



WOOLWORTHS HOLDINGS LIMITED

2019 CDP Water submission for 2018 Financial Year

START

W0. Introduction

W0.1

(W0.1) 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 a 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 sustainable retailer in the Southern Hemisphere.

Water

An overarching component of our overall Good Business Journey strategy, water influences every operational aspect of our business right from the drinking and cleaning water used in our own stores to the water used to grow the cotton in our t-shirts. Beyond this, we continue to have a strong focus on water use efficiency in agriculture by virtue of the fact that agriculture uses a majority of the water resources in South Africa. We also continue to look deeper into how we can contribute to the resilience of others, including our suppliers and communities through collective action initiatives and by promoting sustainable production methods. Collaboration with suppliers and key strategic partners such as WWF-South Africa, the National Business Initiative and the United Nations CEO Water Mandate remains crucial.

Water stewardship continues to be an on-going strategic focus for Woolworths. The issue of groundwater usage is a growing concern in South Africa, which has experienced a proliferation of boreholes during the 2018 drought. Through our partnership with WWF-SA, we have been engaging with various key stakeholders in the Ceres valley to develop the necessary baseline for geohydrological conditions and irrigation consumption. The intention is to create a groundwater monitoring network to enable long-term sustainability of groundwater use in the catchment. We also continue to drive new innovations across our real estate, including water-efficient design, rainwater harvesting and use of alternate water supplies such as groundwater across our operations.

W0.2

(W0.2) 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

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

- Australia
- Botswana
- Ghana
- Kenya
- Lesotho
- Mauritius
- Mozambique
- Namibia
- New Zealand
- South Africa
- Swaziland
- Uganda
- United Republic of Tanzania
- Zambia

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Vital	Direct use of water in admin buildings, distribution centres (DC's) and stores for consumption, sanitation, cleaning and occasionally irrigation is essential for the functioning of the facilities and the health and safety of employees. We strongly believe access to water, sanitation and hygiene (WASH) services for the general well-being of employees is intrinsically linked to productivity (in both our direct operations and supply chains), Within the context of business success the importance of water use in our direct operations is very important. WHL suppliers' access to good quality freshwater is absolutely critical for us to be able to source produce and commodities required in both our Foods (Woolworths) and Clothing businesses (Woolworths, Country Road Group and David Jones). At Woolworths, we source over 90% of our food from within the Southern Africa, a relatively water scarce region compared to the world average. Therefore, our business continuity and sustainability is commensurate with the continued functioning of the agricultural sector and the availability of good quality (fit for purpose) water resources for our primary and secondary suppliers. We also recognize that our business success is linked to the continuous and adequate access to WASH services by the communities within which we operate. Local communities and economies are the backbone upon which our business success relies. We cannot over-state the importance of water to human well-being and the functioning of the ecosystem services in which local communities inter-depend.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Whilst our direct operations (stores, DC's and admin buildings) use predominantly municipal water, we are trying to reduce our dependence on treated water by supplementing water use with grey water and recycled water in our DC's (which tend to be more water intensive) for non-potable water uses. This will continue to grow in focus as uncertainty of supply and water tariffs increase, particularly in South Africa. Use of recycled water is considered important for both our Foods and Clothing supply chain, particularly in the face of increasing water scarcity in South Africa.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	76-99	78% of sites across the Group are metered
Water withdrawals – volumes from water stressed areas	76-99	Approximately 90% of water volumes in water stressed areas are metered
Water withdrawals – volumes by source	76-99	Water use in direct operations is monitored and measured by a real-time pulse-meter network installed in 78% of our sites which monitors municipal water withdrawals and groundwater at the head office. We do not actively monitor rain water harvesting in all our sites.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sectors]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	Not monitored	We use municipal water and are confident in the quality delivered. Water quality is not monitored. And groundwater is treated by Reverse Osmosis technologies. GW IS PURIFIED BY REVERSE OSMOSIS
Water discharges – total volumes	Not monitored	Whilst effluent disposal costs are tracked against water meter data for financial recoveries, we do not actively monitor and report discharge data since we do not discharge significant volumes of wastewater. All water from our direct operations is discharged via sewer to the relevant local municipal treatment facility.
Water discharges – volumes by destination	100%	All wastewater from our direct operations (predominantly sanitation) is discharged via sewer to the relevant local municipal treatment facilities.
Water discharges – volumes by treatment method	Not relevant	
Water discharge quality – by standard effluent parameters	Not relevant	Almost all wastewater from our direct operations is attributed to sanitation effluent, and some associated with cleaning washwater. We are not required to monitor discharge quality associated with these effluent streams.
Water discharge quality – temperature	Not relevant	
Water consumption – total volume	76-99	Water use in direct operations is monitored and measured by a real-time pulse-meter network installed in 78% of our sites. We do not directly measure discharge as it is estimated from effluent disposal costs from the municipalities, this allows us to estimate Water consumption.
Water recycled/reused	Less than 1%	Recycled water use is limited across our direct operations, however where we do use recycled water such as tray washing in the distribution centres we aim to measure it.
The provision of fully-functioning, safely managed WASH services to all workers	100%	We complete occupational hygiene audits on all of our facilities on an annual basis which ensure that all of our facilities provide fully functioning WASH services to all workers.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	695	Lower	Focus on water use efficiency and savings in the year across business, driven by drought in the Western Cape. Specific focus on high water using facilities, eliminating leaks, reducing pressure, changes in operational and cleaning processes and fixtures and fittings.
Total discharges	625	Lower	Focus on water use efficiency and savings in the year across business, driven by drought in the Western Cape. Specific focus on high water using facilities, eliminating leaks, reducing pressure, changes in operational and cleaning processes and fixtures and fittings.
Total consumption	70	Lower	As a result of lower withdrawals, focus on water use efficiency and savings in the year across business, driven by drought in the Western Cape. Specific focus on high water using facilities, eliminating leaks, reducing pressure, changes in operational and cleaning processes and fixtures and fittings.

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	85	About the same	WRI Aqueduct	Estimation based on WRI Aqueduct (medium high - extreme risk). % based on volume.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	10	About the same	A three million litre retention dam at the newly built 4-star rated Green Building in Cape Town collects rainwater from the new 33 920 metre facility which will eventually be treated using reverse osmosis technology for use in some of the building's operations.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater – renewable	Relevant	11.9	Lower	Ground water withdrawals decreased by 14% from 13,9 to 11.9 mega-liters . Lower production of renewable groundwater in year at head office due to drought.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	
Third party sources	Relevant	683	Lower	Focus on water use efficiency and savings in the year across business, driven by drought in the Western Cape. Specific focus on high water using facilities, eliminating leaks, reducing pressure, changes in operational and cleaning processes and fixtures and fittings.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	
Third-party destinations	Relevant	625	Lower	water from direct operations is only discharged through the municipality system.

W1.2j

(W1.2j) What proportion of your total water use do you recycle or reuse?

	% recycled and reused	Comparison with previous reporting year	Please explain
Row 1	1-10	About the same	We are currently trialing the use of recycled water for delivery tray washing at our Montague Gardens Foods distribution centre in Cape Town. The volume of water recycled is currently not being measured.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

- Yes, our suppliers
- Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

76-100%

% of total procurement spend

76-100

Rationale for this coverage

All Woolworths tier 1 suppliers are bound to Woolworths codes of practice and are required to comply, at the very least, with the minimum standards set on the codes. This is how we do business and in line with the Woolworths Good business journey strategy, tier 2 suppliers are also expected to follow good environmental practices and subscribe to environmentally-sound principles. We focus our engagement with key Woolworths Foods and some WHL Clothing suppliers that operate in areas of water stress. This encompasses almost all of our South African primary produce suppliers as well as around 65% secondary suppliers through the Farming for the Future program. We also engage suppliers through our green factory assessment programme which currently covers about 80% of foods suppliers by procurement spend. For the Clothing, Beauty, and Homeware business, we engage suppliers across the world inefficient water consumption and wastewater management in line with our chemical detox strategy.

Impact of the engagement and measures of success

Our flagship sustainable farming program, Farming for the Future, is a continuous improvement program, and through this, we use a Water Footprint Index to measure progress in regards to water efficiency on the farm and have seen year on year improvements in this. The success of the program is not only impacting our brand equity, lowered costs and entrenched the culture of resource efficiency (doing more with less) across the value chain, the impacts the local communities in terms of skills development jobs creation. Our Factory Assessments enable us to grade our suppliers based on their environmental management. We aim to drive progress in the areas most important to us (water being one of them) and improve scores of our supply base year on year. This program enables us to visibly map potential water risks within the supply chain.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Incentivizing for improved water management and stewardship

Details of engagement

Water management and stewardship is integrated into supplier evaluation processes
Water management and stewardship is featured in supplier awards scheme

% of suppliers by number

51-75

% of total procurement spend

51-75

Rationale for the coverage of your engagement

Coverage applies to Woolworths SA foods suppliers. Focus for Woolworths is primary farming and processing supply base in South Africa. Their access or lack thereof to good quality freshwater resources is of high strategic importance to Woolworths (since they operate in a water-scarce country).

Impact of the engagement and measures of success

We integrate Sustainability (Green Factory and Farming for the Future programs) into overall supplier scorecards - alongside elements including quality, delivery, cost, etc. This means that good performance on these programs is incentivized, as high scoring companies are likely to receive more business with Woolworths. i.e. We use these scores in the overall evaluation of a supplier in their supplier scorecards. Both initiatives have a strong water focus. Suppliers who are part of Farming for the Future score higher using our Green Factory Assessment are further rewarded with sustainability attributes for their products. We have a goal to have at least one sustainability attribute for every product we sell by 2020. We are observing a positive response from our customers towards Farming for the Future labeled products.

Comment

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Significant amounts of water and chemicals are used throughout the fashion supply chain, from the farming and production of raw materials to the wet processing, dyeing and manufacturing of garments. All Country Road Group manufacturers are required to adhere to our high ethical, social and environmental standards and sign the Environmental Code of Practice for the dyeing, printing, and finishing of merchandise supplied. This code aims to ensure that within existing technology, no dye or chemical used in the production of garments, fabrics, leather, and/or textile-related products present unacceptable health or environmental risk during manufacturing, use or disposal. This engagement makes it obligatory for effluent from each textile wet processing facility to be treated prior to discharge to a receiving water system either on-site or at an effluent treatment plant whose discharge content limits are regulated by a local and/or national governmental authority.

Impact of the engagement and measures of success

All the foregoing requirements naturally form part of an environmental impact review undertaken as part of a suppliers environmental management system. This is increasingly taking form through the implementation of informal internal systems that are built into the operating procedures of the suppliers to minimize the environmental impacts of the supplied products. With regards to addressing our water foot-print associated with the sourcing of key strategic raw commodities, Country Road Group has partnered with tanneries that are accredited to the Leather Working Group – an environmental standard which promotes best practice in chemical management and wastewater treatment. While cotton is the largest material used across Country Road Group and David Jones private label collections, the businesses have focused on supporting sustainable cotton farming practices which use less water and chemicals in the production process.

Comment

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Our rationale is two fold:

1. We recognize the role we have to play in stimulating the demand for responsibly produced products through marketing them to customers.
2. We have an important role to play in promoting the correct behavior when it comes to resource use, especially when it comes to water, as it is a limited and finite resource and a driver of local economies which are the backbone of our business success. Our main objective through these engagements is building capacity in the supply chain, as a means of improving social and environmental outcomes (this includes encouraging continuous improvement of water management) and to ensure non-negotiable adherence to our our businesses Codes of Practices.

Through our businesses Codes of Practices we are committed to upholding high social, ethical and environmental standards in the supply chain. This is underpinned by our strong value system (our value of 'sustainability' in particular) which is the foundation of our brand and is well integrated into the way we do business, measure performance and reward the right behavior. We are committed to ensuring that both Woolworths Holdings Limited (WHL) and our suppliers operate in a way that respects and protects the environment. Not only is this what our customers expect, but we believe that suppliers and business partners that share our values, and who are environmentally responsible produce the best quality goods.

We also communicate regularly through various media platforms and in-store on our water, commitments and progress to customers, employees and suppliers via our marketing and communication channels to help grow awareness among these stakeholders and position ourselves positively. In 2016/17 we ran an extensive communication campaign on saving water and launched a water-wise shopping cart, and water-wise aisle ends in response to the threat of "Day Zero" in Cape Town recognizing the critical role we play in the everyday lives of consumers.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and total financial impact.

Country/Region

South Africa

River basin

Berg-Olifants

Type of impact driver

Physical

Primary impact driver

Rationing of municipal water supply

Primary impact

Increased capital costs

Description of impact

Water is central to everything we do. Over 60 percent of all water consumed by our direct operations in South Africa can be attributed to stores alone. With our operations largely in areas where water remains a key risk in respect of availability and quality, we are continuously implementing innovative ways of ensuring that we can proactively mitigate against some of the negative impacts associated our operations. Our distribution centers are the most water-intensive facilities within our direct operations portfolio.

Primary response

Amend the Business Continuity Plan

Total financial impact

10000000

Description of response

Using our internal green building protocol to facilitate the incorporation of water-efficient measures at all our facilities, we continue to drive new innovations across our business, including water-efficient design, rainwater harvesting, and use of alternative water supplies, such as groundwater, across our operations. We also continue to implement air cooling technology for refrigeration and air-conditioning systems as well as dual-flush ablution facilities and timer-taps on basins. Where possible, we have installed greywater systems that help to retain as much water as possible on-site for reuse. In preparing for the likely event that we do run out of the water, we have focused on the installation of back-up water tanks at stores where the risk is high. At our distribution centers, we have focused primarily on installing rainwater harvesting technology to increase the reuse of rainwater. Woolworths has put reverse osmosis systems into operation at its Montague and Racecourse Gardens distribution centers in Cape Town. Using a three-step purification process, rainwater stored in reservoirs at the centers is filtered and used for ablution and tray washing.

Country/Region

South Africa

River basin

Berg-Olifants

Type of impact driver

Physical

Primary impact driver

Seasonal supply variability/inter annual variability

Primary impact

Increased production costs

Description of impact

We have a large fresh produce business, of which over 90% is sourced from South Africa. In the last few years, we have experienced persistent droughts across the country and this has impacted the areas where we grow and source our fresh produce.

Primary response

Adopt water efficiency, water re-use, recycling and conservation practices

Total financial impact

5000000

Description of response

Water availability and quality is a key component of the Farming for the Future programme and directly impacts the sustainability of our fresh produce suppliers as well as the cost of food. Woolworths uses a risk-based approach to identify where the critical hotspots are in the food supply chain to address the risks associated with water availability and quality. Various methods are used to assess a farmer's performance when it comes to water management using a custom measurement tool called the Water Footprint Index (WFI) that takes into account 116 parameters linked to water-use efficiency, wastewater, alien vegetation, and soil quality, among others, and helps to track an individual supplier's progress year on year. Water availability and quality also impact the sourcing of other raw materials. Through various water stewardship programs, we work with our value chain stakeholders to ensure water is managed efficiently, especially in the supply chain. Our goal is to establish at least one water stewardship program a year to increase collective action around water conservation in priority areas.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Enterprise Risk Management

Other

Tools and methods used

WBCSD Global Water Tool

WRI Aqueduct

WWF-DEG Water Risk Filter

Internal company methods

External consultants

National-specific tools or standards

Other, please specify (climate projections, FFF audits)

Comment

Water is a strategic assessment focus across the entire Woolworths Holdings Group; therefore it is included within the enterprise risk assessment process in all Group companies, as well as bi-annual Good Business Journey reviews with each business unit. The assessment process aims to be as thorough as possible, as therefore includes all of our direct operations. Our risk assessments include assessment of short term e.g. drought to long term e.g. climate change risks.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Enterprise Risk Management

International methodologies

Other

Tools and methods used

WBCSD Global Water Tool

WRI Aqueduct

WWF-DEG Water Risk Filter

Life Cycle Assessment

IPCC Climate Change Projections

Alliance for Water Stewardship Standard

Internal company methods

External consultants

Comment

Risk assessments primarily focused where we have good visibility, e.g. Woolworths Foods supply chain, which is well understood. Assessing supply chain risk in the clothing supply chain is more complicated however due to the complex and globalised nature of clothing manufacture – hence supplier risk assessment among our clothing suppliers is limited to a few key, strategic facilities at this stage.

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Other

Tools and methods used

Internal company methods

Comment

Water risks (and climate change) are included as a consideration when we are developing and reviewing strategies related to the sourcing of key raw material inputs e.g. cotton, cocoa, coffee.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization’s water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water is important to the business in both the running of our direct operations and the products we sell. We use internal company knowledge, and knowledge gained through interaction with farmers and suppliers in addition to tools such as South Africa’s National Water Information System (NWIS) and WWF risk filter to assess current risks. We also review publicly available research e.g. the South African Blue Drop report, to review risks associated with water quality and drinking water from a health perspective. We are beginning to engage as a business around the use of context-based targets.
Water quality at a basin/catchment level	Relevant, sometimes included	Irrigation water quality is a consideration in our sourcing of fresh produce, from a human health perspective. Continuous evaluation and monitoring are completed by buying and technology team. Through our Chemical Detox and Eco-Factories programmes we are working with our Fashion, Beauty and Homeware (FBH) private label suppliers in China, India, Bangladesh, Mauritius, Madagascar, and South Africa to not only ensure compliance but to improve the quality of effluents beyond compliance standards so to minimize the environmental impacts. Suppliers need to produce effluent permits and report on the water quality parameters that are monitored in situ.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Given that agriculture uses 60% of water resources in South Africa, it is critical that we identify any current or possible risks in relation to stakeholder conflict, particularly in the face of increasing water scarcity. Not managing these risks appropriately may impact our reputation and social licence to operate. We rely on our Risk and Governance and Corporate communications and PR teams as well as buyers and technical teams to identify and evaluation stakeholder risks, and engage directly with farmers on such issues in our Farming for the Future audits to identify possible catchment / community conflict.
Implications of water on your key commodities/raw materials	Relevant, always included	Availability of raw materials required for our Foods and Clothing products (produce, meat, coffee, cocoa, soy, palm oil, and cotton, etc.) is extremely important to ensure the profitability and longevity of our business. Aside from internal technical knowledge of buying teams, we work with strategic partners such as WWF to identify implications of our operations and our products on water use as well as and vice versa through life cycle assessments and other strategic research projects. Broadly we use the Water Risk Filter is a useful tool to evaluate commodity-specific risks. For some commodities, we rely on input from industry associations/assurance providers such as the Better Cotton Initiative (BCI) and UTZ (cocoa) to feed into our risk management processes.
Water-related regulatory frameworks	Relevant, always included	Our internal Risk, Legal and Compliance teams continually assess changes to regulatory regimes, water pricing forming a component of the internal knowledge base that we rely on. Broadly we use tools such as the Water Risk Filter to identify high level risks from a regulatory capacity standpoint. At a more detailed level, we assess risks in relation to changes in water-use allocations and water use licencing through our farming for the Future programme, and are engaged around the subject of water tariffs through our partnership with the National Business Initiative.
Status of ecosystems and habitats	Relevant, always included	Biodiversity impacts and their interaction with water issues are particularly important in our Foods supply chain. Through Farming for the Future we are able to assess the impacts of a farm on local level biodiversity and ensure a certain standard of ecosystem stewardship. In addition through work with WWF (and various other organisations) we are able to identify ways we reduce these risks at a local level, for example through supporting alien vegetation clearing. Tools such as the SA Vulnerability Atlas provide a good understanding of the implications of climate change on biodiversity an ecosystems.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	We acknowledge and uphold the human right to water, sanitation and hygiene and ensure that all of our facilities maintain strict standards for hygiene. Woolworths is a signatory to the WBCSD WASH at the workplace. All of our facilities are required to operate in accordance with strict health and safety requirements, and are regularly audited against these requirements. We have utilized the WASH Self Assessment tool to assess our initial risk exposure. Our suppliers and service providers are bound by the Woolworths Code of Business principles and our first tier suppliers undergo an Ethical Audit a third party auditor. Hygiene is one component of this audit and ensures that all suppliers have.
Other contextual issues, please specify	Please select	

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	We have seen a remarkable increase in interest from our customers in relation to water particularly due to the water scarcity issues currently being faced in South Africa. It is critical that we consider this in the development of new products, suppliers and stores to minimise reputational and brand risk and also ensure that we communicate our progress and commitment to water management. We engage with customers on a continual basis through variety of media and communications channels, including in-store plasma screens, social media and traditional marketing). see: https://www.woolworths.co.za/recipe/_JA-cmp209179
Employees	Relevant, always included	Access to clean water for our employees is fundamental to the operation of the business, therefore the risk of employees not having access to water is always factored into our risk assessments. We work with our employees in creating awareness around water issues at work and in the home through training, communications and competitions on an ongoing basis.
Investors	Relevant, always included	Woolworths is committed to improving disclosure about the financial and material risks posed by water issues and our own usage reduction strategies on behalf of investors, and also responding to concerns raised by them. We report related data through the CDP, annual sustainability reporting and a variety of other benchmarking indices on an ongoing basis.
Local communities	Relevant, sometimes included	We have seen an uptick in interest from communities we operate in, particularly during the drought and water restrictions and as such are increasingly looking at our business in the context of local water users and our 'right to operate'. We also monitor community risks among our supply base and view our water stewardship and farming for the future projects as being one way we can promote collective thinking and cooperation among catchment users. This engagement occurs in stores (through water messaging and awareness drives), via media e.g. TV, radio and news or at project level workshops, e.g. as part of our Water Stewardship community meeting.
NGOs	Relevant, always included	NGOs play an important role in communicating the expectations of stakeholders to Woolworths and the retail industry more generally; as such they are factored into our risk assessments. We engage with NGOs at shareholder and public or scheduled meetings as and when the need arises, as well as through structured partnerships with WWF-SA, catchment management agencies and others.
Other water users at a basin/catchment level	Relevant, sometimes included	Given that agriculture uses 60% of all of South Africa's water resources and that risk within a catchment is a factor of available supply vs demand, it is important to understand the nature of dependency of other water users in a catchment particularly within our Foods supply chain. As part of our Ceres water stewardship project in collaboration with WWF-SA we are engaging water users around the use of groundwater, which an emerging risk as a result of the drought. We recognize our unique position in the value chain to be able to bring together water users and suppliers in order to address water risks.
Regulators	Relevant, always included	We are increasingly engaging with water regulators (e.g. the national Department of Water and Sanitation (DWS), and the Department of Agriculture and Forestry (DAFF) at the policy discussion level, in aligning our approach in support of national objectives as well as sharing industry insight. This engagement occurs both on an adhoc basis, as well as scheduled stakeholder engagement seminars.
River basin management authorities	Relevant, sometimes included	In South Africa we have been working with the oldest and best functioning Catchment Management Authorities (CMAs) in the country through our Ceres Water Stewardship project. The legal and policy framework for the future of CMAs in South Africa is uncertain however.
Statutory special interest groups at a local level	Relevant, sometimes included	This is included on an ad-hoc basis as projects require.
Suppliers	Relevant, always included	We work across our supply chain to manage risks associated with fresh water and wastewater and are committed to improving practice at the supplier level. At Woolworths, we work with Foods suppliers directly through the Farming for the Future and the Green Factories programme aimed at primary producers, and scheduled supplier training and development. Clothing suppliers are engaged by relevant technical experts within the business who are working to eliminate use of certain chemicals through our Eco-Factories and Detox programmes on an ongoing basis.
Water utilities at a local level	Relevant, always included	Where necessary we engage with utilities at a local level around tariffs, billing and infrastructure projects (including Rand Water and Umgeni Water). Typically this engagement is on an as-needed basis at present, or via work being completed by our partner organisation the National Businesses Initiative related to water pricing. We also support and engage with local municipalities on a regular basis, e.g. City of Cape Town Water and Waste Forum. The forum is aimed at sharing practical knowledge and support for taking action amidst the water scarcity climate and other environmental issues prevalent at the Cape Town Metro in which we are headquartered. In the 2018 FY Woolworths participated and was represented by its Group Head of Sustainability.
Other stakeholder, please specify	Relevant, always included	Media: To enable communication of water awareness programmes and initiatives we engage the media on a regular basis. e.g. In the current year we incorporated water messaging into the local Business Day magazine. Scholars: Woolworths is committed to water conservation education to the 'customer of tomorrow' through providing educational resources to schools within the Making The Difference programme. Though this programme we ran a competition for all primary school learners in celebration of National Water Week 2016 and 17 where schools were required to produce water savings posters and the winning school was awarded with a tank for rainwater harvesting.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Water risk assessment process aims to be as thorough as possible and includes all of our direct operation and suppliers where we have good visibility e.g. Woolworths Foods supply chain, which is well understood (basin-level assessment). Our clothing supply chain is more complicated due to the complex and globalised nature of clothing manufacture – hence supplier risk assessment among our clothing suppliers is limited to a few key, strategic facilities (regional-level assessment).

We rely on a number of methods to assess water risks at a medium-long time horizon. For direct and local suppliers we assess risks as a basin level using available datasets WRI Aqueduct, NWIS and long term climate projections (CSAG). In our supply chain, we also rely on internal buyers and technologists who engage regularly with farmers, suppliers and other stakeholders. At a value chain level, we use life cycle analyses to assess product life cycle impacts which enable better understanding of sourcing decisions and strategies.

Water is included in biannual BU reviews with Head of Sustainability. Where risks are significant they will be incorporated into WHL's enterprise risk management framework. Dedicated risk teams conduct a risk assessment with EXCO's annually. The methodology assesses risks on an exposure and controlled residual basis, where mitigation measures are taken into account. The risk assessment is reviewed with the relevant risk owner on a quarterly basis to assess any exposure/mitigation changes taking into account various scenarios. Risks are assessed in terms of their impact on our core function i.e. ability to trade as a retailer given our operational context, and brand reputation.

Water risks identified the foods supply chain resulted in the investment in our Farming for the Future programme. This level of understanding informs sourcing strategies e.g. guided suppliers away from growing water intensive produce in water stressed areas. It also guides strategies for raw materials e.g. cotton.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic 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%) and a loss in BU profit of between 2.5 - 7.5%, through to a "possible" likelihood (31-50%) 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.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	26	1-25	Applies to buildings fundamental to business continuity: Foods distribution centres, head-office as well as key strategic stores identified as at risk. The Western Cape (in particular the Cape Town Metropole and surrounds) is currently a declared disaster area due to the drought, the impacts of which are expected to pervade over the next few years. Climate change projections also indicate a general drying trend in the Western Cape.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive impact on your business, and what is the potential business impact associated with those facilities?

Country/Region

South Africa

River basin

Breede-Gouritz

Number of facilities exposed to water risk

27

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-25

Comment

This applies to buildings fundamental to business continuity: distribution centres, head-office as well as key strategic stores identified as at risk in the Western Cape (in particular the Cape Town Metropole and surrounds) has experienced severe drought, the impacts of which are expected to pervade over the next few years. Climate change projections also indicate a general drying trend in the Western Cape.

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

South Africa

River basin

Breede-Gouritz

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Disruption to sales

Company-specific description

The South African drought was declared a national disaster in early 2018, with the Western, Eastern and Northern Cape provinces hardest hit. The Western Cape (Breede - Gouritz Water Management Area) is where Woolworths head office and two major distribution centres and over 11 000 employees are located, experienced its lowest dam levels ever in early 2018, resulting in extreme water restrictions (50 litres per person per day) and a real possibility of the city and surrounds "running out of water". This has been proclaimed as the 'New Normal', as climate change scenarios indicate the Western Cape is likely to become drier in the future, this combined with an anticipated continued seasonal and long-term influx of people will mean less available water resources into the future. In our own operations, water is vital for sanitation, cleaning and for various processes in our stores, head office and distribution centres, including cleaning and refrigeration and use in WCafés and interactive areas. The threat of Day Zero served to demonstrate how at-risk our business is to have no water. At a basic level, operations need water to meet health and safety requirements. Beyond this, water is required in all parts of the value chain to operate a store (e.g down to the fuel needed to run distribution trucks). The inability of 73 stores, plus several strategic admin buildings in the Western Cape to trade would have a severe impact on the Woolworths brand and profitability.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-high

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

We have not quantified the financial impact.

Primary response to risk

Increased capital expenditure

Description of response

Given the extent of water risks in the Western Cape which is one of the most "at-risk" provinces now and in the future when it comes to water scarcity, and the number of strategic buildings located here, we have detailed mitigation strategy in place, including the following: - Installation of uninterrupted water supply tanks in all stores. R3m. - The water supply agreement with logistics partner in the event that water supply is cut off on a longer-term basis. - Upscaling rainwater harvesting systems, a total of 15 stores have been fitted with rainwater tanks in this area and we have recently installed 15kl capacity at our Financial Services head office. - Development of a formalized cleaning procedure for stores to maintain sanitation and cleaning in stores, minimizing the use of potable water. - Installation of a groundwater system (with Reverse Osmosis purification capacity) at our Cape Town distribution center, and expanding head office 1.4 ML groundwater treatment plant capacity - Replacing water-cooled refrigeration at DC with the air-cooled system. - Water recycling at equipment washing station implemented. We were an active participant of the NBI's drought task force and took part in numerous City of Cape Town workshops to assist in the development of City disaster management plans. Green Building Programme e.g. new 4 Star rated DC includes 3 million liter rainwater retention dam.

Cost of response

10000000

Explanation of cost of response

This is capital expenditure for off-the-grid water projects, including tanks, boreholes and water purification systems.

Country/Region

South Africa

River basin

Other, please specify (All catchments in which we operate)

Type of risk

Regulatory

Primary risk driver

Higher water prices

Primary potential impact

Increased operating costs

Company-specific description

As in the case of the City of Cape Town, demand management dropped water consumption by 45% (R2 billion p.a. shortfall). In order to fund augmentation projects and keep up with required maintenance, tariffs had to be significantly increased and punitive charges for high water users implemented. This has resulted in a significant increase in Opex relating to the purchase of water for WW. It also puts additional cost pressures on our customers, who are already fighting the escalating cost of living.

Timeframe

4 - 6 years

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

We have not quantified the financial impact.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices (We enrolled water efficiency projects in our buildings and water re-use in key operations .)

Description of response

We consider risks associated with water availability and quality in the evaluation of new real-estate or expansion opportunities (including water-efficient fixtures and fittings, water-wise gardens, rainwater harvesting, etc.) and are guided by our Green Building protocol to ensure that real-estate is meeting international best practice for building sustainability. We currently have 143 Green Stores in our portfolio (around 1/3 of SA stores) and are looking to expand this. In some cases, we have been required to respond to immediate risks of water shortages by retrofitting buildings with water storage capacity for uninterrupted supply. In light of the risks associated with the drought, our buildings specifications have been updated to ensure this is always the case. We have also invested in groundwater and treatment facilities at our head office and distribution centers.

Cost of response

3000000

Explanation of cost of response

Approximately ZAR 3 million per annum based on annual CAPEX expenditure.

Country/Region

South Africa

River basin

Other, please specify (All catchments in which we operate)

Type of risk

Physical

Primary risk driver

Severe weather events

Primary potential impact

Constraint to growth

Company-specific description

Water-related impacts (increasing propensity towards 1 in 30 or 1 in 100-year weather events including drought, storms, and heatwaves) as a result of climate change, due to a global failure to meet necessary greenhouse gas reductions to remain below the 2C threshold. This risk has been heightened as a result of political uncertainty and the USA pulling out of the Paris accord. Applies to our own operations and supply chain.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-high

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

Extremely difficult to estimate this due to the scale and complexity of impacts that could be experienced.

Primary response to risk

Engage with regulators/policymakers

Description of response

We are working as part of a business collective through the We Mean Business commitment (climate and water) as well as the NBI to drive the partnership between business and government. We have developed a strong climate change response strategy and are developing a Science-Based Target to ensure that our goals are in line with required international benchmarks. We are also supporting broader advocacy and awareness through our partnership with WWF-SA and also through engaging with Greenpeace on their renewable energy in retail campaign.

Cost of response

50000000

Explanation of cost of response

Approx R50 million based on current expenditure on energy efficiency and climate change mitigation but very difficult to estimate based on scale and types of responses required.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

South Africa

River basin

Breede-Gouritz

Stage of value chain

Supply chain

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Supply chain disruption

Company-specific description

The Western Cape province has experienced severe water restrictions in agriculture (60% reduced allocations). Climate change scenarios indicate the Western Cape is likely to become drier in the future, this combined with an anticipated seasonal and long-term influx of people will mean less available water resources. We have a large number of suppliers in this catchment area, and given their reliance on a large portion of the catchment's available freshwater supply, are at high risk from water restrictions and supply limitations. The impact on Woolworths could be deterioration in product availability, price inflation and deterioration in product quality.

Timeframe

Current - up to 1 year

Magnitude of potential financial impact

High

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

Based on analysis of Western Cape Suppliers, accounts for sales from most at risk farms (17% of total)

Primary response to risk

Other, please specify (Investment in Water Stewardship)

Description of response

A detailed review of catchment suppliers has been completed taking into account long and short term drought resilience mechanism and drought exposure. A number of high-risk suppliers (17% of total) were identified (worth R80 million in supply), and are continuously being assisted in terms of ensuring necessary mitigation plans are in place. In the longer term, we are working with farmers through various programmes including Farming for the Future, and water stewardship projects. e.g. We continue to work with WWF-SA in a water stewardship partnership with the primary aim to increase the resilience of farmers to climate shocks in the future. Through these programmes our intention is to promote water-efficient farming methods through a process of continual improvement, measuring and monitoring as well as collective action and engagement. We also fund an ongoing alien invasive plant clearing project in this catchment. AIPs reduce stream flow by around 7% in South Africa.

Cost of response

5000000

Explanation of cost of response

Based on costs of water stewardship and farming for the future initiatives, actual costs a lot higher (given business resources required to coordinate) but difficult to estimate.

Country/Region

South Africa

River basin

Other, please specify (All Water Management Areas in SA)

Stage of value chain

Supply chain

Type of risk

Physical

Primary risk driver

Severe weather events

Primary potential impact

Supply chain disruption

Company-specific description

We are already seeing the impacts of climate change resulting in more extreme weather events and increased inter-annual variability across the whole of South Africa. Food and commodity production can be impacted by droughts or flooding in growing areas, affecting availability and driving prices up. Shortage of products due to droughts, flooding or poor water quality will affect availability, driving up prices, and resulting in lost sales potentially.

Timeframe

1 - 3 years

Magnitude of potential financial impact

Medium

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

We have not quantified the financial impact. We source over 90% of fresh produce in South Africa, given the unpredictable nature of severe weather events and this is extremely difficult to estimate, but the impact could be significant.

Primary response to risk

Tighter supplier performance standards

Description of response

Our strategy is to develop long term relationships with our suppliers through our Farming for the Future. This is Woolworths system to ensure continuous improvement in farming practices and suppliers performance across a host of different performance areas, of which water and wastewater is a key component. FFF approaches farming holistically, linking biodiversity management, soil health and water management to good farming practice. Healthy soil retains more water so there is less run-off into water systems, and less need for using pesticides and fertilisers. The Programme was started 9 years ago and now extends to 132 of primary suppliers in the produce, horticulture, dairy and wine suppliers, and approximately 195 secondary suppliers, at a cost of R8.5 million per year to Woolworths. Our clothing and food buyers work to limit risks associated with seasonal or long term droughts by diversifying supplier regions, for individual commodity lines. We are in the early stages of setting up a water stewardship project in the Limpopo basin which is one of our key risk hotspots.

Cost of response

5000000

Explanation of cost of response

Potential additional expenditure over and above expenditure on farming for the future and water stewardship projects

Country/Region

South Africa

River basin

Other, please specify (catchments where we source from)

Stage of value chain

Supply chain

Type of risk

Reputation & markets

Primary risk driver

Negative media coverage

Primary potential impact

Company brand damage

Company-specific description

We have seen an uptick in concerns around the concept of "toxic fashion", following the Greenpeace expose around the use of harmful chemicals in the processing of textiles. All of our clothing businesses have reputational risks related to poor practice or mismanagement by garment suppliers in the use of dyes and chemicals in garment manufacture, associated wastewater management from factories which are predominantly located in Asia. There is a risk that WHL's brand could be damaged should we be linked to suppliers who are manufacturing or purchasing raw materials in environmentally harmful way.

Timeframe

1 - 3 years

Magnitude of potential financial impact

Medium

Likelihood

Unlikely

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

Difficult to estimate potential size of financial impact from a reputational risk. at this stage

Primary response to risk

Tighter supplier performance standards

Description of response

All of our clothing businesses including Woolworths, Country Road Group and David Jones have developed strategies to meet our Detox commitment to phase out 11 priority chemicals from the garment manufacturing process. All businesses have codes of practice in place and are engage with suppliers and third party assurance providers (such as OEKO-TEX 100) to meet these requirements. In addition we have invested in training of Woolworths buyers and technical teams to identify possible non-compliance's during factory visits. We also subscribe to third-party certification schemes in the procurement of raw materials e.g. leather and cotton. We are members of the Leather Working Group, Textile Exchange and Better Cotton Initiative to ensure that raw materials used are produced in an environmentally responsible way. We have set a group commitment to source 100% sustainable cotton by 2020. To support Good Business Journey objectives in relation to water risk, we have also developed our own technical training module to assist clothing buyers in the identification of potential water and wastewater hazards in clothing factories as part of Woolworths Merchant Academy. As a result of these types of initiatives, our staff are better informed and aligned to the overall business strategy. All Woolworths fashion buyers and technologists have completed the assessment.

Cost of response

10000000

Explanation of cost of response

Based on the costs of memberships , other associated costs and resources are difficult to estimate.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Through roll out of Improved monitoring via a real-time metering, focus on water awareness and training with employees and investment in water harvesting, storage and recycling technologies we have reduced the amount of water used in our operations since 2007, and have also improved the accuracy of billing thereby leading to significant savings from billing recoveries. Water management KPIs have also been incorporated into the balanced scorecards (linked to financial incentives) of our real estate, stores, distribution centre and sustainability teams regarding operational water reduction targets in all Group companies. Woolworths sends detailed reports to every facility on a monthly basis indicating how the store/ DC/ admin building is performing against its specific format benchmark (per m2). Supplier water efficiency targets are built into the scorecards of our Food and Clothing sourcing and technology teams. The influence of KPI's has led to greater visibility and focus on water as a key material issue, with the outcome being progress towards our water reduction commitments.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

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

We have not quantified the financial impact. Changing water practices in our own operations to be more efficient will enable us to withstand water scarcity and quality challenges, and reduce costs, particularly with anticipated increases in water costs. We are realising this opportunity through increased investments in infrastructure to allow better monitoring through metering, and water efficiency. The strategy is being implemented as part of our Good Business Journey, and through training of staff combined with more general awareness-raising. The scale of the opportunity is significant, particularly as we are seeing a move towards substantially higher water prices in SA. We have saved R9 million in 10 years from implementing water efficiency strategies

Type of opportunity

Products and services

Primary water-related opportunity

Sales of new products/services

Company-specific description & strategy to realize opportunity

Our Good Business Journey is a source of innovation in our products. In 2020, we have set a target to ensure that every product we sell has at least one sustainability attribute, which may include, inter alia: production in an energy and water efficient factory, made with eco-chemicals, new manufacturing processes that reduce water use, inclusion of recycled content, among others. We have developed a number of products that offer customers the chance to tread lighter on the environment, such as Farming for the Future products, recycled polyester clothing (uses less water); recycled polyester jeans made with eco-chemicals (and free from sandblasting) as well as phosphate free washing detergents, among many others. In the year we developed a new range of bath products in response to the drought, designed to be quick rinse and grey-water safe (for use in the garden). We believe that the high levels of sustainability awareness amongst our customers, coupled with concerns about water scarcity and quality challenges in SA, will create a strong market for water efficient products.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

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

We have not quantified the financial impact.

Type of opportunity

Markets

Primary water-related opportunity

Stronger competitive advantage

Company-specific description & strategy to realize opportunity

We have done significant research on water-related risks in certain key catchments, but the on the ground information found our suppliers were up to three times more water efficient regarding the product concerned, than the global average for these products (e.g. peaches). This enables us to work with the suppliers on a broader catchment level rather than divest from risky regions. We are also looking at longer term water impacts on regions to identify other sourcing opportunities in water-rich areas elsewhere in Africa. Through working with suppliers to reduce water use, improve waste water management; and address wider-catchment level risks through collective action in water stewardship initiatives we are able to improve the resilience of our supply chain against future supply risks and therefore materially benefit the future of our business.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

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

We have not quantified the financial impact.

Type of opportunity

Other

Primary water-related opportunity

Other, please specify (To make strides against SDG 6 through collaborative efforts)

Company-specific description & strategy to realize opportunity

Realization that water is not only central to our business continuity, but is largely of strategic importance in our supply chains, to the functioning of ecological systems, a driver of local economies and also a prerequisite for human well-being. Given the increasing competing water need, it has become clearer to us that isolated and unilateral approaches are inadequate towards addressing the inherent complexities in water challenges. Instead, actions to address water related problems requires collective and concerted efforts between the communities, both private and public sector including civil society organisations and local stakeholder representatives at all levels. This proposition has given us an opportunity to forge working relationships with broader society. As a signatory of the UN-Global Compact , Woolworths has been proactive in supporting and participating in various stakeholder alliances so to encourage collective action towards addressing complex water challenges and realize positive water outcomes at scale and inline with global goals i.e. SDG6 We are working with WWF-SA, UN CEO Water Mandate and the National Business Initiative (NBI) for the advancement of context based water targets in South Africa. In 2017 we funded an NBI study to identify cross-sectoral and cross country water stewardship linkages between large SA corporations. We are also engaging the WRI on enterprise-wide water targets .

Estimated timeframe for realization

>6 years

Magnitude of potential financial impact

Medium

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

We have not quantified the financial impact.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, total water accounting data and comparisons with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Head office complex

Country/Region

South Africa

River basin

Berg-Olifants

Latitude

-33.9

Longitude

18.4

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

18.42

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

16.58

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

1.84

Comparison of consumption with previous reporting year

Lower

Please explain

Significant water savings gained in year due to water saving campaign efforts and new processes implemented to minimize water usage following a severe water shortages in the Berg Olifants WMA in the Western Cape province that prompted up to level six water restrictions in the Cape Town Metro. Please note our reporting period have been amended from calendar year to financial year.

Facility reference number

Facility 2

Facility name (optional)

Montague Gardens Distribution Centre

Country/Region

South Africa

River basin

Berg-Olifants

Latitude

-33.9

Longitude

18.5

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

11.63

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

10.46

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

1.2

Comparison of consumption with previous reporting year

Much lower

Please explain

Significant water savings gained in year due to water saving campaign efforts and new processes implemented to minimize water usage following a severe water shortages in the Berg Olifants WMA in the Western Cape province that prompted up to level six water restrictions in the Cape Town Metro.

Facility reference number

Facility 3

Facility name (optional)

25 food stores in the Western Cape

Country/Region

South Africa

River basin

Berg-Olifants

Latitude

Longitude

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

38.3

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

34.6

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

3.7

Comparison of consumption with previous reporting year

About the same

Please explain

The stores formats in terms of Gross Leasable Area (GLA) have not been altered. Significant water savings gained in year due to water saving campaign efforts and new processes implemented to minimize water usage following a severe water shortages in the Berg Olifants WMA in the Western Cape province that prompted up to level six water restrictions in the Cape Town Metro.

W5.1a

(W5.1a) For each facility referenced in W5.1, provide withdrawal data by water source.

Facility reference number

Facility 1

Facility name

Head office complex

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

9.93

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

8.46

Comment

At Head Office, we're tapping into an underground water source (Table Mountain Group Aquifer). After consulting with the municipality and a range of experts, we installed a ground water treatment system a number of years back. This water is used to flush toilets, and for our cooling towers. This way, we're saving the Cape Town municipality over 10 million litres of potable water every year. This site is only licensed by the City of Cape Town to use the groundwater for non-potable purposes although all withdrawals are treated to potable levels and regularly quality checked by an accredited laboratory.

Facility reference number

Facility 2

Facility name

Montague Gardens Distribution Centre

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

2.6

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

9.03

Comment

Borehole Water is utilized to augment municipal water supply. Groundwater from the Table Mountain Group Aquifer is pumped into a 80 kilolitres reservoir, which allows for 12 hours of raw water storage. This water is subsequently drawn from the reservoir and transferred to the water treatment plant which consists of a pre-filtration and ozonation system followed by a Reverse Osmosis system. The treated water is used for tray washing. These trays are used for the delivery of Food products to stores and are required to be washed after every use.

Facility reference number

Facility 3

Facility name

24 food stores

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0.4

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

37.9

Comment

As a tenant in most of the sites we are operating in, we are dependent on landlord buy-in to achieve our sustainability goals. This includes the installation of rainwater harvesting systems. Currently in the Western Cape, Food stores utilising piped municipal water account for roughly 99% of our withdrawals, and the additional 1% is harvested rainwater. We continuously engage our landlords, with the goal of increasing our rainwater harvesting capacity.

W5.1b

(W5.1b) For each facility referenced in W5.1, provide discharge data by destination.

Facility reference number

Facility 1

Facility name

Head office

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

16.58

Comment

All wastewater from our direct operations (predominantly sanitation) is discharged via sewer to the relevant local municipal treatment facility.

Facility reference number

Facility 2

Facility name

Montague Gardens DC

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

10.46

Comment

All wastewater from our direct operations (predominantly sanitation) is discharged via sewer to the relevant local municipal treatment facility.

Facility reference number

Facility 3

Facility name

25 food stores in the Western Cape

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

34.6

Comment

All wastewater from our direct operations (predominantly sanitation) is discharged via sewer to the relevant local municipal treatment facility.

W5.1c

(W5.1c) For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name

Head Office

% recycled or reused

None

Comparison with previous reporting year

Please select

Please explain

Currently we do not recycled or re-use water in our administrative buildings, as water is only used for drinking, sanitation and hygiene.

Facility reference number

Facility 2

Facility name

Montague Gardens Distribution Centre

% recycled or reused

1-10%

Comparison with previous reporting year

About the same

Please explain

Recycled water use is limited across our operations, however where we do use recycled water, in activities such as tray washing, we aim to measure it the near future.

Facility reference number

Facility 3

Facility name

25 food stores in the Western Cape

% recycled or reused

None

Comparison with previous reporting year

Please select

Please explain

Currently we do not recycled or re-use water in our stores, as water is only used for drinking, sanitation and hygiene.

W5.1d

(W5.1d) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified
76-100

What standard and methodology was used?

Assurance procedures followed in accordance with ISO14064-3 (2006)

Water withdrawals – volume by source

% verified
76-100

What standard and methodology was used?

Our water withdrawals are independently audited as part of our Carbon Footprint report by GCX . The verification is carried out in accordance with the International Standard ISO 14064-3 (2006) 'Specification with guidance for the validation and verification of greenhouse gas assertions'.

Water withdrawals – quality

% verified
Not verified

What standard and methodology was used?

Water discharges – total volumes

% verified
Not verified

What standard and methodology was used?

Water discharges – volume by destination

% verified
Not verified

What standard and methodology was used?

Water discharges – volume by treatment method

% verified
Not verified

What standard and methodology was used?

Water discharge quality – quality by standard effluent parameters

% verified
Not verified

What standard and methodology was used?

Water discharge quality – temperature

% verified
Not verified

What standard and methodology was used?

Water consumption – total volume

% verified
Not verified

What standard and methodology was used?

Water recycled/reused

% verified
Not verified

What standard and methodology was used?

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

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

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	WHL has a publicly available Position Statement (available on our website: http://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Water_Position_Statement.pdf) and it provides the overall vision for water management - intended to provide stakeholders with a consolidated view of our commitments. The position statement extends to both direct operations and the supply chain – where we recognise a significant proportion of our water impacts to reside. We commit to driving better performance through our own operations and supply chain.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-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. water 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. These independent directors each have significant expertise and experience in a range of corporate sustainability issues.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy 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 leader in retail where it has operational presence. 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.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Group Director: Marketing&Sustainability)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

Progress towards meeting water targets and goals are monitored at an operational level by the executive committee and championed by the Group Director: Marketing and Sustainability. The management and coordination of sustainability across all our operations sit with the Group Head of Sustainability., who reports into the Group Director: Marketing and Sustainability.

Name of the position(s) and/or committee(s)

Sustainability committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, funding research organizations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

WHL is a member of the United Nations Global Compact CEO Water Mandate. Through this, we have become a participant in a pilot project for setting context-based targets for water. This pilot project will also assist us in re-framing our global water target (saving 500 billion litres of water by 2020) into a more contextual target. This will help in not only enhancing the existing water stewardship work we are engaged in but to also frame our work within a more holistic view in addressing the unique challenges and needs of those areas in managing water resources. In the last year, together with the NBI, Woolworths hosted the CEO Water Mandate in South Africa to initiate discussions on setting context-based water targets in the countries. Woolworths has formed research-based partnerships with NGO, WWF-SA, and have been engaging with the national South African Department of Water and Sanitation in water policy. We are a signatory to the We Mean Business Water commitment and are working with the CEO Water Mandate, National Business Initiative and the Alliance for Water Stewardship to drive water stewardship awareness and work in South Africa. Woolworths is a member of various public policy and trace association groups including, inter alia: Business Unity South Africa, Consumer Goods Council of South Africa. We engage at a public policy level with various government departments (e.g. Department of Water and Sanitation) through our stakeholder engagement directorate.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Sustainability and embedding the Good Business journey across our operations is a long term business objective. See 2018 integrated report - https://www.woolworthsholdings.co.za/wp-content/uploads/2018/09/WHL-2018-Integrated-Report.pdf
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	Water is identified as a key risk to WHL's long term business objectives, therefore has been considered seriously in the strategy for achieving long term business objectives. Investment in programmes like Farming for the Future have been developed on the back of this strategic approach.
Financial planning	Yes, water-related issues are integrated	5-10	Key Good Business Journey/ Water CAPEX requirements are included in financial planning cycles, as are programmes such as Farming for the Future. In addition, further budgetary needs for business unit level Good Business Journey targets and commitments are considered in financial planning for each BU prior to the start of each financial year.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

5

Anticipated forward trend for CAPEX (+/- % change)

5

Water-related OPEX (+/- % change)

5

Anticipated forward trend for OPEX (+/- % change)

5

Please explain

This rate is in line with inflation, though additional CAPEX may be made available to respond to unforeseen issues that arise.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	We are in the process of finalizing science-based targets for GHG emissions and hope to be part of a pilot for context-based water targets in the coming year (we are sponsoring some work by the NBI and CEO Water Mandate).

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

There is certainly value in using internal water pricing, however at this stage we are focusing of finalising an appropriate enterprise -wide target. In addition we are looking to establish a context based water target for water basin in which we are active in a water stewardship project. We also plan to expand our water stewardship work in South Africa to a second water basin the North of the country.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Brand/product specific targets and/or goals Country level targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Water is identified as one of the material issues within the business and is therefore one of the eight key focus areas of our group-wide Good Business Journey programme. As we operate in some of the most water stressed parts of the world, goal and target setting is incorporated across all businesses and geographies, although these are a lot more advanced in South Africa due to the maturity of our programme here compared to Australia which has only relatively recently been incorporated into the WHL group. At this stage, our target and goal setting is based on best practice and not science-based. We use available tools and research (e.g. life cycle assessments, water stewardship, scientific research) to develop targets and goals. We are engaging in the use of context based targets starting in mid-2018, and therefore are planning to be able to take a more nuanced, scenario-based approach in the future. We also focus on delivering strategic business value (making ourselves and our suppliers more efficient and resilient) and also meeting the development priorities of the countries in which we operate, e.g. education and food security in South Africa. We also consider our role in delivering against SDG 6 of the Sustainable Development Goals when developing these targets. Water management KPI's have been incorporated into the balanced scorecards (linked to financial incentives) of our real estate, stores, DC's and sustainability teams regarding operational water reduction targets in all Group companies. Woolworths sends detailed reports to every facility on a monthly basis indicating how the store/ DC/ admin building is performing against its specific format benchmark (per m2). Supplier water efficiency targets are built into the scorecards of our Food and Clothing sourcing and technology teams. The influence of KPI's has led to greater visibility and focus on water as a key material issue, with the outcome being progress towards our water reduction commitments.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water use efficiency

Level

Company-wide

Primary motivation

Cost savings

Description of target

This 2020 target necessitates municipal-water intensity reduction in our direct operations by 50% in stores, 70% in administrative buildings and 50% in Distribution Centres relative to 2007 base-year. This reduction target is inline with WHLs sustainability strategic objective of improving resource efficiency and intensifying municipal water augmentation across direct business operations.

Quantitative metric

Other, please specify (Reduction in municipal water consumption per square metre (KL/m2))

Baseline year

2007

Start year

2010

Target year

2020

% achieved

100

Please explain

We have reduced our relative water consumption across our South African stores by 54% compared to 2007, 70% reduction in municipal water withdrawals in the distribution centers and 65% in our administration buildings. This has been achieved through the implementation of water augmentation and efficiency measures over the years, including behavioral change among Woolworths employees. Water rationing in Cape Town has been an external driver for the significant reduction in municipal water withdrawals in our Cape Town-based Distribution Centre and Admin buildings.

Target reference number

Target 2

Category of target

Water consumption

Level

Basin level

Primary motivation

Reduced environmental impact

Description of target

Reduce municipal water withdrawals in water-stressed areas relative to 2015 base-year. We recognize the continuous increase of competing for water needs within the water-scarce local communities in which we operate. Woolworths is proactively working towards reducing municipal water consumption in the water-stressed catchments and augmenting its water supply with renewable-groundwater where possible.

Quantitative metric

% reduction in total water consumption

Baseline year

2015

Start year

2016

Target year

2020

% achieved

43.6

Please explain

Woolworths is headquartered in Cape Town, Western Cape Province. The province falls predominantly within the BreedeGouritz and the Berg-Olifants water management areas (WMAs). These are the most water-stressed WMAs in South Africa, with Cape Town being considered the most urban stressed water region in the country. In early 2018, the threat of Cape Town running out of water hit global headlines as the reality of the taps running dry became a real possibility. The consequence of a persistent multi-year drought in the city's catchment areas presented one of the most significant risks ever faced by Woolworths. Although narrowly avoided in 2018, the threat of 'Day Zero' has refocused our efforts to ensure that we are as water efficient as possible. As a result of this, water consumption in the Berg-Olifants and Breede-Gouritz catchments in the Western Cape was reduced by 36%, 42% and 53% for stores, head office, and distribution centres respectively in 2017 compared to 2015.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Promotion of sustainable agriculture practices

Level

Business

Motivation

Risk mitigation

Description of goal

Grow uptake of our Farming for the Future programme among primary and secondary supplier base in Southern Africa to further promote sustainable (water efficient) farming practices among a wide supplier base. This is recognized as an integral part of our long term Foods business division strategy. Through this we also aim to share and promote supplier best practice through capturing and sharing the learning from top suppliers across multiple indicators from the Farming for the Future programme. Through the Farming for the Future, we engage with farmers to reduce water wastage and pollution. Farmers are encouraged and supported to improve soil quality which in turn increases water retention, and adopt efficient irrigation techniques, minimal use of pesticides and fertilizers and improve quality of wastewater on farms.

Baseline year

2007

Start year

2007

End year

2020

Progress

While the total number of suppliers on the programme has remained relatively constant, a much greater proportion of the 331 suppliers that were engaged in the year were secondary suppliers. In total, 136 (2016: 259) of our primary fresh produce, horticulture, and wine suppliers, as well as 195 (an estimated 65%) of our secondary supply base (2017: 87), were assessed against the Farming for the Future standard. Overall, these farmers achieved a 90.4% pass rate (2016: 91%). Woolworths continues to work closely with WWF's Sustainable Agriculture and Water Stewardship teams to transfer lessons learnt from the Farming for Future suppliers and support the fruit and wine sector as leaders in their collaborative efforts in driving water stewardship. progress is measured by our Water Footprint Index (WFI) tool which makes use of 116 individual parameters that includes water use parameters for all relevant water-related practices on-farm and processing facilities. The environmental aspects used in the WFI calculations include, inter alia, soil management, irrigation water management, environmental legal requirements, biodiversity management, pest management, and wastewater processing. This information is collected through the annual or bi-annual independent audit by Enviroscientific (ES).

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Company-wide

Motivation

Increase freshwater availability for users/natural environment within the basin

Description of goal

It's estimated that over 7% of South Africa's water is being lost to water-hungry invasive alien vegetation. The Ceres area in the water-stressed Breede-Catchment is home to many of Woolworths' fruit and vegetable suppliers. Therefore, the availability (or lack thereof) of fresh water resources in this area is of strategic concern to Woolworths. It was for this reason that Woolworths and Marks & Spencer, together with WWF-South Africa, the Alliance for Water Stewardship and the German Development Bank (GIZ) initially identified the opportunity to work with a group of stone fruit farmers in the area with the aim to help identify shared water challenges that could be solved collectively.

Baseline year

2007

Start year

2014

End year

2020

Progress

A project coordinator initially funded by Woolworths, housed by the Wolseley Water User Association, in partnership with Landcare, local catchment management agency (BGCMA) and the Western Cape Treasury. This Coordinator has successfully managed to garner funding from the private and public sectors and has brought together the local farming community in a coordinated effort. The success of this programme has resulted in alien plant clearing of more than 115 hectares in the Breede-catchment in the 2018 FY, releasing over 123 million litres of freshwater back into the environment. The success of this model has resulted in its replication in Rivieronsderend (which supplies Theewaterskloof – the largest dam in the Western Cape which holds more than 40% of Cape Town's water supply). We have also been engaging with various key stakeholders in the Ceres valley to develop the necessary baseline for geohydrological conditions and irrigation consumption. The intention is to create a Ground Water(GW) monitoring network to enable long-term sustainability of groundwater use in the catchment. We have also been engaging with produce suppliers in the water-stressed Limpopo basin in South Africa to further understand shared water challenges in this catchment area. Together with WWF-SA, Inkomati-Usuthu Catchment Mangement Agency(IUCMA) have explored and identified opportunities for collective action on water stewardship projects in the greater Sabie and Crocodile catchments.

Goal

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in local communities

Level

Country level

Motivation

Increase freshwater availability for users/natural environment within the basin

Description of goal

In response to the National Government's declaration that the drought in South Africa is a national disaster, Woolworths committed to investing in water infrastructure for schools and announced the launch of an ongoing MySchool MyVillage MyPlanet fund, the LOVEH2O WATER FUND to improve and provide water infrastructure for schools around drought-prone areas. The project aims to create greater resilience; water sustainability and water sovereignty at schools by installing water tanks for rainwater harvesting and storage. In line with our aim to support innovative and scalable programmes we have also partnered with the UN Children's Fund (UNICEF) and the Gauteng Department of Education. Through this partnership, we are aiming to install 30 handwashing stations at 30 under-resourced schools over the next 3 years.

Baseline year

2018

Start year

2018

End year

2022

Progress

Through the LOVEH2O WATER FUND in the 2018 FY, we installed rainwater harvest and filtration systems in 20 under-resourced schools for use in drinking, cooking, irrigation, and ablutions. Rainwater harvesting from roof tops has proven to be a highly effective strategy for improved water management and reducing pressure and reliance on municipal water supplies for these schools. The harvested water can be safely used for washing hands and flushing toilets. In addition, this supply of rainwater is used to irrigate food gardens so that even in times of drought, schools can still produce vegetables to supplement their feeding schemes with fresh and healthy foods. Through Woolworths, MySchool My Village My Planet, UNICEF, along with the Gauteng Department of Basic Education and MIET Africa partnership, we have constructed 20 handwashing stations at schools in Sedibeng East and West of Gauteng. These group hand-washing stations are providing under-resourced schools with a cost-effective facility to enhance hygiene and health.

Goal

Engagement with suppliers to reduce the water-related impact of supplied products

Level

Business

Motivation

Reduced environmental impact

Description of goal

Through our responsible sourcing strategy, we engage with suppliers with the goal of minimizing the water-related impacts of private label supplied products. Our 'responsible sourcing' strategy involves the procurement of products as well as raw material commodities in ways that promotes a healthy environment. This involves the uptake of sustainable cotton, so to achieve 100% use of sustainable cotton (BCI, organic cotton) across our private label brands by 2020, and to improve wastewater quality beyond compliance requirements through our chemical detox strategy of eliminating hazardous chemicals in all Woolworths private-label apparel by 2022.

Baseline year

2014

Start year

2014

End year

2022

Progress

As we use more cotton than any other fiber across our fashion business, we have an important role to play in encouraging sustainable agricultural practices in cotton production. In the 2018 FY Woolworths sourced Better Cotton for the equivalent of 60% of all cotton garments (up from 33%). This improvement is largely manifested through the strong partnership with Better Cotton Initiative (BCI) and our focus on engagement and training programmes with employees and top of FBH suppliers. On the other hand, our Chemical detox strategy is a phased approach and entails engaging suppliers to achieving zero discharge of all 11 priority hazardous chemicals from the life-cycle and all production procedures that are associated with the making and using of all products Woolworths clothing sells by 2022. Due diligence and testing are in place to ensure the chemicals adhere to and can be verified against the OEKO-TEX® 100 standards. By 2018 FY we engaged 30 of our suppliers and achieved 52% detoxification across our clothing range.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify (Increase in Energy Efficiency and Decrease in GHG emissions)

Description of linkage/tradeoff

Historically in our Foods stores and distribution centres, we used water-cooled refrigeration systems, which were intensive in water use and energy consumption. This was problematic, as South Africa is a water-scarce country and hence water use was competing with other water user needs.

Policy or action

In response to this problem, we have now switched to natural gas (CO2) refrigeration systems, which do not require use of water and also requires very little energy and, unlike conventional synthetic refrigeration gases, natural gas has virtually no impact on the earth's ozone layer, as compared to synthetic refrigerant gasses. It is our ongoing policy to use the most environmentally friendly technology within our stores, including use of natural gas refrigerants (included as part of our green building roll-out requirement). As a result of these interventions in the 2018 FY Woolworths SA electricity consumption decreased by 2.23%, equivalent to estimated 7964.1 tCO2e emission reduction compared to 2017 FY.

Linkage or tradeoff

Tradeoff

Type of linkage/tradeoff

Other, please specify (Food security)

Description of linkage/tradeoff

A significant proportion of Woolworths produce (90%) is grown locally. A trade-off exists between the need to grow food, and conserve water resources given that SA is a water-scarce country.

Policy or action

We work closely with our primary and some secondary suppliers through our Farming for the Future program, to encourage best practice through promoting, improved irrigation efficiency, soil conservation, efficient fertilizer application and phasing out of harmful chemicals such as pesticides to lead to overall more positive environmental outcomes at a holistic farm level. We are also establishing appropriate strategies to reduce food waste in the supply chain, own operations and within our customers' homes recognising that wasted food is also wasted resources, in terms of the energy, land, and water required for its production. This forms part of our partnership agreement with WWF. The continued expansion of food waste research and farming for the future is a core component of our Good Business Journey going forward.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

Yes

W10.1a

(W10.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1. Current state	Water withdrawals from Woolworths South Africa (corporate offices, distribution centers and stores) as well as David Jones	Other, please specify (ISO14064-3 (2006))	Water usage at our direct operation is verified as part of scope 3 of the annual carbon footprint verification. Water usage for David Jones is verified as part of the Australian National Greenhouse Energy Reporting System (NGER).

W11. Sign off

W-FI

(W-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.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

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

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

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**
