forests and other environmental issues in its direct operations and/or other parts of its value chain?**

Yes

## F7.1a

---

### (F7.1a) Describe the linkages or trade-offs and the related management policy or action.

#### Linkage/tradeoff

Linkage

#### Type of linkage/tradeoff

Decreased GHGs emissions

#### Description of linkage/tradeoff

As noted in our deforestation position statement: "WHL recognizes the environmental and social importance of safeguarding the world's last remaining ancient and endangered forests, as well as the role of reducing deforestation and forest degradation in mitigating climate change. Deforestation and forest degradation has led to the destruction of habitat for over half of the world's terrestrial plant and animal species, and contributes to an estimated 15% of global greenhouse emissions." As a retailer dependent on natural resources in the form of raw commodities and fresh produce, climate change presents a significant risk to the future of our business. We are therefore extremely cognisant of the linkage between the protection of high conservation value ecosystems (such as forests) and the potential to curb global GHG emissions through the protection of intact forest ecosystems.

#### Policy or action

As part of our Good Business Journey, Woolworths is dedicated to selling products that cause minimum harm to the natural environment, help maintain biodiversity and help improve the lives of workers in the supply chain. As part of this commitment, Woolworths is working to gain a better understanding of where commodities (such as wood products, palm oil, soy, and leather) sourced for our products or used in our business come from, and how we can work together with our suppliers and NGO partners (e.g. the World Wide Fund for Nature South Africa (WWF-SA), Canopy, the Roundtable on Sustainable Palm Oil, etc.) to ensure that they are sustainably sourced.

---

## F8. Verification

---

### F8.1

---

#### (F8.1) Do you verify any forests information reported in your CDP disclosure?

No, we do not verify any forests-related information reported in our CDP disclosure, and there are no plans to do so

## F9. Barriers and challenges

---

### F9.1

---

#### (F9.1) Describe the key barriers or challenges to avoiding forests-related risks in your direct operations or in other parts of your value chain.

##### Forest risk commodity

Timber

##### Coverage

Supply chain

##### Primary barrier/challenge type

Limited public awareness and/or market demand

##### Comment

To date we have not seen significantly high levels of interest from customers, government or other retailers in pursuing FSC certified materials with the chain of custody in South Africa. While it remains the right thing to do, we do experience challenges in converting our supply base to certification due to this lack of demand and perceived value for the additional cost and low volumes. When it comes to working with international suppliers, we have even less oversight and control over our supply chain and are often unable to find suppliers who have full chain of custody back to the source, or who understand our procurement specifications. We are a relatively small procurer, therefore, we have limited influence in being able to shift suppliers towards certification, to ensure a full chain of custody.

---

##### Forest risk commodity

Palm Oil

##### Coverage

Supply chain

##### Primary barrier/challenge type

Limited public awareness and/or market demand

##### Comment

As we have progressed our suppliers towards Mass Balance palm oil, we would eventually like to see a segregated supply of RSPO palm oil entering the county at an affordable rate. However due to very limited demand so far, the economics are currently not viable. Given that there is no regulation, there is only limited pressure on manufacturers to use CSPO.

---

##### Forest risk commodity

Soy

##### Coverage

Supply chain

---

**Primary barrier/challenge type**

Limited public awareness and/or market demand

**Comment**

Soy, is a key input into animal feeds, therefore shifting to a sustainable supply does not only require shifting our own suppliers but also the animal feed industry - in a way that does not increase input costs for our suppliers. This will require coordination and transformation across an entire industry that we are only indirectly linked to. As there is limited concern around the use of Soy in South Africa still from a consumer and government perspective, creating this shift may be challenging.

---

**Forest risk commodity**

Cattle Products

**Coverage**

Supply chain

**Primary barrier/challenge type**

Inexistent or immature certification standards

**Comment**

Lack of influence: Woolworths is a very small market player and in most cases we are unable to develop leathers. Most leathers we work with are stock leathers. For our bigger programs such as leather pumps we are able to influence the leather but yet again our volumes are extremely small. Lack of traceability and the difficulty in tracing products back to raw material source. I.e. - In many cases, particularly with leather, we need to first improve traceability within our supply chains, to get a better understanding of where we are currently sourcing raw materials from, where the key risks are, and opportunities to move towards more sustainable sources. Unfortunately, establishing the internal systems, management tools and systems to do this still remains a challenge. Lack of skills: development of local industry (e.g. leather processing) in South Africa is identified as one way in which we can considerably improve traceability but also reduce costs / risks to business associated with exchange rate fluctuations. Skills availability in the leather industry is a limiting factor to the development of a local leather cluster.

---

**Forest risk commodity**

Timber

**Coverage**

Supply chain

**Primary barrier/challenge type**

Cost of sustainably produced/certified products

**Comment**

We have ongoing challenges with the availability and price of sustainable timber products, particularly when sourcing from China, India, and other international suppliers, and especially when we use alternative suppliers to our ongoing supplier base, for 'once-off' limited edition ranges. We have experienced price premiums of up to 20-30% for FSC certified product. In the local market, the number of suppliers able to offer FSC chain of custody products is still limited. Without necessary government, regulatory and fiscal support, this is unlikely to change. We are also facing similar challenges in regards to sustainable cellulosic fabric sourcing since only one of the world's major viscose producers has completed the CanopyStyle audit. Although Canopy is making good progress in terms of obtaining commitments from the top 10 viscose producers, progress in terms of auditing for compliance is slow, meaning that we are not able to drive responsible sourcing to the extent which we would like to see.

---

**Forest risk commodity**

Cattle Products

**Coverage**

Supply chain

**Primary barrier/challenge type**

Cost and/or complexity of certification requirements

**Comment**

The cost of memberships, audit costs, and the premium for certified sustainable leather is a concern for WHL and our suppliers. We have also experienced some challenges with suppliers becoming certified due to their location –e.g. in areas where government has a combined water treatment unit for all tanneries and tanners are not allowed to have their own water treatment unit. This limits our ability to progress in meeting our third-party certification objectives.

---

**F9.2**

---

**(F9.2) Describe the main measures that would improve your organization's ability to manage forests-related risks.**

**Forest risk commodity**

Timber

**Coverage**

Supply chain

**Main measure**

Greater enforcement of regulations

**Comment**

In South Africa, there is no legislation pertaining to requirements for responsible materials sourcing. Regulation to improve traceability of timber products into SA (for example) would provide the necessary pressure to create a chain of custody systems locally to enable to sourcing of sustainable and traceable raw materials.

**Forest risk commodity**

Timber

**Coverage**

Supply chain

**Main measure**

Other, please specify (Costs of memberships and conferences)

**Comment**

Applicable to all commodities: Differentiated and localised membership and certification costs to enable access to the market for suppliers located in countries such as South Africa, where membership and audit costs may be significant given weak exchange rates. More conferences and workshops held in regional hubs. Most of the international conference and working group meetings for key deforestation risk commodities are held in Europe, Asia and America, which means that African business is to some extent excluded from attending such meetings and gaining access to key global / deforestation management stakeholders.

**F18. Signoff**

**F-FI**

**(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

**F18.1**

**(F18.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	Job Title	Corresponding job category
Row 1	Ian Moir (Woolworths Holdings Limited Group CEO)	Chief Executive Officer (CEO)

**Submit your response**

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

**Please confirm below**

I have read and accept the applicable Terms

---

**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](mailto:GoodBusinessJourney@woolworths.co.za)**

---