NAVIGATING OUR REPORT

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

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2020 SUSTAINABILITY REPORTING SUITE Complementing the Good Business Journey Report are a number of other reports targeted at specific stakeholders.

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

The Integrated Annual Report, Annual Financial Statements, and Summarised Remuneration Report are available online on our corporate website, www.woolworthsholdings.co.za. Various appendices to this report, including a glossary, other supporting documents and compliance information not included in these reports can also be accessed on our corporate website, www.woolworthsholdings.co.za.

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

USEFUL LINKS FOR MORE DETAIL
- 2020 SUSTAINABILITY REPORTING SUITE
- ERM’S 2020 INDEPENDENT ASSURANCE REPORT
- ASSURANCE SUMMARY

APPROVAL AND ASSURANCE The Group has always looked at obtaining independent opinion on our progress as a crucial part of gaining and maintaining credibility with our stakeholders. Environmental Resources Management Southern Africa (ERM) was engaged to perform a ‘Moderate’ Type II level assurance engagement in accordance with the Accountability AA1000 Assurance Standard (2008) with 2018 Addendum for selected information contained in this report.

- Accountability AA000 Principles of Indusitivity, Materiality, Responsiveness and Impact
- Selected key performance indicators (KPIs)
  - Water usage for Woolworths head office, stores, and distribution centres kl
  - Percentage of Woolworths private label fashion, beauty and homeware locally sourced (%)  
  - Percentage change in reusable bag sales (%)  
  - Percentage change in food plastic bag sales per transaction (%)  
  - Percentage of Woolworths food private label products with a sustainability attribute (%)  
  - Good Business Journey savings (Rands)

The Group has always looked at obtaining independent assurance processes provides coverage for all our material aspects of our Good Business Journey. These are documented in an assurance summary in an appendix to this report. We feel that the combination of verification and assurance processes provides coverage for all our material focus areas.

THE SUSTAINABILITY COMMITTEE REVIEWED AND RECOMMENDED THE GOOD BUSINESS JOURNEY REPORT, WHICH WAS THEN APPROVED BY THE BOARD
SUSTAINABILITY COMMITTEE CHAIRMAN & GROUP CEO’S REPORT

“THE WOOLWORTHS GROUP IS SO MUCH MORE THAN SIMPLY A BUSINESS – OUR ORGANISATION PLAYS A CRUCIAL ROLE IN THE LIVES OF OUR EMPLOYEES (AND THEIR FAMILIES) AND IN OUR COMMUNITIES AND THE COUNTRIES IN WHICH WE OPERATE. OUR BUSINESS HAS ALWAYS BEEN A CAUSE FOR GOOD. FOR CHANGE. FOR MAKING A DIFFERENCE.”

- Roy Bagattini, Group Chief Executive Officer

“THE RICH LEGACY OF OUR GOOD BUSINESS JOURNEY POSITIONS US EXCEPTIONALLY WELL TO CONTINUE MAKING A DIFFERENCE FOR OUR PEOPLE, OUR COMMUNITIES AND THE PLANET.”

- Simon Susman, Chairman, Sustainability Committee

The world is in a very different place than when we reported just a year ago. As we face a global health crisis of truly historic proportions, we have all had to make significant changes to the way we live. Crucially, businesses have had to adapt to operating under strict regulations and new health and safety protocols. Significant work continues to be undertaken to address the impacts of the COVID-19 pandemic in our own operations and in the communities in which we operate. Further detail about this is included in this report and our Integrated Report. The devastating bushfires in Australia, followed by the COVID-19 pandemic, have brought into sharp focus the complexities of operating in this rapidly changing world. Never has there been more emphasis on the importance of operating in an ethical and responsible manner.

This year, we celebrate the conclusion our Good Business Journey 2020 goals and commitments. We are pleased to have exceeded our target corporate social investment contributions as well as our energy impact. In the last five years we have invested R1.97 billion to our local communities across the Group against our 2020 target of R1.5 billion, and we have achieved a 17% improvement in energy productivity across the Group from a 2005 baseline, for exceeding our target to halve our energy impact. We can also report excellent progress against our responsible sourcing target was set within our responsible sourcing targets was set across the Group and individual commodities; however, we managed to perform very well for some key commodities such as cotton. We will continue on our responsible sourcing journey, with an increased focus on those more challenging commodities where further work and innovation is required. During the year, we also furthered our work to reframe a more realistic context-based water target.

In October 2019, Woolworths celebrated the 10th anniversary of the flagship Farming for the Future programme. This programme, piloted with 12 suppliers between 2004 and 2008, was officially launched in 2009 and has now grown to include 397 suppliers. Through the piloting for the future programme, Woolworths continues to remain at the forefront of the South African retail industry in terms of the percentage of third-party certified seafood sold. Currently, 78% of our seafood is sourced from suppliers that have been certified by third-party certification schemes accredited by the Global Sustainable Seafood Initiative. Efforts to improve transparency and ethical standards in our supply chain continued, with Country Road Group and David Jones commencing a modern slavery risk assessment and making living wage milestone commitments, in addition to signing the Turkmenistan Cotton Pledge against forced labour. During the year, significant packaging improvements were made across the Group. We’ve begun replacing non-recyclable packaging with recyclable or reusable options where possible. The rollout of a low-cost reusable bag in Woolworths food stores and a recyclable paper bag in Woolworths fashion, beauty and homeware stores continued (currently in five stores and two stores respectively), and the new Capitol Grand Food store became the first David Jones store to be single-use plastic bag free. Across the Group, we increasingly incorporate recycled content into our fashion and homeware products, reducing the dependency on virgin materials, while also contributing towards the circular economy. Country Road continued its 10-year association with Fashion Trade, whereby customers are incentivised to donate their pre-loved clothing to the Red Cross in exchange for a A$10 Country Road voucher. We also enhanced our customer takeback schemes across the Group, including through the pilot of a coffee cup take back and recycling scheme in 36 Woolworths stores. In a first for the Group, Country Road launched a new partnership with clothing retail business Glam Corner, offering customers the opportunity to rent rather than buy their wardrobe. Promoting energy and water efficiency in our direct operations remained a key focus. During the year, we continued the rollout of lightweight, frameless acrylic fridge doors in 132 Woolworths stores and installation of LED lighting in stores in 3 Woolworths stores and 20 David Jones stores. These initiatives significantly improve energy productivity at stores, with energy savings on average of over 20%. In an Australian retail industry first, the Country Road Group Chadstone store was the first fashion retail store in Australia to achieve a 5 Star Green Star Design Review rating.

With the closing out of our 2020 goals this year, we will shortly launch a refresh of our Good Business Journey strategy looking to 2025 and beyond. Our Good Business Journey has a rich history. We see this journey as critical to the strength of our brands and our impact on society, the environment, and our people and customers. With this legacy and our achievements and learnings to date, we are well-placed to continue making a real difference as we move forward on the next phase of our journey.
GOVERNANCE OF SUSTAINABILITY

The Sustainability Committee (committee), a sub-committee of the Woolworths Holdings Board, ensures that the sustainability strategy positions the Group as a leader in responsible retailing in the countries in which it trades. It further oversees that the sustainability initiatives and objectives are effectively integrated into the business and that the Group operates in an environmentally responsible manner.

The Group Chairman (an independent non-executive director), Group Chief Executive Officer, and the Woolworths SA Chief Executive Officer are members of the committee, together with three additional independent non-executive directors. Simon Susman, the Group’s Honorary President, continues to chair this committee for an interim period, given his expertise in this area. Committee members have expertise and experience in a range of corporate sustainability issues. Country Road Group and David Jones Executive Committees and Boards review Good Business Journey progress on a regular basis as well.

Details of the committee composition and attendance at meetings are included in the Integrated Report, while the committee’s terms of reference are available on our website.

KEY MATTERS DISCUSSED BY THE COMMITTEE DURING THE YEAR

• Reviewed the closing out of our 2020 Group sustainability goals and commitments, and oversaw the sustainability strategy refresh to 2025
• Reviewed the Group’s sustainable development (Good Business Journey) strategy and performance
• Monitored progress on the journey towards achieving our zero waste to landfill vision and the significant improvements that had been made in relation to the use of recyclable or reusable product packaging
• Monitored the combined assurance approach to sustainability reporting and approved the appointment of the Good Business Journey Report’s external assurance provider and the related assurance scope
• Monitored international developments in climate change and sustainable development
• Monitored the ethical sourcing strategy, including sustainable fibres
• Reviewed and recommended the Sustainability Report (Good Business Journey Report) for 2020 for approval by the Board
• Reviewed and recommended the revised Code of Business Principles for Suppliers for approval by the Board

FOCUS AREAS FOR 2021

• Evaluate the effects of climate change and its impacts on our value chain
• Continued focus on packaging and evolution of targets beyond 2020
• Continued focus on water in the value chain and development of a roadmap towards our 2050 target
• Monitor renewable energy sourcing across the Group
• Continue to monitor the ethical sourcing strategy, increasing the product range with sustainability attributes, including sustainable fibres, and expanding our approach to the circular fashion economy
Woolworths Holdings Limited (WHL) is a southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. It is one of the top JSE-listed companies and has a market capitalisation of R34.4 billion as at 28 June 2020. The Group consists of three trading divisions, Woolworths South Africa (Woolworths or WSA), David Jones (DJ), and Country Road Group (CRG). Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Absa Bank, which holds the controlling interest.

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

**ABOUT THE WHL GROUP**

Woolworths Holdings Limited (WHL) is a southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. It is one of the top JSE-listed companies and has a market capitalisation of R34.4 billion as at 28 June 2020. The Group consists of three trading divisions, Woolworths South Africa (Woolworths or WSA), David Jones (DJ), and Country Road Group (CRG). Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Absa Bank, which holds the controlling interest. Woolworths is the biggest contributor to Group turnover and profit and thus has the largest sustainability impact across the Group.

**OFFERING**

A selected range of quality fashion, beauty, homeware, and food products. Financial services are provided through Woolworths Financial Services (WFS)

**BASED IN**

South Africa and trading in South Africa and a further 11 countries in Southern Africa

**CONTRIBUTION**

72% of Group employees
83% of Group carbon emissions

**TRADING SPACE**

Woolworths 747,000 m²

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**ABOUT THE WHL GROUP**

Woolworths Holdings Limited (WHL) is a southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. It is one of the top JSE-listed companies and has a market capitalisation of R34.4 billion as at 28 June 2020. The Group consists of three trading divisions, Woolworths South Africa (Woolworths or WSA), David Jones (DJ), and Country Road Group (CRG). Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Absa Bank, which holds the controlling interest. Woolworths is the biggest contributor to Group turnover and profit and thus has the largest sustainability impact across the Group.

**OFFERING**

Leading international and local brands with a private label clothing, homeware, and food offering

**BASED IN**

Australia and trading in Australia and New Zealand

**CONTRIBUTION**

16% of Group employees
14% of Group carbon emissions

**TRADING SPACE**

David Jones 472,000 m²

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**ABOUT THE WHL GROUP**

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**OFFERING**

Stylish, high-quality apparel, accessories, footwear, and homeware

**BASED IN**

Australia, New Zealand, and Southern Africa

**CONTRIBUTION**

12% of Group employees
3% of Group carbon emissions

**TRADING SPACE**

Country Road Group 115,000 m²
OVERVIEW OF THE GOOD BUSINESS JOURNEY

OUR VISION IS TO BE ONE OF THE WORLD’S MOST RESPONSIBLE RETAILERS

The Good Business Journey facilitates our vision to be one of the world’s most responsible retailers. It is our Group-wide plan to make a difference for our people, our communities, and for the environment. Embedding the Good Business Journey is one of the WHL Group’s strategic focus areas.

Each of our focus areas is broadly aligned to the Sustainable Development Goals (SDGs) and has specific strategies, management approaches, related goals and targets, all of which are discussed further in this report, along with our performance during the year.

MANAGEMENT AND INTEGRATION

The Good Business Journey is integrated into management’s day-to-day decision-making through the use of sustainability scorecards. Each business unit and operating subsidiary has a sustainability scorecard against which they are measured twice per annum. These scorecards include a set of relevant Good Business Journey key performance indicators and associated targets aligned to these eight focus areas and Group goals and commitments. A sustainability score is determined for each business unit and operating subsidiary, whereby the weighted average of performance against all the sustainability targets tracked is calculated in order to assess performance against the Good Business Journey goals and commitments. Relevant key performance indicators and targets are also included in employees’ and managements’ personal performance scorecards across the Group as part of our Integrated Performance Management system.
OUR GOOD BUSINESS JOURNEY

THE LAST FIVE YEARS

Our 2020 Good Business Journey Group goals, set in 2016, culminated at the end of this financial year.

2020 GROUP GOALS

- Contribute R3.5BN to our communities by 2020
  
  We have contributed a cumulative R3.97BN to our communities over the last five years.

- Halve our ENERGY IMPACT by 2020
  
  We have achieved a 175% improvement in our energy productivity m² per MWh against a 2005 baseline.

- RESPONSIBLE SOURCING of all key commodities by 2020
  
  Against this target, we report mixed progress across the Group and the commodities. We are particularly proud of our achievement with regard to cotton, where we have made excellent progress from a zero base, and note that further work is required, particularly on palm oil, soy, cellulose fibres and leather.

- Have at least one SUSTAINABILITY ATTRIBUTE for all directly sourced products by 2020
  
  Woolworths came very close to achieving the target of all directly sourced products containing at least one sustainability attribute. Country Road Group and David Jones both started their journey towards incorporating sustainability attributes into their product design and development later than Woolworths, and we are satisfied with the progress made.

KEY FIVE-YEAR HIGHLIGHTS

THE CONTRIBUTION INCLUDED:
- R2.9 billion in surplus food donated to charities
- R395 million donated to MySchool MyVillage MyPlanet
- R251 million in surplus clothing donated to the Clothing Bank

First major retailer to sign up to the EP100 initiative in 2017 and significantly outperformed the target
Six renewable energy installations across the Group
Five Green Star rated facilities across the Group
92% of Woolworths and 80% of Country Road Group cotton sustainably sourced as at year end
Country Road Group and David Jones signed the Bangladesh Accord on Fire and Building Safety in 2019
Woolworths signed the Vancouver Declaration in 2017, making a commitment to work towards more sustainable sourcing of forest products

PERCENTAGE OF PRIVATE LABEL PRODUCTS CONTAINING SUSTAINABILITY ATTRIBUTES AS AT YEAR-END

- Woolworths FBH: 100%
- Woolworths Food: 96%
- Country Road Group: 98%
- David Jones Food: 92%

Please note: We began working on a new context-based water target in 2019, and are no longer reporting against our previous goal.

USEFUL LINK FOR MORE DETAIL

KEY SUSTAINABILITY INDICATORS

*NOT MEASURED AND REPORTED  ● ACHIEVED  ● PARTIALLY ACHIEVED  ● MISSED
KEY FIVE-YEAR HIGHLIGHTS

WHL was the 1st major retailer to sign up to the EP100 initiative in 2017 and significantly outperformed the target to double energy productivity by 2020 against a 2005 baseline

WHL announced new packaging targets in 2018
- Ensure that all of our packaging is reusable or recyclable by 2022
- Eliminate the use of single-use plastic bags by 2020

WHL became a signatory to the Ellen MacArthur Foundation’s New Plastics Economy Global Commitment

WHL recognised as one of the top two Africa-based companies in the 2019 GlobeScan-SustainAbility Survey

Woolworths became a founding member of the South African Plastics Pact

Over R642M cumulative spend on employee training across the Group since 2016

R1.2BN saved by Woolworths through Good Business Journey initiatives since 2016

R1.5BN CUMULATIVE WOOLWORTHS’ PROCUREMENT SPEND WITH SUPPLIER DEVELOPMENT BENEFICIARIES SINCE 2016

SUPPLY CHAIN TRANSPARENCY WAS ENHANCED BY THE PUBLICATION OF SUPPLIER LISTS FOR COUNTRY ROAD GROUP AND DAVID JONES PRIVATE LABEL PRODUCTS

WHL IS ONE OF ONLY A FEW SOUTH AFRICAN LISTED COMPANIES ANNUALLY INCLUDED IN THE DOW JONES SUSTAINABILITY INDICES (DJSI) WORLD AND EMERGING MARKET INDEX

Finalist in 2016 and 2017: World Retail Congress “Responsible Retailer of the Year” Award

Listed at #40 in Fortune’s Third Annual ‘Change the World’ List of Companies That Are Doing Well By Doing Good in 2017

Celebrated the 10th anniversary of the Woolworths flagship sustainable farming programme

COUNTRY ROAD GROUP AND DAVID JONES MADE A PUBLIC COMMITMENT TO ENDORSE THE GLOBAL LIVING WAGE COALITION

Useful link for more detail

EXTERNAL RECOGNITION
As a retailer in food, fashion, beauty, and home with a multinational footprint, we recognize the significant challenges associated with the complexity of working within a multi-tiered and geographically dispersed supply chain. Our impacts and influence cut across the entire value chain, from raw material production to customers and the end-uses of our products. With this understanding of our value chain, we are able to adopt a systems-thinking-based approach to addressing our impacts through our eight GBJ focus areas.

Our Value Chain

Value Chain

- Agriculture & Fishing
  - Raw Material Production
  - Impacts and Influence:
    - Employment and job creation, including for small and medium businesses
    - Working conditions and worker remuneration and wellbeing
    - Water quality and availability
    - Pollution and wastewater quality
    - Ocean and land biodiversity
    - Soil quality
    - Deforestation
    - Energy consumption and carbon emissions
    - Animal welfare
    - Supplier and enterprise development
    - Waste generated in raw material production, processing, production and packaging

- Suppliers & Processors
  - Processing, Production, Packaging, Auditing
  - Impacts and Influence:
    - Employment, job creation and skills development
    - Promotion of workforce transformation, equality and diversity
    - Health, safety and wellbeing of employees
    - Water consumption and wastewater quality
    - Energy consumption and carbon emissions
    - Facilitation of employee volunteering and support of charitable organisations
    - Waste generation and recycling at head offices, stores and distribution centres

- WHL Operations
  - Buying, Logistics, Distribution, Retailing, Core Business Functions
  - Impacts and Influence:
    - Employment, job creation and skills development
    - Promotion of workforce transformation, equality and diversity
    - Health, safety and wellbeing of employees
    - Water consumption and wastewater quality
    - Energy consumption and carbon emissions
    - Facilitation of employee volunteering and support of charitable organisations
    - Waste generation and recycling at head offices, stores and distribution centres

- Customers
  - Purchasing, Market Influence, Use and Disposal of Goods
  - Impacts and Influence:
    - Health and wellbeing of customers
    - Product safety
    - Waste generated in raw material production, processing, production and packaging
    - Facilitation of customer support of charitable organisations through MySchool MyVillage MyPlanet and causal-related products

- Communities
  - Upliftment and support of local communities through donations to aid organisation and charities, and responsible sourcing programmes
  - Recycling facilities at stores for use by surrounding local communities

Focus Area Addressing Impacts and Influence

- People & Transformation
- Ethical Sourcing
- Sustainable Farming
- Waste
- Energy & Climate Change

- Social Development
- Health & Wellness
- Waste
- Water
- Ethical Sourcing
OUR STAKEHOLDERS

The Group believes that strong, sustainable stakeholder relationships form the foundation of our ability to create shared value in the short-, medium-, and long-term. Unique to our value creation process is the extent to which our Good Business Journey supports and nurtures future access to our resources, which is key to building a more sustainable business and future.

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

THE BOARD IS COMMITTED TO STAKEHOLDER ENGAGEMENT WITH THE INTERACTIONS, MONITORING, AND IMPLEMENTATION OF STAKEHOLDER ENGAGEMENT BEING THE RESPONSIBILITY OF RESPECTIVE MANAGEMENT TEAMS IN THE GROUP. THE SOCIAL AND ETHICS COMMITTEE ANNUALLY REVIEWS THE GROUP’S SELF-ASSESSMENT OF STAKEHOLDER ENGAGEMENT.

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

USEFUL LINK FOR MORE DETAIL

STAKEHOLDER ENGAGEMENT
A wide range of current and emerging economic, social, environmental, and ethical issues has an impact on our business, either directly or through our global supply chain. Consequently, we have to manage a continually evolving set of issues, and, as part of our continuous process of review, assessment, and response to this evolving set of issues, materiality assessment is integrated into the day-to-day management of the Group.

During the year, we conducted a formal materiality determination process to define what matters most for the purposes of this report, and to inform our Good Business Journey strategy refresh following the conclusion of the 2020 Group goals and commitments. The COVID-19 pandemic impacted almost all our Good Business Journey Report focus areas and material issues; these impacts are disclosed throughout the report in the relevant sections.

**PROCESS INPUTS**

**IDENTIFY**

We conducted a desktop review and undertook targeted stakeholder engagement to identify the population of current and emerging material issues.

- Peer review
- Media scan
- Global sustainability collective commitments
- Global sustainability reporting tools and indices
- Risk register
- Stakeholder interviews
- Internal engagements

**PRIORITISE**

A materiality lens was then applied to determine the most material issues from the population identified. Material issues were identified as those issues that impact the decision-making of both our stakeholders and ourselves.

- Senior management
- Board Sustainability Committee

**REPORT**

The material issues were used to determine this report’s content and will be used to inform our Good Business Journey strategy going forward.

- Senior management
- Board Sustainability Committee

**PROCESS**

**OUTPUTS**

**RELATED FOCUS AREAS**

<table>
<thead>
<tr>
<th>MATERIAL ISSUE</th>
<th>OUTPUTS</th>
<th>RELATED FOCUS AREAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>Energy &amp; Climate Change</td>
<td>Sustainable Farming</td>
</tr>
<tr>
<td>Biodiversity loss</td>
<td>Ethical Sourcing</td>
<td>Sustainable Farming</td>
</tr>
<tr>
<td>Water quality, availability and stewardship</td>
<td>Water</td>
<td>Sustainable Farming</td>
</tr>
<tr>
<td>Circular economy</td>
<td>Waste</td>
<td>Sustainable Farming</td>
</tr>
<tr>
<td>Packaging reduction and recyclability</td>
<td>Waste</td>
<td></td>
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<tr>
<td>Waste</td>
<td>Waste</td>
<td></td>
</tr>
<tr>
<td>Responsible sourcing including human rights of workers in our supply chain and mitigation of negative environmental impacts</td>
<td>Ethical Sourcing</td>
<td>Sustainable Farming</td>
</tr>
<tr>
<td>Radical transparency and traceability</td>
<td>Ethical Sourcing</td>
<td></td>
</tr>
<tr>
<td>Health, safety and wellbeing of our people, customers and communities</td>
<td>Health &amp; Wellness</td>
<td>Social Development</td>
</tr>
<tr>
<td>Transformation, diversity and inclusive growth of our people and communities</td>
<td>People &amp; Transformation</td>
<td>Social Development</td>
</tr>
</tbody>
</table>
SUSTAINABILITY RISKS

We are faced with a multitude of sustainability risks that may impact our business, both in our direct operations and in our value chain. We follow a robust risk assessment approach to determine our risks across all focus areas and key stakeholder groupings. Risk registers are developed for key business areas to ensure that all identified risks are documented, weighted according to the agreed risk assessment method, and action plans are identified to mitigate the risk.

CLIMATE CHANGE AND ENERGY

OUR CONCERNS
- Failing governmental and municipal infrastructure
- Availability of electricity
- Food security and food price inflation
- Threat to supply and quality of raw materials
- Failure to reduce carbon emissions and adapt to climate change impacts

COVID-19 IMPACT
The pandemic and Australian bushfires highlighted the importance of business resilience and the need for agility to adapt to and mitigate against external shocks, such as climate change.

RELATED OBJ FOCUS AREAS
- Implementation of energy-efficiency initiatives in our direct operations
- Solar photovoltaic installations across the Group
- Implementation of Woolworths’ Farming for the Future programme
- Implementation of the green factories programme with Woolworths’ suppliers
- Optimisation of Woolworths’ delivery footprint

WATER QUALITY AND SCARCITY

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

COVID-19 IMPACT
Water availability risk increased in local communities, where there is an increased need to ensure proper handwashing and hygiene practices during the pandemic.

RELATED OBJ FOCUS AREAS
- Implementation of water-efficiency initiatives in our direct operations
- Installation of water tanks and handwashing stations at under-resourced schools
- Involvement in water stewardship projects in key Woolworths sourcing regions
- Installation of water tanks and handwashing stations at under-resourced schools

WASTE TO LANDFILL

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

COVID-19 IMPACT
The focus on hygiene and sanitation exponentially increased as a result of COVID-19 preventative measures. As such, packaged products and single-use plastic items are seen by customers as more hygienic and preferential to unwrapped products and items.

RELATED OBJ FOCUS AREAS
- Phase-out of single-use plastic shopping bags and introduction of low-cost reusable bags
- Proactive stakeholder engagement with the packaging and recycling industries
- Treating sustainable packaging options
- Recycling of waste from direct operations
- Provision of clear on-pack recycling labelling
- Prima mon of food to charities and charities
- Tralling of waste from direct operations
- Provision of clear on-pack recycling labelling
- Inclusion of clear on-pack recycling labelling

ETHICAL SOURCING

OUR CONCERNS
- Non-compliance with applicable laws and regulations
- Increased legislative requirements for supply chain localisation with the quality, cost, and availability of goods in the rest of Africa
- Balancing increasing legislative requirements for supply chain localisation with the quality, cost, and availability of goods in the rest of Africa
- Contamination of available water resources through pollution
- Threat to supply and quality of raw materials
- Failing governmental and municipal infrastructure

COVID-19 IMPACT
Supplier and service providers’ resilience amidst current economic conditions is a big concern. The increased financial pressure on suppliers may result in an increase in unethical practices or behaviours in order to ensure business survival. COVID-19 travel restrictions and lockdown regulations impact the ability to travel for supplier ethical audits.

RELATED OBJ FOCUS AREAS
- Supplier and enterprise development programme
- Proactive stakeholder engagement with governments and regulators
- Mandatory compliance by suppliers with our Codes of Conduct monitored through regular audits
- Ongoing training of staff and suppliers on ethical sourcing topics
- Publication of Country Road Group, David Jones, and Witchery supplier lists
- Continued implementation of the Good Business Journey programme, working towards 2020 Group goals and commitments and a refresh of the strategy to 2025 and beyond
- Continued implementation of the Good Business Journey programme, working towards 2020 Group goals and commitments and a refresh of the strategy to 2025 and beyond
- Provision of clear on-pack recycling labelling
- Inclusion of clear on-pack recycling labelling
- Mandator compliance by suppliers with our Codes of Conduct monitored through regular audits
- Ongoing training of staff and suppliers on ethical sourcing topics
- Supplier and enterprise development programme

COVID-19 RISKS OVERALL FOR THE GOOD BUSINESS JOURNEY PROGRAMME

OUR CONCERNS
- Balancing financial resilience and stability with our commitment to sustainability and responsible sourcing, addressing increased consumer demand for affordable but sustainable product options
- Meeting stakeholder expectations for supporting and assisting local communities in collaboration with government, charitable and aid organisations
- Managing the health, safety, and wellbeing of our customers and employees

COVID-19 IMPACT
Suppliers and service providers’ resilience amidst current economic conditions is a big concern. The increased financial pressure on suppliers may result in an increase in unethical practices or behaviours in order to ensure business survival. COVID-19 travel restrictions and lockdown regulations impact the ability to travel for supplier ethical audits.

RELATED OBJ FOCUS AREAS
- Supplier and enterprise development programme
- Ongoing training of staff and suppliers on ethical sourcing topics
- Continued implementation of the Good Business Journey programme, working towards 2020 Group goals and commitments and a refresh of the strategy to 2025 and beyond
- Provision of clear on-pack recycling labelling
- Inclusion of clear on-pack recycling labelling
- Continued implementation of the Good Business Journey programme, working towards 2020 Group goals and commitments and a refresh of the strategy to 2025 and beyond

USEFUL LINKS FOR MORE DETAIL
Our Group purpose of adding quality to life for our customers starts with an inspiring people strategy that is focused on ensuring that we create an environment in which our people can thrive and add value to the business. With this, we remain focused on driving a Group people strategy that delivers compelling value propositions for our employees in the regions where we operate.

During the COVID-19 lockdown, staff participated in a Woolworths social media campaign, wherein they shared their work from home style. In this image from the campaign, Candice Prinsloo, an Art Director, poses for a selfie.
## PERFORMANCE SUMMARY

<table>
<thead>
<tr>
<th>Employee headcount</th>
<th>Female representation</th>
<th>Training Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>WSA 35</td>
<td>66%</td>
<td>R119.9M</td>
</tr>
<tr>
<td>CRG 5480</td>
<td>89%</td>
<td>R18.7M</td>
</tr>
<tr>
<td>DJ 7,012</td>
<td>76%</td>
<td>R8.4M</td>
</tr>
<tr>
<td>WHL 44,863</td>
<td>71%</td>
<td>R278.8M</td>
</tr>
</tbody>
</table>

**WSA**

- 2019: 33,621
- 2018: 32,473

**CRG**

- 2019: 5,463
- 2018: 5,492

**DJ**

- 2019: 7,609
- 2018: 7,634

**WHL**

- 2019: 46,831
- 2018: 46,099

### Supplier development beneficiaries

- **35**
  - 2019: 46, 2018: 49

### Total procurement spend with SED suppliers through tailor-made support from Woolworths and its partners

- **R278.8M**

*The CRG value has been restated to include spend from all cost centres, previously it was just the human resource cost centre.*

*NOT MEASURED AND REPORTED / ACHIEVED / INITIALLY ACHIEVED / MISSED*
STRATEGY AND MANAGEMENT APPROACH

STRATEGY

The WHL people strategy is uniquely positioned for the different geographic regions within which we operate, namely Africa (referring to Woolworths South Africa in this chapter and Australasia referring to David Jones and Country Road Group in this chapter). Our strategic intent remains anchored by our values and centred on delivering unique experiences for both our people and customers. As a Group, it is important for us to ensure that we employ and invest in people who share our brand purpose, values, and passion to help grow a future-fit business. Our Employee Value Proposition is aimed at attracting, developing and retaining talent that enables us to create a diverse staff complement to deliver to our strategy. It is important that we implement an Employee Value Proposition that nurtures a unique employee experience. Through regional oversight of our people strategies, we are able to deliver this compelling value proposition.

The people strategies in Woolworths South Africa, David Jones and Country Road Group emphasise a people experience that will enable a differentiated customer experience, albeit in varying regional contexts. In Woolworths South Africa, the broader South Africa socio-economic and political context in which the organisation exists and our people live is considered. In David Jones and Country Road Group, the focus on business sustainability through ensuring the right culture and optimising process to build a strong business in the region is a key focus. The Group people strategy is, therefore, premised on ensuring that we create an environment in which our people can thrive and add value in both geographic regions.

MANAGEMENT APPROACH

We entrench our purpose and values through employee engagement, building our organisational leadership capability as well as investing in the well-being of our people.

Our strategies are driven through various forums like People Leadership Teams, Human Resource Forums, and Townhall sessions. In addition, in Woolworths SA, a Connected People Council (CPC), a collective forum of senior executives, chaired by the Woolworths SA CEO, was established in 2016 to deliver a modern and connected people experience to our employees. The main aim of the CPC has been to systematically address the issues that hinder us from living up to our promise of a unique employee experience. Having identified a few pain points, we have worked on further entrenching our values, building leadership capabilities that are aligned to our values, as well as digitising our operations – not only for better delivery to our overall business strategy but also to facilitate agile communication with our staff.

From a talent management perspective, we have established a Group Talent Forum which focuses on senior management across the Group in order to attract, develop, and retain talent.

In response to the COVID-19 pandemic, we implemented a crisis response plan focusing on delivering a COVID-19 People Plan that continued to deliver to our Employee Value Proposition even in the midst of a crisis.

HIGHLIGHTS

With the focus on integrating our regional people strategies, we have built an attraction and sourcing strategy for senior leaders that is aligned across the regions.

Woolworths South Africa launched a people app, ‘MYWOOLIES APP’, in line with the deliverables of the Connected People Council.

In Australasia, we focused on integrating the different operating brands for a unified regional people strategy. As part of our optimisation programme, we launched a new people management and call centre transformation process for the region. To drive a culture of recognition, we continued to entrench our values-based culture through piloting values recognition cards.

The speed at which the COVID-19 pandemic impacted virtually the entire world was unprecedented; however, it highlighted also the agility with which the business can adapt. We have realised that flexible ways of working as a business are possible. This has recontextualised the review of ways of working and will be included in our talent attraction strategy going forward. We were also able to acknowledge our Woolworths frontline essential workers with a Difference Award.

LOWLIGHTS AND CHALLENGES

While driving focused people strategies in both the Australasian and Southern African regions, the global COVID-19 pandemic saw both regional people strategies shift to respond to unprecedented times and crisis management. The speed of impact in the regions caused a review of all strategic deliverables for the last half of the financial year. Discretionary spend was evaluated and most projects suspended for the period of the lockdown, impacting human resources strategic deliverables, especially pertaining to organisation-wide actions like employee engagement, performance optimisation, and leadership development. Transitioning the majority of our office staff to work from home posed many challenges, as this had to be done in a short space of time after the lockdown was announced.

LOOKING AHEAD

The Group focus to enhance our leadership competency and capability for the future will remain a key priority going forward. Navigating complex issues, we need to have a solid and conscious, consistent communication and engagement framework for agility when responding to future crises. It is also important for us as a Group to continue to focus on our transformation initiatives in both regions to enable an inclusive culture that is appreciative of region-specific diversity and transformation challenges.

For the next three years, Woolworths will continue its focus on talent management, shaping an enabling culture as well as aligning leadership capabilities across the region. For Australasia, driving a culture of flexibility as part of the Employee Value Proposition is important. The implementation of the Reconciliation Action Plan will continue as well. The COVID-19 pandemic made us realise that we have not fully equipped our leaders with the proper capabilities to deal with crises from a people perspective. Future ways of working force leaders to not only have conversations on business performance but also to focus on the overall well-being of their employees by doing regular check-ins.

As the economy opens up after the COVID-19 lockdown, we will enter a recovery phase that is unclear and not business as usual. An entirely new way of thinking is required to shape our people strategy going forward. The COVID-19 pandemic accelerated our transition towards more flexible ways of working, something that has been in the pipeline. This illustrated that productivity can be maintained even with flexible working conditions for a business such as ours. Progressing towards a just wage in South Africa has been necessitated by the impact of COVID-19 and will remain one of our focuses in delivering to our people strategy, especially for our store staff.
TALENT DEVELOPMENT AND RETENTION

We operate in an era influenced by so many revolutions in areas such as technology and artificial intelligence as well as social reforms that necessitate businesses to be agile in their responses. The dynamics of the workplace are changing, with a younger generation of cohorts entering the workplace, hungry for knowledge that sets them up for success in this new era. The complexity of this new era means that skills development will remain a continuous undertaking for the Group. It also creates a need to have competitive retention strategies in order to maintain a thriving and productive workforce.

For current employees, skills development is a key strategy built into the individual performance plans of each employee. The WHL group offers a range of internal and external accredited training and tertiary studies designed to help employees develop our business strategies, foster talent and equip our employees with vital skills and experience, in turn, preparing them with skills for the retail environment.

As a result of the COVID-19 pandemic, face-to-face training and recruitment were halted during the lockdown period. As a result of the COVID-19 pandemic, face-to-face training and recruitment were halted during the lockdown period. With much uncertainty looming we are exploring multiple channels within limited infrastructure and funding constraints.

As the dust settled we started a review of our skills plan for the financial year while preparing a roadmap to transition the organisation from predominantly face-to-face classroom training to a blend of digitally enabled learning delivery channels within limited infrastructure and funding constraints. With much uncertainty looming we are exploring multiple digital formats to get our training delivery back on track so that we can move beyond delivering compliance and business critical training.

TALENT DEVELOPMENT IN SOUTH AFRICA

Woolworths remains passionate and committed to sustainable transformation and steadfast in our belief that skills development is a key enabler to this end. We are clear that delivery of transformation through skills development requires us to extend beyond skills development inside Woolworths, and includes us playing a role to enable education, capacity building and skills development targeted at improving the employability of graduates from various institutions, ultimately improving the calibre of our future pipeline feed.

Within this context, our strategic intent is to contribute to economic growth through building skills for the company, the sector and for the country. We are more than ever committed to our strategy, however, the COVID-19 pandemic has affected our skills development approach in unprecedented ways. Not only has the crisis shifted our skills development priorities but also the way we deliver learning in a world where social distancing and remote work is the new normal.

When lockdown was announced, our immediate priority was to support the business to deliver critical training to introduce people to the new normal. Some of the training delivered included COVID-19 hygiene protocol, cyber security, work from home toolkit guidelines, stress management, etc. The business also saw shifting consumer behaviour which necessitated the launch of a “click and collect” online shopping option where we had to deliver training within our current constraints.

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DEVELOPING OUR INTERNAL PIPELINE

Woolworths’ transformation strategy continues to be a priority, while appreciating that in the context of the current crisis, the talent pool is changing, expanding and being reconfigured. The COVID-19 pandemic has compelled us to reassess our talent development approach so that we are uniquely positioned to develop the right capabilities to steer the organisation forward.

We continue focusing on retaining, developing and growing from within but are in the process of looking at different ways to build our future capabilities. There has been limited career progression and we are using the lockdown period to review our current pipeline development programmes and how we enable delivery to support the need for future skills.

The purpose of our pipeline programmes is and will remain preparing our top talent for future career progression to enable them to operate at the next level of work. In order to drive the transformation agenda for both the business and the country, we also offer development to unemployed graduates and students who require exposure in their chosen field as part of the graduation requirements interns, with a focus on developing core/scarce skills. These students and graduates are offered workplace experience and internships within our business units with a view to increasing their employability and using them as a recruitment pool.

SAICA TOPP (TRAINING OUTSIDE OF PUBLIC PRACTICE) PROGRAMME

Woolworths has been accredited by the South African Institute of Chartered Accountants (SAICA) as a Training Outside of Public Practice (TOPP) training office for prospective chartered accountants. With this, we are now able to develop the relevant skills for accounting competency in the business. Woolworths employees who are also aspiring chartered accountants can complete their articles within the finance teams, without having to leave the business. We are proud that our first two TOPP trainees are doing very well in completing their articles, with one of them having completed their first year’s training.

Both trainees have successfully completed their first Board exams. We recently recruited an additional two TOPP trainees in 2020 and, therefore, have four trainees going into the next year.

SAICA ACCOUNTING TECHNICIAN SOUTH AFRICA – AT(SA) TRAINING

Earlier in 2019, Woolworths piloted the NQF 3 Accounting Technician South Africa certificate programme. This allows our employees in Finance who do not have any accounting qualification to obtain their Accounting Technician (SA) designation. Nine employees have completed their training and successfully graduated from SAICA. We plan to open this training to other employees in the business in the next year.

R119.9M
Woolworths training spend in 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>R119.9M</td>
</tr>
<tr>
<td>2018</td>
<td>R110M</td>
</tr>
<tr>
<td>2019</td>
<td>R121.6M</td>
</tr>
</tbody>
</table>

USEFUL LINK FOR MORE DETAIL

KEY SUSTAINABILITY INDICATORS

4 trainees recruited since 2019

Woolworths is accredited by the South African Institute of Chartered Accountants as a Training Outside of Public Practice (TOPP) training office.

Woolworths training spend in 2020
DEVELOPING THE UNEMPLOYED AS OUR FUTURE PIPELINE

The unemployment rate in South Africa has climbed to above 30% and this is further exacerbated by the looming job cuts, economic conditions that are prevailing and new digital skills that are in short supply. Developing a future-fit talent pipeline pool to support our business growth and transformation is still one of our key objectives. We do this through offering opportunities throughout the talent “value-chain” - from bursaries for employee dependants, to co-op student placements, to permanent employment. As at the end of December 2019 the percentage of co-ops that had been converted to the permanent employment was 6%.

At Woolworths we offer our people within certain job levels bursary funding for their dependants wishing to complete a retail-related qualification. We have offered 66 dependant bursaries for the 2020 academic year (2019: 251). We have also successfully offered some of our dependant bursary recipients work experience in stores during the seasonal December period.

Woolworths Fashion, Beauty and Home (FBH) has partnered with the Design Academy of Fashion (DAF) to provide talented, historically disadvantaged youth studying fashion design or buying with an exceptional quality education and support that is conducive to their optimal development and integration into our industry. Woolworths RBH design and buying teams have an opportunity to tap into the student base at DAF to offer high-potential students a Woolworths bursary with a view to ultimately feed into the design and buying talent pipelines. We are currently funding two of their top students’ studies and also provide them with a monthly allowance.

The Woolworths Fashion, Beauty and Home (FBH) bursary candidates accepted to the graduate development programme in 2020

CO-OPS (INTERNS)

Woolworths offers internship/co-op programmes for learners currently studying to gain the practical experience required prior to completing their qualifications. Acquiring such experience at an early stage provides them with a competitive advantage over the average career seeker with little or no experience at all and we have seen that the majority of our co-ops have gained employment post-graduation. Our co-op programme is successfully used as a feeder to our graduate development programme with the added benefit of being a key contribution towards our BBBEE scorecard through bonus points for absorption into permanent employment. At the end of December 2019 the percentage of co-ops that had been converted to the graduate programme was 6%.

INSIDE RETAIL PROGRAMME

The Woolworths Inside Retail programme is aimed at developing Technical, Vocational Education & Training (TVET) college lecturers who teach retail-related subjects. It provides them with industry-based workplace exposure, allowing them to experience the world of retail and to gain up-to-date knowledge and insight into every aspect of a retail business. It also provides them insight into the types of career opportunities available for their students. This year, we hosted a collaboration session with the Wholesale & Retail SETA CEO, leaders from TVET colleges nationally, and MySchool as well as key representatives from the business to co-create a programme with a national footprint. Due to the COVID-19 pandemic, we agreed to put the programme on hold and review implementation post lockdown.

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We continue to support the Infinity Culinary Training centre, which provides disadvantaged South African women and men with basic cooking and life skills necessary to find immediate employment in a professional kitchen. This centre also provides them insight into the types of career opportunities available for their students. This year, we hosted a collaboration session with the Wholesale & Retail SETA CEO, leaders from TVET colleges nationally, and MySchool as well as key representatives from the business to co-create a programme with a national footprint. Due to the COVID-19 pandemic, we agreed to put the programme on hold and review implementation post lockdown.

GRADUATE DEVELOPMENT PROGRAMME – WORKPLACE EXPERIENCE

Our graduate programme aims to address the youth unemployment challenge by offering graduates a 12-month work experience programme while earning an income and contributing to the economy. The majority of the learners on the programme are Employment Equity (EE) candidates and this forms a critical feeder into our pipeline for entry and middle management roles. In February 2020, 53 graduates started but we unfortunately had to put the programme on hold after one month of them joining due to lockdown restrictions. We’ve deployed our graduates to work in the call centre to assist with call volumes while gaining much-needed work experience.

Woolworths employee dependants

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YOUTH EMPLOYMENT SERVICE (YES)
In 2018, Woolworths became one of the first South African companies to sign up to the CEO-led Youth Employment Service (YES) programme. It’s a business-led initiative undertaken in collaboration with government, labour and civil society and was launched by President Cyril Ramaphosa. It aims to contribute towards building and strengthening our economy through the provision of work experience and skills for one million youth.

A total of 512 unemployed youth have participated in our Woolworths YES Programme since June 2019. We were able to provide permanent job opportunities to approximately 57% of the youth that have participated in the initiative and invested over R12 million towards youth salaries. This initiative has provided an excellent talent pipeline for Woolworths and we are looking at options to explore what our participation going forward will look like for Woolworths.

TALENT DEVELOPMENT IN AUSTRALASIA
In Australia, we continued our focus on optimising people processes through integrating the different brands to align with the regional people strategy. We have delivered an in-house leadership programme through Project Star to help us develop leadership capabilities in stores.

David Jones is unique in that it is the only WHL Australasia business with a food offering. We delivered in-store food on-boarding training for store staff, which is based on the Woolworths South Africa Food model and entails training staff on food safety, quality, and hygiene as well as health.

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

REMUNERATION
The Group’s remuneration philosophy is to ensure that employees are rewarded appropriately for their contribution to the execution of the strategy of the Group. As an integral component of the Employee Value Proposition (EVP), the Remuneration Policy has been designed so that it will continue to attract, engage, retain, and motivate the right, diverse talent required to deliver long-term sustainability of the Group.

The remuneration policies are designed to achieve alignment between the Group’s business strategy and the behaviours of all employees in relation to the values of the Group. The policies recognise and reward individual responsibility, performance, and behaviour in the achievement of the business areas’ goals. These policies are applicable to all Group employees and participation in short- and long-term incentive schemes is dependent on an individual’s role and level within the Group.

The Remuneration Policy is focused on achieving a fair and sustainable balance between GP, STIs, LTIs, and retention schemes for these employees. The application of the Remuneration Policy on a Group-wide basis is guided by the King IV™ principles relating to fair and responsible remuneration, which have been adopted by the Group.

MOVING TOWARDS A ‘JUST WAGE’
In 2019, South Africa’s minimum wage regulations came into effect. Although Woolworths pays above the sectoral prescribed minimum wage, we embarked on an initiative to improve the Employee Value Proposition with regard to wages by understanding how to create meaningful work for meaningful pay for store staff. Through various engagement activities, critical priorities were identified as a means to deliver to this proposition. These priorities centred on store staff remuneration, access to food, and transportation to and from work. Using the annual salary review process, it was decided that no one, regardless of employment contract, will earn below the minimum stipulated wage. On the premise that the minimum wage is the legislated level of remuneration for an employee’s qualification and following the principle of fair remuneration, Woolworths South Africa has developed strategies towards remunerating our staff a ‘just wage’. Our key consideration has been the socioeconomic context of the majority of staff employed in our retail stores.

LABOUR TURNOVER
The labour turnover rate for WHL was 17.6% (WSA: 17.1%; DJ: 20.7%; CRG: 16.9%) including stores, corporate offices and supply chain, an overall decrease of 4% from last year.
TRANSFORMATION, DIVERSITY AND INCLUSION

Respect for human rights and the dignity of all associated with our business remains one of WHL’s highest priorities, and we are committed to non-discrimination, non-sexism, and non-racism across all our policies, practices, and daily operations. We value transformation, diversity, and inclusion as a key component of our Employee Value Proposition and believe that a strong diversity and inclusion strategy that is unique to each of the regions in which we operate should be a key part of our employee attraction and retention framework. As a Group, we also continue to ensure that gender parity remains a focus. We also believe that to remain competitive, we need to ensure we increase our scope for how we address issues of diversity while building a thriving, future-fit organisation.

TRANSFORMATION, DIVERSITY, AND INCLUSION IN SOUTH AFRICA

Woolworths South Africa has adopted the nationally legislated Employment Equity (EE) prescripts, and as part of this, integrate greater participation of historically disadvantaged groups across all spheres and levels within our organisation. Every three years, we draft an EE plan that goes to the Department of Labour, and we are assessed against this. All of our leadership have performance goals in relation to this plan which they are measured against. All of our leadership have performance goals in relation to this plan which they are measured against. The implementation of this strategy is being carried out in partnership with the Wholesale and Retail SETA. We currently have 516 people with disabilities (2019: 569) working for Woolworths.

USEFUL LINK FOR MORE DETAIL

KEY SUSTAINABILITY INDICATORS

USEFUL LINK FOR MORE DETAIL

EMPLOYMENT EQUITY

Employment Equity is a nationally legislated strategy that compels organisations to have diversified and equitable workforces while aiming to transform the company to better reflect the national demographic. The focus of the plan is two-fold – to transform the existing workforce through targeted talent development plans and to ensure that incoming recruits better reflect local demographics, with a particular weighting to historically disadvantaged groups. Currently, historically disadvantaged South Africans (HDSA) represent 95.8% (2019: 95.8%) of total Woolworths permanent employees, of which 63.2% (2019: 62.1%) are in middle to top management positions. Women represent 64.3% (2019: 64.0%) of HDSA permanent employees. We have 50.0% HDSA members at top management in Woolworths SA, comprising executive directors on the Board and members of the executive committee. Of the 50.0%, 25.0% (2019: 27.3%) are black female, with 8.3% (2019: 9.7%) being African female.

Female representation

- **IFS4**: 66%
  - 2019: 66%
  - 2018: 63%
- **CRG**: 89%
  - 2019: 88%
  - 2018: 88%
- **DIJ**: 76%
  - 2019: 77%
  - 2018: 77%

95.8% of total Woolworths permanent employees are HDSA

- 2019: 95.8%
- 2018: 95.4%

PEOPLE LIVING WITH DISABILITIES

The Department of Trade and Industry (dti) has set a BBBEE target that 2% of the company workforce should be black people with disabilities in South Africa, our strategic approach to people with disabilities is aligned with our people and transformation strategies and the national skills development strategy. The implementation of this strategy is being carried out in partnership with the Wholesale and Retail SETA. We currently have 516 people with disabilities (2019: 569) working for Woolworths.

USEFUL LINK FOR MORE DETAIL

TRANSFORMATION, DIVERSITY, AND INCLUSION IN AUSTRALASIA

In Australasia, we are committed to equal opportunity in the workplace for all regardless of age, career status, disability, industrial activity, physical features, political belief or activity, pregnancy, race, religion, gender, or sexual preference. Compulsory Equal Employment Opportunity (EEO) training is completed by all new employees to increase awareness of these issues.

To meet all Australian legislative requirements in respect of the Workplace Gender Equity Agency (WGEA), Equal Employment Opportunity (EEO) and other related laws, Country Road Group and David Jones submit their annual Workplace Gender Equity Reports detailing female representation in the workplace. This year, the proportion of women for Country Road Group was 89% (2019: 88%) and for David Jones 76% (2019: 77%), combined, this equates to 82% female representation for Australasia.

USEFUL LINK FOR MORE DETAIL
TRANFORMATION IN THE SUPPLY CHAIN

**CASE STUDY**

**BAGPAC CC**

BagPac CC is a small family-run enterprise which began in 2011. It is a BBBEE Level 1 contributor and 100% black-woman-owned. The relationship with WHL also commenced in 2011, when they started manufacturing paper bags for Country Road and Trenery in South Africa. A few years later, they also added the manufacture of bags for Witchery and Mimco. In 2014, they took over the African countries we operate in. As a signatory to the United Nations Global Compact, we subscribe to freedom of association and the effective recognition of the right to collective bargaining. This is also translated in our Supplier Codes of Conduct across the Group. In 2020, Woolworths union membership was 2.96% (2019: 2.86%).

**DAVID JONES RECONCILIATION ACTION PLAN (RAP)**

David Jones has also implemented a Reconciliation Action Plan. The Reconciliation Action Plan (RAP) formed the strategic and operational management framework for the David Jones approach to bridging actual and perceived gaps between Aboriginal and Torres Strait Islander and non-Indigenous employees, customers, and communities in the areas of health, education, and social inclusion.

**THE PLAN HAS VARIOUS ELEMENTS, SUCH AS:**

- Nurturing mutually beneficial relationships with Aboriginal and Torres Strait Islander communities
- Promoting and celebrating their rich cultures, values, and histories
- Providing them access to the same opportunities as non-Indigenous people
- Tracking progress and reporting against commitments

**MYWOOLIES PEOPLE APP**

The MYWOOLIES People app was developed and launched last year as a key enabler to shape our culture. The app provides a place where Woolworths employees can connect, engage, and keep in touch. Not only this, but it also provides a one-stop-shop for accessing important Woolworths information. Employees can also view their payslips and access other personal information via the app. The launch of this app is a significant milestone in our quest to leverage the digital capability of our business and move towards a more modern and connected people experience.

**WHISTLEBLOWING**

The Group has a confidential, reporting channel known as the tip-off line, which is managed by Deloitte, an independent accounting partnership. The scope of the tip-off line is largely aimed at fraud, theft and corruption reporting. Employees are also able to use it for confidential bullying or harassment complaints.

**COLLECTIVE BARGAINING**

Collective bargaining agreements exist only in some of the African countries we operate in. As a signatory to the United Nations Global Compact, we subscribe to freedom of association and the effective recognition of the right to collective bargaining. This is also translated in our Supplier Codes of Conduct across the Group. In 2020, Woolworths union membership was 2.96% (2019: 2.86%).

In 2020, David Jones and Country Road Group union memberships were 23.83% and 0.99% respectively.

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

- We contributed R1.8 billion (2019: R2 billion) towards revenues of small and medium enterprises participating in our supplier base.
- We contributed R1.8 billion (2019: R2.7 billion) in revenues of black- and black-women-owned suppliers in our supplier base.
- The 35 (2019: 46) beneficiaries of our ESD programme accessed procurement opportunities to the value of R287.8 million as a result of tailor-made support provided by Woolworths and its partners.

In 2020, Woolworths prides itself in on-going learnings from the successes and failures of small businesses in different sectors of the economy. All these learnings are being consolidated into a future programme that will step up our contribution to inclusive and sustainable economic growth through SME development in the new year.

**USEFUL LINK FOR MORE DETAIL**

**2019 BEE CERTIFICATE**

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**USEFUL LINK FOR MORE DETAIL**

**2019 BEE CERTIFICATE**
Our social development strategy is not only aligned to our core business strategy, but also to the developmental priorities of the countries in which we are based. We strive to make a meaningful difference in the communities in which we operate.
As a Group, our 2020 goal was to contribute R3.5 billion in monetary donations, sponsorship and surplus food and clothing donations to our communities over 5 years. We are pleased to announce that we exceeded this target.

WHL total corporate social investment contributions to date, against a 2015 baseline

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>R63M</td>
</tr>
<tr>
<td>2019</td>
<td>R64M</td>
</tr>
</tbody>
</table>

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

A$1.4M

R643M worth of surplus food donated

2019: R611M
2018: R570M

R34 MILLION ALLOCATED BY WOOLWORTHS TO COVID-19 EFFORTS

A$1.1M

raised to date for Mimco Our Watch

R6.4M

raised by Woolworths through the sale of cause-related bags and bracelets

2019: R8.8M
2018: R6.3M

A$40 793

The total Country Road Group and David Jones employee giving programme contribution

2019: A$61 225
2018: A$47 961

A$509 600 RAISED AND DONATED BY COUNTRY ROAD GROUP AND DAVID JONES TOWARDS BUSHFIRE RELIEF EFFORTS IN AUSTRALIA

2019: R8.8M
2018: R6.3M

PERFORMANCE SUMMARY

<table>
<thead>
<tr>
<th>2020 TARGET</th>
<th>Achieved</th>
<th>Partially Achieved</th>
<th>Missed</th>
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<tbody>
<tr>
<td>R3.5 BILLION</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
STRATEGY AND MANAGEMENT APPROACH

STRATEGY

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

EDUCATION
Apart from being one of the national priorities of many countries, we can only grow and sustain long-term profit in an inclusive, equitable, growing economy that has a sufficiently skilled society and educated workforce.

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

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

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

MANAGEMENT APPROACH

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

Our approach also leverages our operating footprint and our loyal customer base. In South Africa, social development activities are overseen by The Woolworths Trust in line with our corporate social investment policy. Established in 2003, this legal entity is managed by a Board of Trustees and reports on its activities to the WHL Social and Ethics Committee.

Our Australian businesses manage their own strategic partners, relationships, and campaigns, with a focus on community resilience and physical and mental health and wellness. We continue to expand our social development activities in this region and acknowledge that the countries in which we operate have different social contexts and, therefore, require different approaches to making meaningful contributions to the communities we impact.

HIGHLIGHTS

Significant donations made to charities and assistance provided to aid organisations and vulnerable communities by the Group in response to the COVID-19 pandemic and the Australian bushfires

Largest-ever participation in the Woolworths Teacher’s Day competition

R85 million donated to MySchool MyVillage MyPlanet beneficiaries

700 Redkite Red Bags full of practical items, information, and a teddy bear, packed by Country Road Group staff for donation to young children diagnosed with cancer

Over A$179 000 raised by Politix for the Movember Foundation

Successful first harvest from the Living Soils Community Learning Farm ahead of schedule and with more produce harvested than expected

LOWLIGHTS AND CHALLENGES

DUE TO COVID-19
• Impact and reach of the Woolworths Educational Programmes significantly reduced due to school closures
• 2020 Witchery White Shirt Campaign reworked and donation target reduced
• Delay in David Jones literacy is freedom fundraising campaign
• David Jones Rose Clinics paused screenings in line with government advice

LOOKING AHEAD

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

SPECIFICALLY
• We will focus on more clearly measuring and reporting the impact of our programmes
• The Woolworths Educational Programmes strategy and approach will be updated to transition to an appropriate post-COVID-19 operating model
• The staggered launch of the MassBuild Group: Builders Warehouse onto the MySchool MyVillage MyPlanet programme will continue

IMPACT ON THE VALUE CHAIN

Customers
Communities
WHL operations
EDUCATION

The primary aim of the education pillar is to support the improvement of educational outcomes in schools.

There are three focus areas to this pillar:

- Fundraising to support schools
- Positively impacting the education ecosystem
- Improving the health and wellbeing of learners at school

FUNDRAISING TO SUPPORT SCHOOLS

**MY SCHOOL MY VILLAGE MY PLANET**

**PARTNERS**
Other retailer partner stores, our customers, charities

**KEY OUTCOMES**
R668 million donated (2019: R583 million) since inception

MySchool MyVillage MyPlanet (MySchool) is a long-standing multi-partner loyalty programme aimed primarily at fundraising for education. It leverages the national footprint of Woolworths to bolster the investment made in education, enabling customers to use their shopping and loyalty cards to support schools and charities. Currently, 4 408 causes (2019: 3 347) are being supported by 1.3 million customers (2019: 1.3 million) and 467 partner stores (2019: 415) through the programme. The causes supported include 7 210 schools (2019: 7 264), 950 charities that support people and their communities (2019: 858), and 247 charities that support animal and environmental-related causes (2019: 225).

**CASE STUDY**

**LITERACY IS FREEDOM**

**PARTNERS**
Australian Literacy and Numeracy Foundation

**KEY OUTCOMES**
Donation: A$53 344 (2019: A$76 982)

David Jones raises funds annually for literacy programmes run by the Australian Literacy and Numeracy Foundation (ALNF) for Aboriginal and Torres Strait Islander communities. While the annual Literacy is Freedom fundraising campaign had to be postponed this year due to the COVID-19 pandemic, David Jones supported ALNF’s Story Time initiative through #AtHomeWithDJs. The Story Time campaign made available a range of online resources including downloadable activities, live streams and storytelling. David Jones also donated A$50 000 in support of the Literacy is Freedom 20th birthday event and sold Christmas cards, raising A$3 344.

**KEY ACTIVITIES DURING THE YEAR WERE**

- Made strategic donations to COVID-19 relief efforts, supporting key beneficiaries leading the COVID-19 response in South Africa
- Continued support of 20 GROW Educare Centres (9 opened this year) now providing more than 200 jobs and reaching over 2 000 children
- Provided 20 2019-101 teaching bursaries and internships through the Dreams2Teach Scholarship Fund
- Built six new classrooms at Nederburg Primary School at a cost of over R1.7 million, in partnership and collaboration with various stakeholders
- Donated 50 000 books to children in partnership with the BookDash and the Santa Shoebox project
- Hosted the Symphonia School Leadership Forum, training over 500 school leaders on leadership in education
- Launched the MassBuild Group: Builders Warehouse as a new retail partner in a phased approach
- Continued installation of rainwater harvesting systems with filtration at various schools through the Woolies Water Fund
- Contributed towards a new state-of-the-art penguin rehabilitation pool at SANCCOB in Port Elizabeth

**USEFUL LINKS FOR MORE DETAIL**

- **CARING IN ACTION: OUR COVID-19 RESPONSE**
- **WOOLIES WATER FUND**
- **MY SCHOOL**
- **WATCH THE GROW EDUCARE VIDEO**
- **WATCH THE SANTA SHOEBOX PROJECT VIDEO**
**POSITIVELY IMPACTING THE EDUCATION ECOSYSTEM**

**NATIONAL EDUCATION COLLABORATION TRUST (NECT)**

**KEY OUTCOMES**
- R2 million donated annually (R14 million to date);
- 4,000 schools supported annually;

The partnership with the NECT is a long-established one. For a number of years Woolworths has been one of the top 10 corporate contributors to NECT. NECT’s aim is improving learning outcomes, with a particular focus on ensuring that, by 2030, 90% of learners pass mathematics, science, and languages with a mark of at least 50%. During the COVID-19 pandemic, R500 000 was donated to NECT to support a variety of initiatives to improve access to educational resources for families without an internet connection.

**IMPROVING THE HEALTH AND WELLBEING OF LEARNERS AT SCHOOL**

**WOOLWORTHS EDUCATIONAL PROGRAMMES**

**PARTNERS**
- Department of Basic Education, various subject matter experts

**KEY OUTCOMES**
- Spent R2.9 million (2019: R3 million), number of learners reached 72,121 (2019: 251,455)

This programme is one of the key ways we support the upliftment of education and the health and wellbeing of children at schools in South Africa. Our expertise on good food, healthy living, wellness, and sustainability is shared through the development and production of educator resources and by offering teachers, learners, and parents a range of experiential learning activities that promote healthy nutrition and exercise for Life Skills (Grades 4 and 5); Social Sciences – Geography (Grade 4); and Natural Science and Technology (Grade 6). All theoretical materials are conveniently downloadable from the internet. The learning is taken beyond the pages of the textbook through a portfolio of experiential learning activities, ranging from class lessons offered by professionals and dietitian-led learner talks, events, and campaigns that promote health and sustainable living, to tours of stores, suppliers, and distribution centres. In addition, schools are provided with a Tuck Shop Guide to assist schools, teachers, and parents with promoting healthier eating choices.

**KEY ACTIVITIES DURING THE YEAR WERE**
- The COVID-19 pandemic and lockdown meant that the programme was not able to operate in its traditional format from March to June. However, to support schools during this time:
  - Educational resource material to facilitate teaching and learning at home was provided
  - Amended lesson plans and activity sheets were made available to teachers to assist with online teaching
  - Material was contributed to the Department of Education online education platforms
  - 443 online lessons with various schools were hosted
  - Weekly exercise and healthy eating content was disseminated to parents for their children
- In total, during the year, 1,727 (2019: 7,529) class lessons educated learners about good nutrition and the environment, 4,950 (2019: 9,000) learners visited our distribution centres, stores, and suppliers, and over 5,960 (2019: 5,000) parents were provided access to professional dietitian advice
- The annual Woolworths Teacher’s Day competition, which aims to recognise the good work teachers have done, received over 50,000 (2019: 30,000) entries. This was the largest participation ever in the Teacher’s Day competition, making it the biggest campaign initiated by the private sector directed at recognising teachers in South Africa
- Two health track events were hosted in Uitenhage and Khayelitsha in celebration of Mandela Day and World Milk day respectively. 5,000 learners were given access to professional biokineticists from the Sports Science Institute of South Africa and learnt about the principles of exercise, improving motor skills, and the connection between a healthy body, mind, and academic performance
- In partnership with Mpact, Grades 4-7 learners and educators from Cavendish Primary School enjoyed a fun-filled day learning about the importance of recycling and learning practical skills about how, where, and what to recycle

Going forward, due to the pandemic, the Woolworths Educational Programmes will not access schools the same way as in the past. A relook at the operating model, including consideration a digital approach, is underway.

**USEFUL LINK FOR MORE DETAIL**

[FOOD SECURITY]

[Grade 6 learners from Kannemeyer Primary School in the Western Cape enjoying a class lesson hosted by the Woolworths Educational Programme.]

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

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

- A alleviation of hunger and connecting surplus food to need
- Community-based solutions to address food insecurity

ALleviation OF HUNGER AND CONNECTING SURPLUS FOOD TO NEED

SURPLUS FOOD DONATIONS

PARTNERS
Local charity organisations, FoodForward SA, OzHarvest in Australia

KEY OUTCOMES
Surplus food donated R643 million (2019: R611 million), surplus food collected by OzHarvest 11 977 kg (2019: 3 872 kg)

To contribute towards the alleviation of hunger in the communities near to our stores, as well as reducing food waste to landfill, Woolworths has for many years diverted surplus food from every Food store to needy communities via structured charity organisations. In the last year, the company donated over R643 million worth of food to these needy causes. One of our partnerships in this regard is with FoodForward SA. This non-profit organisation recovers edible surplus food at various stages of the food value chain, and redistributes it to communities in need across the country, thereby improving access to food and reducing food waste to landfill. Woolworths committed R3 million in funding over three years, enabling some 1.2 million meals per year to reach those in need. We continue to encourage our food suppliers to redirect their surplus to FoodForward SA. David Jones partners with OzHarvest, one of Australia’s leading food rescue organisations, which collects quality excess food from commercial outlets and delivers it directly to more than 130 charities, supporting people in need across the country. After a successful trial with the David Jones Malvern store, the programme was extended to David Jones Bourke St store and the Botanica Café at Country Road Group and David Jones head office, with ad hoc collections from other Victorian stores as well. This year, in total, 11 977 kg (2019: 3 872 kg) of surplus stock equivalent to 35 931 meals (2019: 11 616) was donated.

Over the past 16 years, Woolworths has given back contributions to the value of R6.5 billion towards a #ZEROHUNGER future in South Africa.

CASE STUDY
Woolworths’ 2019 Christmas campaign aimed to raise R4.5 million for donation to FoodForward SA to help alleviate hunger.

For every three swipes of customers’ MySchool MyVillage MyPlanet or linked Woolies cards from 4 November until 31 December, one meal was donated. This was in addition to contributing to the customer’s chosen MySchool MyVillage MyPlanet beneficiary

CUSTOMERS WERE ENCOURAGED TO BUY A

- Donation card at our tills or online
- Relate bracelet at the till
- Cause-related reusable bag

R2 MILLION WAS SUCCESSFULLY RAISED DURING THIS CAMPAIGN.

USEFUL LINK
FOR MORE DETAIL

THE #ZEROHUNGER CAMPAIGN
COMMUNITY-BASED SOLUTIONS

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

**PARTNERS**
UNICEF, Gauteng Department of Education

**KEY OUTCOMES**
Funding R4 million over three years, 50 000 children to be reached

Last year, we entered into a new partnership with UNICEF and the Gauteng Department of Education, with the aim of improving child health, education, and nutrition outcomes as well as alleviating hunger among primary school learners. R4 million in funding will be provided over three years for a water, sanitation, and hygiene (WASH) and a nutrition pilot programme. This programme will reach approximately 50 000 children at 50 under-resourced Gauteng-based schools that participate in the National School Nutrition Programme. The programme also trains community members who volunteer as food handlers to safely and hygienically prepare balanced meals for the school children.

The Community-Based Solutions section continues with more detailed information on initiatives and partnerships focused on community well-being.

EDUPLANT PROGRAMME

**PARTNERS**
Food & Trees for Africa

**KEY OUTCOMES**
Since inception R36.7 million donated (for 2019, this figure was R34 million); schools reached 336 (2019: 336)

The EduPlant programme uses education and awareness to assist schools and communities to grow their own food through the establishment of permaculture food gardens in schools. The produce grown can be used to supplement their school feeding schemes or sold to generate income. Training is provided to the schools and learners on topics such as soil maintenance and water harvesting. During the year, workshops were held with participating schools, providing information on how to select the best crops to grow based on the school feeding programme needs and seasonal planting calendar. The COVID-19 pandemic is a game-changer for the EduPlant National School Gardening and Greening competition. Due to social distancing rules, the finals will be digitised through social media and online platforms. As a result, more schools than ever will be able to participate and gain more exposure and recognition for their food gardens.

Watch this video to find out how Eduplant, a long-standing Woolworths partner, continues to change lives.

LIVING SOILS COMMUNITY LEARNING FARM

**PARTNERS**
Spier Wine Farm, The Sustainability Institute

**KEY OUTCOMES**
Number of interns: 10, land cleared, planted and harvested: Just under one hectare, Interim beneficiary identified: Sustainability Institute kitchen

In 2019, Woolworths partnered with Spier Wine Farm (Spier) and the Sustainability Institute (SI) to launch a community learning farm near Stellenbosch. The intent is to test a concept, an extension of the farming for the future programme, on a community farm basis. The objective is to create a self-sustaining learning farm that showcases the production of nutritious food using sustainable farming methods. Incorporating training and development for young- and emerging farmers and the broader community, the two aims of the learning farm are the development of long-term food security in the local community, and helping to address youth unemployment.

**KEY ACTIVITIES DURING THE YEAR WERE**
- A technical team and working group to coordinate, support, and lend guidance on topics such as business development and farm management was formed
- The SI kitchen was identified as an interim beneficiary. The kitchen has a food programme that provides meals daily for approximately 200 impoverished and at-risk children from the Lynedoch Valley
- A farm production model outlining the site preparations and agronomy plan was developed, informed by a stakeholder survey. SI kitchen requirements, and guiding principles for ecologically regenerative farming
- A continuous assessment model for the AgroEcology interns was developed, and the number of interns was increased from 3 to 10
- Just under one hectare of land was cleared and produced for preparation and the first harvest was planted in August 2019. April 2020 saw a successful first harvest, ahead of schedule, and with more produce harvested than expected. Any excess produce not used by the SI kitchen was donated to FoodForward SA
- During the COVID-19 lockdown, fresh produce from the farm was donated to help fill more than 750 fresh food boxes prepared by Spier and the SI kitchen

Other initiatives we are involved in with the aim of improving food security are the Woolworths Educational Programmes and Farming for the Future.

USEFUL LINKS FOR MORE DETAIL

- EDUCATION
- SUSTAINABLE FARMING
COMMUNITY RESILIENCE

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

WITCHERY WHITE SHIRT CAMPAIGN

**PARTNERS**
Ovarian Cancer Research Foundation

**KEY OUTCOMES**
Donation A$1.4 million (2019: A$1.7 million)

Witchery runs an annual White Shirt campaign to raise awareness and vital funds for the Ovarian Cancer Research Foundation (OCRF) in support of the development of an early detection test for ovarian cancer. For every white shirt sold, 100% of the sale price is donated to the OCRF. The impact of COVID-19 required significant changes to the campaign due to supply chain disruption, the closure of stores for much of the campaign, and government-imposed restrictions on public events. As a result, the 2020 campaign target was reduced, the collection was simplified to one shirt, and public relations activity was reworked to account for social distancing and reduced foot traffic.

COUNTRY ROAD AND REDKITE

**PARTNERS**
Redkite

**KEY OUTCOMES**
Annual donation of 700 Redkite Red Bags

Redkite is an Australian charity that provides essential support to children and young people who have been diagnosed with cancer, and their families. To support the children and their families during these challenging times, staff at Country Road head office pack and donate 700 Redkite Red Bags full of practical items, such as toiletries, reusable coffee cups, vital information about support services, and a teddy bear to cuddle. While the number of bags donated to Redkite will be reduced going forward as Country Road Group refines its social development strategy, in recognition of the importance of this initiative, support of the programme will continue.

POLITIX MOVEMBER

**PARTNERS**
Movember Foundation

**KEY OUTCOMES**
Donation A$179,732 (2019: A$110,596)

In November 2018, Politix launched its partnership with the Movember Foundation, making a commitment to raise awareness and vital funds in support of men’s health. In this second year of partnership, a number of engagement activities were undertaken to help raise awareness, including through involvement in the MAVEIGHT festival, being a key partner in the official Movember wrap party, and dressing key Movember ambassadors and staff in Politix. In addition, funds from the sale of chinos for the month of November were donated to Movember. All in all, A$179,732 was raised for Movember (2019: A$90,000). Looking ahead, Politix aims to extend participation throughout the calendar year and to introduce a product element to increase donations from customers.

CASE STUDY
MIMCO OUR WATCH

**PARTNERS**
Our Watch

**KEY OUTCOMES**
A$233,000 (2019: A$200,000)

Into our fifth year of partnership, the Mimco Our Watch initiative raises funds and generates awareness of the importance of preventing violence against women. During the year, Mimco used events, promotional activities, partnerships with media, and customer engagement campaigns to drive awareness. A$233,000 from sales on International Women’s Day in March this year were donated to Our Watch. Mimco also partnered with Marie Claire, a leading women’s publisher, with an editorial and two podcasts to share the Our Watch story with a wider audience in Australia.

"INTERNATIONAL WOMEN’S DAY AND MIMCO’S PARTNERSHIP WITH OUR WATCH IS AN AMAZING OPPORTUNITY TO STAND TOGETHER AND CELEBRATE ALL WOMEN."

- Sarah Rovis, Managing Director, Mimco

USEFUL LINKS FOR MORE DETAIL

- WITCHERY WHITE SHIRT CAMPAIGN
- MIMCO OUR WATCH

A$430,325 in support provided by David Jones to its six Rose Clinics in 2020, providing complimentary breast screening services for women over 40. The Elizabeth Street Rose Clinic was renovated during the year and fitted with the latest digital technology. This clinic to date has conducted more than 74,000 free screening mammograms.

COVID-19 restrictions forced select clinics to pause screenings in line with government advice.

USEFUL LINKS FOR MORE DETAIL

- WITCHERY WHITE SHIRT CAMPAIGN
- MIMCO OUR WATCH
EMPLOYEE COMMUNITY INVOLVEMENT

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

SOME OF THE KEY ACTIVITIES DURING THE YEAR WERE

- Expanding employee involvement in meaningful and sustainable community programmes across our stores in Africa
- Teaming up for ‘Just a Cause’, a Woolworths’ initiative where staff are invited to pick a charity to support. Each cause selected receives R3 000 in seed funding to get them started. Over and above that, The Woolworths Trust commits that, for every team that reaches its fundraising target, it will match the funds up to R40 000. This initiative not only raises funds for worthy causes, but also enables teambuilding within the business. Some of the funds for this initiative were directed towards COVID-19 community initiatives this year.
- To commemorate World Food Day, 200 Woolworths employees from 11 stores across the country volunteered their time to work in food gardens at schools that are part of the EduPlant programme.
- Woolworths Financial Services staff:
  - Pack 100 000 meal packs for donation to Rise Against Hunger, an international hunger relief organisation that distributes food and aid to vulnerable communities
  - Volunteer for child literacy sessions and raised funds for Shine Literacy, an NGO that provides structured English literacy support to children
  - Raised money to upgrade an SOS Children’s Village playground. SOS is an NGO focused on supporting children without parental care and families at risk.
- Woolworths Eswatini provided food and blanket parcels to the elderly, and supported a 50-year-old re-opened primary school with a desperately needed fresh coat of paint.
- Woolworths Tanzania supported local orphanages and schools with donations of surplus clothing, and food donations made possible by financial contributions from employees.
- Weekly Wednesdays walks were organised to get Country Road Group head office staff to MOVE for Movember and Politix staff were offered the opportunity to join a Movember SpeakEasy workshop.
- Continued participation by employees in workplace giving programmes. 35 employees (2019: 133) at Country Road took their annual volunteering leave day during 2020, amounting to A$4 000 (2019: A$45 000) worth of time donated. Employees at Country Road and David Jones participated in the employee giving programme on the Good2Give platform. The total Country Road and David Jones contribution for 2020 was A$40 793 (2019: A$61 225).

CAUSE-RELATED MARKETING

Our cause-related marketing initiatives create awareness and raise funds for important conservation- and sustainability-related issues. Through the sale of certain products, funds are collected and donated to nominated organisations. Included in this during the past 12 months was the Woolworths ‘Share the Joy’ campaign in December for which FoodForward SA was the beneficiary.

In the past year, we raised over R6.4 million for charities and NGOs through the sale of cause-related bags, bracelets and donation cards.

2019: R8.8 MILLION

A$51 029 raised by David Jones for the National Breast Cancer Foundation through the sale of pink merchandise

2019: A$20 240

A$46 132 raised by David Jones (A$1 from every lipstick and lip gloss sold during Look Good Feel Better Month)

2019: A$51 398
| **CASE STUDY** | A$200 000 | A$209 600 | Food donated by employees to the Foodbank Victoria Bushfire Emergency Food Relief Appeal |
| | donated by Country Road Group and David Jones to the Australian Red Cross Disaster Relief and Recovery Fund to assist bushfire-impacted communities | donated by employees and customers in-store and online to the Australian Red Cross Disaster Relief and Recovery Fund and RSPCA Bushfire Recovery Fund | |
| **USEFUL LINK** | A$100 000 | 100% | CLOTHING, BEAUTY AND HYGIENE PRODUCTS DONATED TO CHARITY PARTNERS |
| | donated by Country Road Group and David Jones to the RSPCA Australia for animal and wildlife rescue and rehabilitation | of proceeds from personalisation at the Australian Open Country Road pop-up store donated to the Australian Red Cross Disaster Relief and Recovery Fund | |
| **CLOTHING, BEAUTY AND HYGIENE PRODUCTS DONATED TO CHARITY PARTNERS** | | | |
| **HEAD-TO-TOE POLITIX OUTFITS DONATED TO A WEDDING PARTY WHO LOST EVERYTHING IN THE BUSHFIRES** | 100% | CLOTHING AND SUPPORT PROVIDED FOR EMPLOYEES DIRECTLY IMPACTED BY THE BUSHFIRES |
| | of sales from a specially created limited edition t-shirt sold at the Rod Laver arena donated to the Australian Red Cross Disaster Relief and Recovery fund in partnership with Tennis Australia’s Australian Open Rally for Relief match | | |
| **CLOTHING AND SUPPORT PROVIDED FOR EMPLOYEES DIRECTLY IMPACTED BY THE BUSHFIRES** | | | |
| **USEFUL LINK** | | | |
| | **CASE STUDY** | | |
| **COUNTRY ROAD GROUP AND DAVID JONES RESPONSE TO THE AUSTRALIAN BUSHFIRES CRISIS** | | | |
| Towards the end of 2019 and in early 2020, Australia experienced one of the worst bushfire seasons in history, with vast areas affected across much of the country. The effects of the fires were devastating, families lost their homes, communities were displaced, and wildlife and their natural habitats were destroyed on a massive scale. Many Country Road Group and David Jones employees, customers and suppliers were directly impacted by these bushfires. In response to this national crisis, we made donations to charities and aid organisations and supported staff who were directly impacted and those who wished to volunteer. | | |
| **USEFUL LINK** | | | |
| **DAVID JONES BUSHFIRE RESPONSE** | | | |
| | | | |
| Paid Volunteer Leave was temporarily doubled to two days per year to enable staff to support bushfire relief efforts | | | |
| | | | |
| Wildlife pouches made by employees donated to organisations supporting wildlife rehabilitation | | | |
| | | | |
CARING IN ACTION: OUR RESPONSE TO COVID-19

The COVID-19 pandemic and lockdowns significantly affected our operations, employees, suppliers, and customers across the Group. While our food businesses were deemed essential services and continued to operate, our fashion businesses were severely impacted with temporary store closures across the Group. The Group’s main focus has been on prioritising the health and safety of employees and customers, assisting communities in need, working with our suppliers to mitigate impacts, and closely managing the financial impacts.

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>CUSTOMERS</th>
<th>COMMUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEALTH AND SAFETY</td>
<td>HEALTH AND SAFETY IN STORES ACROSS THE GROUP</td>
<td>DONATIONS</td>
</tr>
<tr>
<td>• Implemented strict health and safety protocols at all our operations across the Group</td>
<td>• Cleaned and sanitised high traffic areas and equipment regularly</td>
<td>• Donated over R4 million to charities and aid organisations to assist healthcare workers, local communities in need, schools, and animal welfare organisations</td>
</tr>
<tr>
<td>• Transitioned the vast majority of head office staff across the Group to work from home</td>
<td>• Placed social distancing decals on floors</td>
<td>PROMOTION OF FOOD AND MEALS</td>
</tr>
<tr>
<td>• Provided cloth masks to store staff across the Group, and free access to the flu vaccine for all Woolworths staff</td>
<td>• Limited the number of people allowed inside</td>
<td>• Delivered over 3,600 food care packs (prepared by Woolworths) and 200,000 meals in partnership with Infinity Culinary Training Centre to communities in South Africa in need and to those ill, in quarantine, or unable to leave home</td>
</tr>
<tr>
<td>FINANCIAL WELLBEING</td>
<td>DONATIONS</td>
<td>ENABLING REMOTE ACCESS TO EDUCATION</td>
</tr>
<tr>
<td>• Allocated a monthly appreciation allowance to all Woolworths staff classified as essential workers</td>
<td>• Collected non-perishable grocery and toiletry items from in-store customer donations</td>
<td>• Supported remote access to education, working with multiple partners and organisations</td>
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<td>• Applied for Government wage subsidy schemes for eligible staff at Woolworths, Country Road Group and David Jones</td>
<td>• Enhanced online delivery capacity across the Group, with additional delivery slots added and dark stores created to cope with increased demand</td>
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<tr>
<td>• Encouraged 5,000 stood-down Country Road Group store employees to sign up to Hatch Exchange, a COVID-19 labour exchange, to access temporary short-term work until stores re-opened</td>
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<tr>
<td>EMOTIONAL AND MENTAL HEALTH AND WELLBEING</td>
<td>MANAGEMENT OF FINANCIAL IMPACTS</td>
<td>SHARING THE COLLABORATIVE SPIRIT IN ACTION</td>
</tr>
<tr>
<td>• Provided all staff across the Group, and their families, access to a confidential employee assistance helpline for psychological and emotional support during the pandemic</td>
<td>• Reduced Board and senior executive teams salaries and fees across the Group for three months. The savings were used to provide additional financial support, over and above the current interventions, to staff impacted during the crisis</td>
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<tr>
<td>• Provided all Woolworths staff who were COVID-19 positive or on precautionary quarantine with support from an external specialist health provider through a dedicated wellness helpline</td>
<td>• Instituted significant focus across the Group on facilitating trade and driving revenue, including through online channels. Costs were aggressively reduced, inventory and working capital managed closely, with only critical capital expenditure projects moving forward. Suppliers were engaged to reduce apparel product intake and negotiate extended payment terms</td>
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<td></td>
<td>• Proactively engaged with our South African funders</td>
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<td></td>
<td>• Provided funding support of A$75 million to the Australasian businesses in the form of a loan secured by a second lien and obtained the suspension of covenant testing for the Australasian property portfolio</td>
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<td></td>
<td>• Initiated a review of the capital structure of the Australasian entities which will include the restructuring of its borrowings, including a full review of options relating to the Australasian property portfolio</td>
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<td></td>
<td>• Undertook discussions with Australasian landlords to accelerate the restructuring of our store networks and reduce our floor space. And in South Africa, alternative arrangements were negotiated with landlords to manage lease commitments during lockdown</td>
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<td>• Suspended distributions to WHL shareholders until the situation arising from COVID-19 stabilises. Consequently, no final dividend was declared for the year</td>
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</table>

Orders
Even with increased promotions to move stock, in certain cases product intake was reduced or delayed, and extended payment terms negotiated.

Supplier Assistance
Assisted small and medium suppliers with various relief options offered by the Group, government and banks, with the aim of ensuring appropriate support during the pandemic.

Donations
R34m allocated by Woolworths to COVID-19 efforts
Through this pillar, we continue to inspire the need for leading healthy lifestyles for our customers through offering a variety of healthy nutritional options. We also recognise that the overall health and wellbeing of our employees is critical in sustaining a thriving workforce. We, therefore, also offer a myriad of programmes to support the wellbeing of our employees.
PERFORMANCE SUMMARY

5.1 TONNES of salt removed from Woolworths private label food
- 2019: 6.7 TONNES
- 2018: 11 TONNES

7.2 TONNES of sugar removed from Woolworths private label food
- 2019: 1.2 TONNES
- 2018: 43.3 TONNES

100% of all Woolworths private label food (including pet food) is currently GMO-free
- 2020 TARGET: 100%
- 2019: 100%
- 2018: 98%

Woolworths has offered a 100% vegan WBeauty range since 2019

All WCafe menus and harvest tables now comprise a mix of carb-conscious, vegetarian and vegan meal options

OPENED A GYM AT THE BOTANICCA HEAD OFFICE FOR COUNTRY ROAD AND DAVID JONES EMPLOYEES IN 2018

IN 2020, ALL CONFECTIONERY WAS REMOVED FROM DAVID JONES TILL POINTS AND REPLACED WITH HEALTHY SNACKS

Politix signed an exclusive partnership with Movember in 2019

23 Health and Wellness Practitioners for WHL staff to access
- 2019: 17
- 2018: 29
Health and wellness is a key focus across the Group. The Woolworths Health Manifesto and the David Jones Food and Health strategy outline how we aim to encourage customers to make healthy choices and lead a more balanced, healthier lifestyle through the provision of a variety of healthy and nutritious food options, including plant-based meals, with appropriate product labelling to assist them in making informed choices.

**IN SUMMARY**

**WOOLWORTHS** (Health Manifesto: Living Well starts with Eating Well)

**WE AIM TO**
- INSPIRE healthy lifestyles by making healthy eating satisfying, delicious and convenient across our product ranges
- PROVIDE our customers with a variety of product options to meet their dietary needs
- INNOVATE to improve the nutritional quality of our foods
- PROMOTE healthy and informed choices through clear nutrition labelling

Woolworths Health Manifesto

**DAVID JONES** (Food and Health strategy: Inspire and enable customers to make healthy food choices)

**WE HAVE FOUR FOCUS AREAS**
- AVOIDERS to develop food products which enable customers to make informed choices when avoiding certain ingredients
- EAT WELL to enable customers to choose foods which are ‘best for you’ and nutritionally ‘well balanced’
- CLAIMS communicate nutritional benefits to customers
- CALORIES to assist customers with portion control by displaying calories on front of pack of single-serve items

The Group is also committed to providing a safe and healthy working environment for all employees. As an employer, we know that there are many different aspects to our employees’ lives, therefore, providing them with relevant and accessible wellness and occupational health and safety programmes to meet their needs is fundamental.

**LOOKING AHEAD**

We will continue to improve and entrench the principles of the Good Food Journey for both Woolworths and David Jones. We will also ensure product development focuses on health and sustainable nutrition as well as continuously expand our range of healthy food options.

**MORE SPECIFICALLY**
- Woolworths will roll out nutrition training and a responsible alcohol use awareness campaign and training to staff across the country
- Woolworths will increase the range of low alcohol beers and develop a range of non-alcoholic ciders
- Through the Green Cafés Programme, we will aim to ensure that the a la carte menu at WCafé includes gluten-conscious options
- David Jones will review and expand its healthy prepared meals and salads options
**WELLNESS FOR OUR CUSTOMERS**

Over the last few years, the global risk to public health from the rise in non-communicable diseases, which has been exacerbated by obesity and poor nutrition resulting from the increased consumption of energy-dense, nutrient-poor foods that are high in fat, sugar and sodium, has increased. As a food retailer, we have a responsibility to help our customers lead better lifestyles by providing a variety of healthier food options to support a multitude of dietary needs. We also know that our customers’ family health, security, and happiness are a top priority, so we ensure that customers can make informed buying decisions by promoting awareness and providing labelling to communicate the nutritional content of our food. A future trend that has gained further impetus from the COVID-19 pandemic is that our customers will increasingly become more conscious about what they are buying and eating, with an increased desire for healthy and immunity-boosting food.

**OUR GOOD FOOD JOURNEY**

The Good Food Journey is the name we’ve given to Woolworths on-going commitment to offering our customers food that’s better for them, better for the environment and better for the people who produce it. Both Woolworths and David Jones have adopted the principles of our Good Food Journey. We aim to inspire healthy lifestyles by making healthy eating satisfying, delicious, and convenient across our product ranges while also innovating and improving nutritional quality through reformulation. In doing this, we assist customers in making informed dietary choices through transparent product ingredient and nutritional labelling.

The Good Food Journey encompasses everything from avoiding additives like tartrazine and all other azo dyes, MSG, aspartame, saccharin and cyclamate in our foods, switching to non-artificial colourants and flavourants, labelling ingredients from potential GM crop sources and offering more organic and free-range choices, to caring for the welfare of animals and promoting healthy eating as part of a healthy lifestyle.

**WOOLWORTHS WORLD OF WELLBEING**

During the year, the Woolworths Food team instituted compulsory nutrition training as part of its induction, skills development, and refresher training programme. The training includes coverage of the concept of sustainable nutrition, the Health Manifesto, legal requirements and appropriateness of marketing claims, and healthy product development. The aim is to extend this training across the Woolworths head office teams, as well as to store managers, in the future. The focus on providing healthy options to our customers also extends to our WCafés. As part of our Green Cafés Programme, during the year, we were pleased to achieve our goal of having carb-conscious meal options on our WCafé menus. In the near future, we aim to include gluten-conscious options on the a la carte menu. Given the negative health impacts associated with certain processed food and some beverages, to ensure responsible advertising and marketing, Woolworths adheres to the Advertising Regulatory Board’s Code of Advertising Practices, including the specific Food and Beverages Code. In addition, a rigorous internal review and approval process is followed for marketing claims made. Training on these codes is included in the Food team compulsory nutrition training programme. Refresher training is regularly conducted with the Marketing team.

**SALT AND SUGAR REDUCTION**

As part of our Good Food Journey, we continue to ensure that we reduce the sugar and salt content in our private label foods products. During the year, we removed 5.1 tonnes of salt (2019: 6.7 tonnes) and 7.2 tonnes of sugar (2019: 12 tonnes) from Woolworths’ private label food products.

**SPECIFIC FOCUS WAS GIVEN TO**

- Sugar reduction and portion-controlled formats for ambient cakes and desserts
- Fat reduction or an improved fat profile in our snacking options
- Increasing incorporation of whole grains, legumes and pulses across various products
- Conservative use of sugar in our mueslis, granolas and muffins

**LOOKING AHEAD, WOOLWORTHS WILL CONTINUE THE JOURNEY TO INNOVATE AND REFORMULATE OUR PRODUCTS AND REMAINS COMMITTED TO PROMOTING A HOLISTIC APPROACH TO PROVIDING DELICIOUS, NUTRITIONALLY BALANCED FOOD SOLUTIONS TO OUR CUSTOMERS.**

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**DAVID JONES FOOD AND HEALTH STRATEGY**

During the year, on-pack labelling was rolled out for nutritional claims where appropriate and calorie labelling for defined single-serve items. Additional healthy snacking options were provided, and confectionery was removed from checkouts and replaced with healthy snacks.

In the next year, David Jones will review and expand its prepared healthy meals and salads options.

**PLANT-BASED FOOD**

There has been a fundamental shift in customers’ habits towards plant-based eating. The concept appeals to a diverse range of customers, including meat-eaters, sustainable farming supporters, and health advocates alike. In response, we have developed an evolving plant-based range of products that encompass a spectrum of eating patterns that focus on eating whole plants, including...
vegetables, fruits, whole grains, nuts, seeds, and legumes, and eating fewer or no animal products.

Woolworths’ plant-based food ranges cover all kinds of lifestyle choices and include options such as non-dairy yoghurts, drinks, snacks, and desserts; dairy-free cheeses; vegan mayonnaise; and vegan and vegetarian ready-made meals and meal accompaniments. We are also inspiring our customers through recipe solutions that include plant-based kitchen staples like whole grains, legumes, nuts and seeds, and everyday vegetables. In partnership with the Humane Society International – Africa, we have also developed a plant-based eating guide for customers.

During the year, David Jones introduced various dairy alternatives and tofu, launched a range of private label plant-based, vegan-friendly prepared foods, portion-controlled for calorie control, and introduced a selection of branded plant-based beverages.

**HEALTHY NUTRITION AT SCHOOLS**

Through the Woolworths Educational Programmes, we promote healthy nutrition and exercise at schools, starting as early as possible. The intermediate phases of basic education provide a crucial window of opportunity to establish healthy behaviours from a young age. These lessons are centered on the theme of healthy living and the environment, which form part of the natural sciences and technology curriculum. In addition, 62 virtual class lessons were hosted on various online platforms as schools were closed as part of the COVID-19 lockdown period. This year, healthy nutrition and living lessons were delivered at 464 primary schools (2019: 589). The inability to access schools during the lockdown is reflected in the lower numbers of class lessons for this year.

**VITALITY HEALTHYFOOD™**

Woolworths’ on-going partnership with the Discovery Vitality HealthyFood™ programme incentivises and rewards customers for making healthy food purchasing decisions and avoiding foods that are linked to dietary practices that cause non-communicable diseases such as diabetes, high cholesterol and high blood pressure. Customers who have linked their Woolworths loyalty cards to Vitality can receive up to 25% cashback when they purchase Vitality HealthyFood™ linked products. We currently have 333,401 customers (2019: 332,289) who have linked their Woolworths loyalty cards to Vitality.

<table>
<thead>
<tr>
<th>HealthyFood™ items linked to Vitality rewards</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2,903</td>
<td>2,759</td>
</tr>
</tbody>
</table>

**TO ENSURE RESPONSIBLE ADVERTISING OR MARKETING OF ALCOHOL, WOOLWORTHS ABIDES BY:**

- The South African Liquor Brand Owners Association (SALBA) codes
- AWARE’s Code of Commercial Communications, which sets out guidelines for the marketing of alcohol products in a socially responsible manner

Going forward, we aim to develop our own guideline, incorporating the requirements of the SALBA and AWARE codes and guidelines. This guideline will be included in Wine Service Training for store staff.

Over a year ago, in partnership with AWARE, we introduced an alcohol awareness campaign in KwaZulu-Natal stores, focused on raising awareness of responsible drinking in communities. Store staff received training and information leaflets for distribution to the local community. We intend to expand this campaign to other regions in the coming years.

In order to offer our customers alternatives to alcoholic product and following the success of our first-to-market de-alcoholised wine range, launched in 2017, during this past year, we introduced another range. In future, we plan to increase our offering of low-alcohol beers and intend developing a range of non-alcoholic aperitifs.
EMPLOYEE HEALTH AND WELLNESS

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

Employee wellness is a holistic discipline that considers every part of an employee’s wellbeing. We provide an extensive nationwide wellness support service that addresses the physical, social, mental, and psychosocial aspects in the workplace and at home.

WOOLOWSH OFFERS PREVENTATIVE WELLNESS PROGRAMMES, COUNSELLING AND HEALTH SERVICES, INCLUDING:
• An Employee Assistance Programme
• Wellness screening including HIV testing
• Basic primary health services and advice
• Monitoring of chronic illnesses
• HIV/AIDS and TB policy and guidelines
• Flu season vaccinations
• Road to Health for pre-and postnatal childcare

EMPLOYEE ASSISTANCE PROGRAMME
The Employee Assistance Programme (EAP) is a workplace-based programme designed to assist in the identification and resolution of personal concerns that may or may not impact on productivity or work performance. These concerns include but are not limited to, health, marital, family, financial, alcohol, drug, legal, emotional, social, or work stress problems which may adversely affect job performance, productivity, or safety.

FOR US, IT’S VITAL THAT OUR PEOPLE ACHIEVE A WORK/LIFE BALANCE.

WELLNESS WEEK
Every year, Woolworths hosts ‘Wellness Week’ for employees at the head office. This gives employees free access to health practitioners who voluntarily screen them for HIV, cholesterol, blood sugar, blood pressure, assess body mass index, and do eye screening. In addition, we have wellness events in bigger stores as well as our distribution centres.

Employee Assistance Practitioners
12 WSA
11 CRG and DJ

MOVEMBER PARTNERSHIP
In a two-year partnership with the Movember Foundation, Country Road Group and David Jones continued their Movember campaign this year to raise awareness around issues of men’s health such as prostate and testicular cancer as well as men’s suicide. The campaign encourages employees to sign up and grow a Mo Wathuthelani or join the ‘MOVE’ campaign to walk or jog for 60 km in November at 2 km per day for the month of November.

WELLBEING AT OUR BOTANICCA HEAD OFFICE IN AUSTRALIA
Country Road Group and David Jones employees based at the Botanicca head office have the benefit of an on-site gym facility, in-room health checks for employees and weekly yoga classes. Other event-oriented activities such as seated massages, Pilates classes, mindfulness practices, ‘like’ ‘n’ blend juicing machines, and lunchtime walking groups all contribute to enhancing the physical and mental health of our people. Our retail teams also enjoy occasional yoga classes in Brisbane, Melbourne, and Sydney, and receive regular health and wellbeing, promotional information in-store.

HIV/AIDS/TUBERCULOSIS (TB) MANAGEMENT
Woolworths is committed to aligning with the applicable national legislation which informs our HIV/AIDS and TB policy. We recognise that HIV/AIDS/TB could potentially affect our workforce, and consequently business productivity, and recognise our role as an employer to assist in the management and monitoring of HIV/AIDS/TB through leadership, strategic planning, and implementation of cost-effective and sustainable measures. To address some of the challenges that come with HIV/AIDS/TB, we have adopted a company-wide HIV/AIDS and TB policy, last reviewed in June 2015. In respect of employees living with HIV and AIDS, Woolworths treats the disease no differently than other life-threatening or chronic diseases. Woolworths provides a supportive environment that minimises the impact of the disease on both the employee and our business through sustainable interventions focusing on prevention and addressing risk.

This year, Politix employees were appointed as ambassadors of the campaign, and they also had the opportunity to join a Movember SpeakEasy workshop. For every pair of chinos sold, A$10 was donated to the Movember campaign. A total of A$197,722.00 was raised for the Movember campaign through employee participation as well as the sale of chinos as part of a customer-facing campaign.
WHL has very clear policies on absenteeism from work. All employees are entitled to paid sick leave in accordance with national legislation in the regions we operate. Extended absenteeism due to incapacitation of any sort is dealt with on a case-by-case basis. In the last year, WHL reported a total of 2,844 injuries on duty (2019: 2,385). No fatalities were reported.

COVID-19 RESPONSE

Without a doubt, the biggest challenge that we faced from a people perspective this year was the impact of the COVID-19 pandemic on our people and our business. One of the Group’s main focus areas during the COVID-19 pandemic has been prioritising the health, safety, and wellbeing of our employees and customers. Through the Crisis Management Committee, our initial response was to ensure the health and safety of all our employees across the Group.

During the lockdown, only essential staff reliant on facilities and technology not easily accessible remotely were allowed at the office. These team members worked on a rotational basis to avoid a widespread outbreak. Woolworths South Africa closed all clothing stores during alert levels 4 and 5 of the lockdown, in line with the national legislation in South Africa, only trading food. During the Australian lockdown, David Jones continued to trade in its large-format stores, however, due to the smaller format of the Country Road Group stores, all stores were closed as keeping them open would have made it difficult to adhere to social distancing in the stores.

We also established a centralised COVID-19 medical assistance helpline for all our Woolworths staff, managed by independent service providers. Other internal communication methods were used across the Group to remind staff about the appropriate personal protective equipment for all our frontline staff.

INJURIES AND ABSENTEEISM

PREVENTATIVE MEASURES AT OUR FACILITIES

At all our facilities, we implemented preventative measures to ensure the safety of our employees and customers. At our corporate offices and distribution centres, in order to adhere to social distancing protocols, we established a rotational working programme for those staff deemed critical throughout the lockdown. We also ensured increased hand sanitising stations across the buildings for good hygiene as a first line of defence to the virus.

We also implemented the required screening and safety protocols in all our workplaces and our stores and secured the appropriate personal protective equipment for all our frontline staff.

MAKING FLU VACCINES AVAILABLE TO ALL OUR PEOPLE

At Woolworths, we also made the flu vaccine available to all employees. This would not prevent contraction of COVID-19; it was recommended as additional protection to avoid contracting both the seasonal flu and COVID-19 at the same time.

COVID-19 INITIATIVES WITH HUMAN RESOURCES

The Woolworths Human Resources team implemented a few initiatives in response to the COVID-19 pandemic. A temporary leave category was made available to all employees. A permanent leave type will be implemented in the next financial year to account for employees that are unable to work as a result of COVID-19 impacts. With the onset of the national lockdown, a number of employees were not able to take their annual leave and this resulted in an increase in leave balances and cost thereof. Employees were given an opportunity to swap their statutory leave for non-statutory so they do not lose this when it lapses. To help the country curb the spread of COVID-19, home screening, where products posing a safety risk are removed from the shelf within two hours of the respective executive being made aware of the risk. David Jones made three product recalls this year.

PRODUCT SAFETY AND INTEGRITY

We are committed to maintaining the highest possible levels of product safety throughout the business. Mechanisms are in place to ensure that consumers are offered product which has undergone thorough testing and rigid process control to ensure it is as safe as possible. This includes a Safety Manual provided to all clothing manufacturers which sets out our safety policy and specific requirements related to ensuring product safety for all customers throughout the manufacture, processing, and finishing of our products. All food production supplier sites producing private label food are required to adhere to our strict hygiene, food safety, and housekeeping code of practice. In Australia, suppliers must adhere to the Australian standards on food safety.

FOOD SAFETY

All Woolworths food labels contain detailed information on ingredients, nutritional values, and allergens. As the safety of numerous food products depends on optimal storage temperatures being maintained, Woolworths takes great care to maintain a strict cold chain. The cold chain is the whole process from producer, via the Woolworths distribution system and Woolworths stores, to our customers. It is essential that the correct temperature is maintained throughout this process. If the cold chain is broken (with temperatures exceeding the specified range), it drastically shortens the product life, and temperature-sensitive products may potentially become harmful.

CHILD SAFETY

Woolworths is committed to maintaining the highest possible levels of product safety through the design and manufacturing of our baby and children’s clothing.

WE DO OUR UTMOST TO ENSURE THAT OUR BABY AND CHILDREN’S CLOTHING IS SAFE THROUGH PRACTICES SUCH AS:

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

PRODUCT RECALLS

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

NO PRODUCT RECALLS WERE MADE DURING THE YEAR FOR WOOLWORTHS
ETHICAL SOURCING

Through our ethical sourcing programmes we aim to improve the lives of workers in our supply chain, empower communities in the regions from which we source, and reduce and mitigate our impact on the natural environment. Supply chain transformation and transparency continue to be key components of our Good Business Journey.
PERFORMANCE SUMMARY

Percentage of private label products with sustainability attributes

WSA Food

2020: 95%
2019: 91%
2018: 83%
2017: 69%
2016: 59%

WSA FBH

2020: 96%
2019: 91%
2018: 76%
2017: 69%
2016: 65%

CRG

2020: 74%
2019: 68%
2018: 56%
2017: 44%
2016: NR*

DJ Food

2020: 52%
2019: 50%
2018: 34%
2017: NR*
2016: NR*

Mimco launched a vegan handbag and wallet range made from apple peels discarded from the food industry. The range is also PETA certified.

97% of DJ private label confectionery contains responsibly sourced cocoa

98% of all cocoa sourced for WSA private label food that contains cocoa is responsibly sourced

94% sustainably sourced (mass balance) palm oil – WSA Food

76% of leather sourced from LWG tanneries – CRG

29% of WSA private label fashion, beauty and homeware locally sourced

Percentage of sustainably sourced cotton

WSA FBH

2020: 100%
2019: 60%
2018: 80%
2017: 92%
2016: NR*

CRG FBH

2020: 100%
2019: 66%
2018: 75%
2017: 80%
2016: NR*

91% of WSA private label fashion, beauty and homeware locally sourced
STRATEGY AND MANAGEMENT APPROACH

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

STRATEGY
The diverse and often complex supply chains involved in producing the food, fashion, beauty, and homeware products we sell can have significant social and environmental impacts. Continuously strengthening our value chains through our ethical sourcing programmes is non-negotiable so that we can mitigate where necessary, and positively influence where possible, the outcomes and impacts of manufacturing and production.

AWARENESS REGARDING THE TRANSPARENCY OF SUPPLY CHAINS AND THE TRACEABILITY OF PRODUCTS IS ALSO ON THE RISE, AND WE ARE WORKING ACTIVELY TO ENHANCE OUR PROGRAMME TO ADDRESS THIS.

HIGHLIGHTS

- Excellent performance by Woolworths in almost meeting the 2020 sustainability attributes target
- Commencement of a modern slavery risk assessment by Country Road Group and David Jones
- Country Road Group and David Jones became signatories to the Turkmenistan Cotton Pledge
- Pilot of an ethical sourcing and compliance training module for Woolworths Fashion, Beauty and Homeware buyers and designers
- Public commitment by Country Road Group and David Jones to endorse the Global Living Wage Coalition
- Launch of a responsible sourcing programme for coffee by Woolworths

LOWLIGHTS AND CHALLENGES
Mixed performance across the Group and commodities against our 2020 responsible commodity sourcing targets

DUE TO COVID-19
- A number of supplier social and ethical audits were delayed due to travel restrictions, social distancing and health and safety precautions
- Delivery of certain 2020 responsible sourcing goals and targets and timeframes for the acceptance of selected orders were impacted due to the inability to receive and sell stock for an extended period of time in the fashion business

LOOKING AHEAD
Looking ahead, we are aiming to continue and enhance our focus on transparency and responsible sourcing.

IN THE SHORT- TO MEDIUM-TERM, WE WILL
- Further enhance the transparency of the Group’s supply chain
- Continue transitioning the Group’s suppliers, where relevant, to SEDEX
- Develop a roadmap that addresses the various challenges in achieving a decent standard of living for all workers in the supply chain, and work with partners and industry peers towards implementation of this roadmap in our key regions of operation
- Submit Country Road Group’s and David Jones’ first reports under the Australian Modern Slavery Act
- Identify opportunities to move towards segregated supplies of sustainable palm oil
- Further the rollout of the Woolworths responsible sourcing programme for coffee in Tanzania
- Deepen our understanding of Leather Working Group certifications held by our tanneries and work towards improved transparency in our leather supply chain
- Monitor the development and commercial viability of various alternative fibres

IMPACT ON THE VALUE CHAIN

USEFUL LINK FOR MORE DETAIL

WHL GROUP ETHICAL TRADE POSITION STATEMENT
SUPPLIER CODES OF CONDUCT

We take the social and ethical implications of manufacturing in a global supply base very seriously. All WHL Group suppliers and service providers, whatever their location, are bound by our company Codes of Conduct (codes), all of which are aligned with the International Labour Organisation’s conventions in relation to ethical trade and the Ethical Trade Initiative base code. The codes outline our requirements for human rights, labour practices, health and safety standards, environmental stewardship, animal welfare, and our zero tolerance for bribery and corruption, and are supplemented by a number of supporting policies and position statements.

ETHICAL AUDITS

The Group operating companies have developed their own social and ethical compliance audit protocol and programmes to ensure that suppliers meet our requirements and supplier Codes of Conduct. These programmes include protocols related to audit approach, frequency, and grading. All suppliers undergo regular compliance checks against the Codes of Conduct, conducted by independent auditors commissioned by the Group operating companies, or are required to supply audit reports from an approved list of independent auditors. There is an expectation that branded suppliers have their own policies and systems in place to ensure that their own supply chains are in compliance with those requirements. This also applies to all primary suppliers and those from whom they source, i.e., our secondary suppliers.

During the year, in order to improve uniformity in audit approach, frequency and grading, Woolworths Food and Woolworths Fashion, Beauty and Homeware worked together, with the relevant auditors, to align their audit protocols as far as practically possible. In addition, in order to enhance consistency across the Group, since 2013 and where relevant, all operating companies have been rolling out SEDEX for the purpose of supplier audits. SEDEX helps companies manage ethical supply chain risk and streamline the challenge of engaging with multi-tier supply chains by providing a single platform for ethical audit report storage, enabling performance transparency, greater efficiency and consistency. A Group-wide process is underway to convert our supply base, where relevant, from our existing social and ethical compliance audit protocol to SMETA, which reports against SEDEX’s four pillars of labour, health and safety, environment, and business ethics. Woolworths Food has converted an additional nine suppliers during the past year, meaning 24% of its supply base (2019: 13%) to date has been moved to SEDEX, while 75% of Woolworths Fashion suppliers from southern Africa have been converted. David Jones has 100% of its private label suppliers registered on SEDEX, and Country Road, 94% (2019: 14%).

LOCAL SOURCING

Across the Group, we continue to increase our focus on local sourcing. As we operate through and start to recover from the devastating impacts of COVID-19, we expect to enhance our local sourcing efforts so that we can support and stimulate our local economies while at the same time securing consistent supply.

29% of Woolworths private label fashion, beauty and homeware locally sourced

WHERE WE SOURCE FROM

- Over 1,050 suppliers globally
- Across more than 50 countries

USEFUL LINKS FOR MORE DETAIL

- Traceability
- CRG Factory List
- DJ Supplier Map
- Witchery Supplier Map
- Witchery ‘Know your Clothes’ hub

HUMAN RIGHTS AND ETHICS

WE TAKE THE SOCIAL AND ETHICAL IMPLICATIONS OF MANUFACTURING IN A GLOBAL SUPPLY BASE VERY SERIOUSLY. ALL WHL GROUP SUPPLIERS AND SERVICE PROVIDERS, WHATEVER THEIR LOCATION, ARE BOUND BY OUR COMPANY CODES OF CONDUCT (CODES), ALL OF WHICH ARE ALIGNED WITH THE INTERNATIONAL LABOUR ORGANISATION’S CONVENTIONS IN RELATION TO ETHICAL TRADE AND THE ETHICAL TRADE INITIATIVE BASE CODE. THE CODES OUTLINE OUR REQUIREMENTS FOR HUMAN RIGHTS, LABOUR PRACTICES, HEALTH AND SAFETY STANDARDS, ENVIRONMENTAL STEWARDSHIP, ANIMAL WELFARE, AND OUR ZERO TOLERANCE FOR BRIBERY AND CORRUPTION, AND ARE SUPPLEMENTED BY A NUMBER OF SUPPORTING POLICIES AND POSITION STATEMENTS.

ETHICAL AUDITS

THE GROUP OPERATING COMPANIES HAVE DEVELOPED THEIR OWN SOCIAL AND ETHICAL COMPLIANCE AUDIT PROTOCOL AND PROGRAMMES TO ENSURE THAT SUPPLIERS MEET OUR REQUIREMENTS AND SUPPLIER CODES OF CONDUCT. THESE PROGRAMMES INCLUDE PROTOCOLS RELATED TO AUDIT APPROACH, FREQUENCY, AND GRADING. ALL SUPPLIERS UNDERTAKE REGULAR COMPLIANCE CHECKS AGAINST THE CODES OF CONDUCT, CONDUCTED BY INDEPENDENT AUDITORS COMMISSIONED BY THE GROUP OPERATING COMPANIES, OR ARE REQUIRED TO SUPPLY AUDIT REPORTS FROM AN APPROVED LIST OF INDEPENDENT AUDITORS. THERE IS AN EXPECTATION THAT BRANDED SUPPLIERS HAVE THEIR OWN POLICIES AND SYSTEMS IN PLACE TO ENSURE THAT THEIR OWN SUPPLY CHAINS ARE IN COMPLIANCE WITH THOSE REQUIREMENTS. THIS ALSO APPLIES TO ALL PRIMARY SUPPLIERS AND THOSE FROM WHOM THEY SOURCE, I.E., OUR SECONDARY SUPPLIERS.

DURING THE YEAR, IN ORDER TO IMPROVE UNIFORMITY IN AUDIT APPROACH, FREQUENCY AND GRADING, WOOLWORTHS FOOD AND WOOLWORTHS FASHION, BEAUTY AND HOMEWARE WORKED TOGETHER, WITH THE RELEVANT AUDITORS, TO ALIGN THEIR AUDIT PROTOCOLS AS FAR AS PRACTICABLY POSSIBLE. IN ADDITION, IN ORDER TO ENHANCE CONSISTENCY ACROSS THE GROUP, SINCE 2013 AND WHERE RELEVANT, ALL OPERATING COMPANIES HAVE BEEN ROLLING OUT SEDEX FOR THE PURPOSE OF SUPPLIER AUDITS. SEDEX HELPS COMPANIES MANAGE ETHICAL SUPPLY CHAIN RISK AND STREAMLINE THE CHALLENGE OF ENGAGING WITH MULTI-TIER SUPPLY CHAINS BY PROVIDING A SINGLE PLATFORM FOR ETHICAL AUDIT REPORT STORAGE, ENABLING PERFORMANCE TRANSPARENCY, GREATER EFFICIENCY AND CONSISTENCY. A GROUP-WIDE PROCESS IS UNDERWAY TO CONVERT OUR SUPPLY BASE, WHERE RELEVANT, FROM OUR EXISTING SOCIAL AND ETHICAL COMPLIANCE AUDIT PROTOCOL TO SMETA, WHICH REPORTS AGAINST SEDEX’S FOUR PillARS OF LABOUR, HEALTH AND SAFETY, ENVIRONMENT, AND BUSINESS ETHICS. WOOLWORTHS FOOD HAS CONVERTED AN ADDITIONAL NINE SUPPLIERS DURING THE PAST YEAR, MEANING 24% OF ITS SUPPLY BASE (2019: 13%) TO DATE HAS BEEN MOVED TO SEDEX, WHILE 75% OF WOOLWORTHS FASHION SUPPLIERS FROM SOUTHERN AFRICA HAVE BEEN CONVERTED. DAVID JONES HAS 100% OF ITS PRIVATE LABEL SUPPLIERS REGISTERED ON SEDEX, AND COUNTRY ROAD, 94% (2019: 14%).

LOCAL SOURCING

ACROSS THE GROUP, WE CONTINUE TO INCREASE OUR FOCUS ON LOCAL SOURCING. AS WE OPERATE THROUGH AND START TO RECOVER FROM THE DEVASTATING IMPACTS OF COVID-19, WE EXPECT TO ENHANCE OUR LOCAL SOURCING EFFORTS SO THAT WE CAN SUPPORT AND STIMULATE OUR LOCAL ECONOMIES WHILE AT THE SAME TIME SECURING CONSISTENT SUPPLY.

29% OF WOOLWORTHS PRIVATE LABEL FASHION, BEAUTY AND HOMEWARE LOCALLY SOURCED

USEFUL LINKS FOR MORE DETAIL

- TRACEABILITY
- CRG FACTORY LIST
- DJ SUPPLIER MAP
- WITCHERY SUPPLIER MAP
- WITCHERY ‘KNOW YOUR CLOTHES’ HUB

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- Over 1,050 suppliers globally
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ETHICAL SOURCING TRAINING

Woolworths Food business continued its partnership with Stronger Together, a multi-stakeholder business-led initiative aiming to reduce modern slavery, on an awareness and training programme in South Africa. The programme’s goal is to support South African fruit and wine suppliers to address the risk of forced labour within their direct operations and supply chains. The workshops for Woolworths’ teams intended for this year had to be postponed due to the COVID-19 lockdown. Regardless, capacity building is ongoing and an internal training session on ethical compliance was held with the Woolworths Food buying team. In the coming months, Woolworths food also aims to engage suppliers in a workshop to identify the root causes of repeated and common social and ethical audit findings so that these may be addressed appropriately going forward. During the year, in Woolworths Fashion, Beauty and Home, an ethical sourcing and compliance training module for buyers and designers was finalised and piloted. The purpose of the module is to explain how decisions at a retail level influence social and ethical compliance in the supplier base. Content includes explaining concepts such as responsible purchasing practices, modern slavery, living wages, traceability and transparency, compliance management and audit protocols and procedures. This module will be rolled out more widely in the next year.

FAIR WAGES

In November 2019, Country Road Group and David Jones made a public commitment to endorse the Global Living Wage Coalition, the Aker Methodology definition of a living wage, and to promote conditions that support every worker’s opportunity to receive a living wage. A research-based project was undertaken in a number of Chinese factories with the purpose of improving our understanding of a worker’s livelihood in our partner factories in order to benchmark and identify opportunities to enable conditions for a living wage.

The project, along with further work, will deepen our understanding of the challenges and opportunities living wage presents in our supply chain. Looking ahead, we aim to develop a responsible buying programme training module, and will apply our learnings to develop a roadmap that addresses the various challenges in achieving a decent standard of living for all workers in the supply chain. We will then work with partners and industry peers towards implementation of this roadmap in our key regions of operation.

USEFUL LINKS FOR MORE DETAIL

- DJ COMMITMENT TO A LIVING WAGE
- CRG COMMITMENT TO A LIVING WAGE

MODERN SLAVERY

The Modern Slavery Act 2015 in Australia came into effect on 1 January 2019. The Act requires organisations with a consolidated revenue of $500 million and above to report annually on modern slavery risks in their operations and supply chains, the action they have taken to assess and address those risks, as well as the effectiveness of their responses. Both Country Road Group and David Jones will soon be submitting their first report in accordance with this Act, covering the period 1 July 2019 - 30 June 2020. To ensure preparedness to implement and report, Country Road Group and David Jones have been involved in various industry engagements with the Australian government on the Act, including through representation on the Modern Slavery Expert Advisory Group. During the year, Country Road Group and David Jones embarked on a review of our human rights policies and also initiated a modern slavery risk assessment to be completed by third party experts.

COVID-19 SUPPLIER SUPPORT

The COVID-19 pandemic has had deep and widespread effects on ourselves and our suppliers. We aimed to help our suppliers where possible, particularly those running small businesses, during the pandemic. This assistance included assessment against various relief options offered by the Group, government, and banks. Our fashion business was hit particularly hard during the lockdowns in South Africa and Australia, and even with increased promotions to move stock, we unfortunately in certain cases had to reduce or delay product intake, and negotiate extended payment terms. We are working hard to minimise these impacts as best we can.

EXTERNAL RATING OF ETHICAL SOURCING PERFORMANCE

FASHION TRANSPARENCY INDEX

Woolworths was selected to participate in the annual Fashion Transparency Index for the first time in 2020. While Woolworths scored the highest of any South African fashion retail, we performed poorly relative to our global peers, with the assessment indicating that more work is required, particularly in making more of our ethical sourcing information publicly available.

BAPTIST WORLD AID ETHICAL FASHION REPORT

This is Australia’s most prominent and high-profile report detailing ethical performance among the country’s largest fashion brands. Last year, Country Road Group maintained its A- score while David Jones improved from a B- to a B. The current year’s report has been postponed to later in the year due to COVID-19. The 2020 report will focus more specifically on the impacts of the pandemic on garment workers in supply chains.
RESPONSIBLE SOURCING AND TRACEABILITY

HOW WE MANAGE COMMODITY SOURCING IN FOOD

We are on a journey to responsible sourcing across our key commodities* and in 2016 made a public commitment that by 2020 all our key commodities would be responsibly sourced.

On this journey, we have aimed to contribute to, and create demand for, responsible production methods – methods that ensure that commodities are produced in ways that environmental impacts are managed and that are good for the farmers and suppliers themselves as well as their local communities. Our success in achieving 100% responsibly sourced key commodities has been mixed across the Group and the commodities themselves. However, going forward, we intend to continue on this journey, with an increased focus on those more challenging commodities, where further work and innovation is required.

<table>
<thead>
<tr>
<th>Commodities</th>
<th>Management Approach</th>
<th>Update on Progress</th>
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<tbody>
<tr>
<td>Palm Oil</td>
<td>As a member, Woolworths continues to support the Roundtable on Sustainable Palm Oil (RSPO) and we are driving our supply base towards sourcing 100% certified sustainable palm oil (CSPC) for our private label food products, household cleaning and personal care products and through the annual purchase of PalmTrace credits that are helping to increase the production and demand for sustainable palm oil.</td>
<td>While our minimum requirement is currently mass balance RSPO palm oil, 36 (2019:20) of Woolworths’ supplier sites are now RSPO members. This means that they are bound by the RSPO Code of Conduct and are required to publicly report their progress towards achieving 100% certified sustainable palm oil. 72% (2019: 60%) of the volume of palm oil that Woolworths uses in food each year is certified as sustainable by the RSPO through supply chain audits. Of all of the private label Foods products containing palm oil, 94% are produced with physical mass balance RSPO palm oil (2019: 98%). Woolworths continues to purchase PalmTrace RSPO certificates to contribute towards the sustainable palm oil industry.</td>
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<tr>
<td>Cocoa</td>
<td>Woolworths’ cocoa sourcing strategy is to source ‘responsibly sourced’ cocoa, including through UTZ, Fairtrade, and Cocoa Life. David Jones Food has engaged with UTZ as well as other preferred certification standards, including Rainforest Alliance (with whom UTZ is currently merging), Fairtrade, and Cocoa Horizons. The CocoaTlc initiative was set up to advance its sustainable cocoa agenda.</td>
<td>Currently, 98% of all private label products that Woolworths sells are made with responsibly sourced cocoa. We are the only major retailer in South Africa to sell only responsibly sourced cocoa in our core chocolate and sweets lines as well as ingredients. During the year, we were proud to achieve our goal of having only 100% responsibly sourced cocoa used in items on our WCafes menus as part of our Green Cafes programme. We also launched our ‘Made with Care’ logo, which draws attention to our product differences, such as responsibly sourced cocoa, no azodyes or tartrazine, and vegan-friendly gum sweets and lollipops. 97% of David Jones’ private label confectionery currently uses 100% sustainably sourced cocoa in the year ahead; the Group will continue to work with our major cocoa suppliers in progressing the sourcing of responsibly sourced cocoa for our private label products and will review the programmes that we support, ensuring that they continue to meet our requirements.</td>
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<tr>
<td>Coffee</td>
<td>Woolworths’ current approach to coffee is to source only African organic coffee beans for our Cafes and for a large proportion of coffee beans sold on shelf, through our recently launched responsible coffee programme.</td>
<td>For our WCafes and Woolworths pods and coffee carts, we source 100% organic African coffee from Tanzania and Ethiopia directly from co-ops that support in excess of 25,000 smallholder farmers. During the year, Woolworths launched a responsible sourcing programme for coffee. See more information thereon in the case study that follows.</td>
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<tr>
<td>Sugar</td>
<td>Woolworths continues to support the development of local standards for sustainable sugar through the SUSFARMS® collaboration. SUSFARMS® is a sustainable sugarcane farm management framework.</td>
<td>Woolworths is actively supporting the development of the SUSFARMS® framework as part of the Midlands Canegrower Initiative and contributed financially towards conservation surveys on farms and promoting environmentally friendly farming practices and sustainability on sugarcane farms.</td>
</tr>
<tr>
<td>Soy</td>
<td>Woolworths became a member of the Roundtable for Responsible Soy (RTS) in 2016. While it is not yet viable to obtain physically certified sustainable soya in South Africa, Woolworths supports the development of the sustainable soya market in major producing regions through the purchase of RTS credits.</td>
<td>For the third consecutive year, Woolworths purchased 9,750 RTS credits, equivalent to 33% of our total soy footprint, from Brazilian growers offsetting the use of soy in feed for our egg-laying chickens and pork products. The credits are only purchased from growers who are certified as meeting the RTS standard for responsible soy production. One credit is equivalent to one tonne of soy in this way, we are supporting the responsible production of soy. Woolworths is also investigating opportunities to support and develop African soy in the next few years, our plan is to transition the soy used in our animal feeds to a local supply of soy which supports the South African local economy and farmers who grow it. Eventually our objective is to move to 100% locally sourced soy, working alongside animal feed manufacturers and our livestock suppliers.</td>
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*Key commodities include palm oil, cocoa, coffee, sugar, soya, cotton, man-made cellulose fabrics, leather, and timber.
CASE STUDY

RESPONSIBLE COFFEE PROGRAMME

During the past year, Woolworths has been working to refine and launch our responsible sourcing programme for coffee. Over 90% of the coffee we sell in our WCafés and Woolworths pods and coffee carts is sourced from smallholder farmers in Tanzania and Ethiopia. Thus, the primary focus of our responsible sourcing programme is to support coffee quality and sustainability initiatives that ultimately improve the long-term viability of coffee production among these smallholder farmers.

WE HAVE DEVELOPED A FIVE-YEAR ACTION PLAN FOR THE PROGRAMME IN CONJUNCTION WITH OUR SUPPLY CHAIN PARTNERS TO DELIVER AGAINST OUR FOUR KEY OBJECTIVES

During the year, the first phase of our programme commenced in Tanzania, our primary sourcing region. We have started by beginning to GPS map the 25,000 smallholder farmers supplying the various co-ops throughout the Kilimanjaro region where Woolworths sources its 100% organic beans. This is being facilitated by newly appointed field agents who are visiting farmers and collecting the data. The agents are also using the field visits as an opportunity to gain a better understanding of the farmers’ demographics and obstacles they face in their daily lives. This will form an important part of the strategy going forward as this information will be vital in terms of understanding the support required by farmers to improve their yields, quality, and ultimately, income as a result.

Our goal is to have an established programme in place which meets the four objectives for our organic Tanzanian sourcing by 2023. Once the Tanzanian project is fully operational, we will review the sourcing and traceability programmes in Ethiopia. In addition, while this programme is focused on the coffee sold in the WCafés and Woolworths pods and carts currently, in future we will review and consider how to extend it to our retail range. Each origin will be evaluated and a unique action plan will be put in place for each country as the programme progresses.

WE BELIEVE THAT COFFEE HAS THE POTENTIAL TO THRIVE IN HEALTHY, BIODIVERSE ENVIRONMENTS WHILE ALSO SUPPORTING THE LIVELIHOODS OF THE FARMERS WHO GROW IT AND THE COMMUNITIES WHERE THEY LIVE.
RESPONSIBLE SOURCING
AND TRACEABILITY

HOW WE MANAGE COMMODITY SOURCING IN FASHION, BEAUTY AND HOME

MANAGEMENT APPROACH

UPDATE ON PROGRESS

COTTON

With cotton being the fibre most used across our private label collections, the WHL Group is focused on supporting more sustainable cotton farming practices. Woolworths, Country Road Group and David Jones are all members of the Better Cotton Initiative (BCI) and, in addition, support locally grown and certified organic cotton.

Woolworths is sourcing sustainable cotton for the equivalent of 92% of all cotton garments (2020 target: 100%). Woolworths sourced 550 tonnes (2019: 550) of South African cotton as Better Cotton in the last year, with the aim of increasing this to 800 tonnes in the next financial year. 81% of Country Road Group’s cotton was sustainably sourced during the past 12 months (2019: 75%). Country Road Group and David Jones private label sourced 1,607 tonnes (2019: 1,677) of cotton as Better Cotton through the BCI in the last year.

Currently, Woolworths is sourcing 72% deforestation-free viscose (2019: 45%) and Country Road Group 37% (2019: 34%), against a revised target of 70% for 2023 and 100% by 2035. The targets were revised as more work is required on the traceability of viscose. Country Road Group increased its sourcing of sustainable viscose through increased use of LENZING® ECOVERA™ viscose, derived from certified renewable wood sources using an eco-responsible production process.

LEATHER

In 2015, the WHL Group became a member of the leather Working Group (LWG), an environmental standard that promotes best practice in chemical management and wastewater treatment. LWG certification also assesses the ability of leather manufacturers to trace material back to the slaughterhouse. The WHL Group is also an active participant in the Textile Exchange Beef and Leather working group.

76% of Country Road Group’s products containing leather are sourced from LWG-accredited tanneries (2019: 64%). All leather for Witchery’s leather handbags is sourced from LWG-certified tanneries. Woolworths is conducting a baseline assessment of all our tanneries to understand their LWG certification levels, i.e., which of them are being audited against the LWG environmental auditing protocols and which have a traceability rating leather that is physically marked and traceable.

TIMBER

Woolworths signed the Vancouver Declaration in 2017, making a commitment to work towards more sustainable sourcing of forest products and endorsing the Forest Stewardship Council (FSC) as the supplier of choice for the certification of forest products.

85%–88% of Woolworths Food packaging suppliers are currently FSC-certified against a target of 100%. By the end of December 2020 we aim to have a comprehensive list of FSC-certified suppliers who will supply Woolworths’ paper board packaging exclusively. Currently, 37% of Country Road Group’s products containing timber are made from recycled or certified timber.

CELLULOSE FIBRES

The WHL Group aims to drive engagement with our suppliers and producers of cellulose fibre-based fabric to ensure that the production of fabrics such as viscose and rayon does not result in illegal forest degradation or deforestation.

The Vancouver Declaration is a statement of intent for responsible sourcing, produced in collaboration with environmental and industry stakeholders. The declaration was formally launched in 2010 and now has over 400 signatories, including major fashion brands, manufacturers and retailers, all committed to sourcing more responsibly.

The Better Cotton Initiative (BCI) is an international not-for-profit organisation that drives the development and implementation of cotton farming practices that are market-driven, environmentally beneficial and socially responsible.

CASE STUDY

MIMCO PARTNERS WITH HERPROJECT TO INTRODUCE WORKER EMPOWERMENT PROJECT IN BANGLADESH

Mimco has a key focus on female empowerment for not only their customers, but for the women making the products in their supply chain. In 2019, Mimco commenced a partnership with HERproject, an organisation working to educate and empower women working in global supply chains through programmes designed to improve their health and financial independence, at two factories in Bangladesh. Over 2,000 women work across both factories, and of these only 50% have completed school to a primary school level.

During the year, two modules were initiated at the factories, HERhealth and HERfinance. Baseline assessments were completed at each factory to capture general demographic information as well as more targeted and detailed information relating to health and finance. All participants in both modules receive regular workshops and training sessions. For the HERhealth project, a selected group of Peer Health Educators and individuals in the wellbeing committees are undergoing training in order to educate their colleagues in the near future. While progress has slowed due to COVID-19 and lockdowns, reports thus far have shown that the female employees are finding the modules helpful. They have cited examples of how the modules have assisted them in creating budgets and saving for items like a fridge, and also to be more knowledgeable about sex health and the transmission of sexually transmitted infections. An impact study of this initiative will be conducted upon completion of the programme to determine whether to roll this out more widely across the supply chain.

“I ENJOY BEING A PEER HEALTH EDUCATOR BECAUSE I CAN SHARE HEALTH MESSAGES FOR MY FAMILY AND COMMUNITY. MY FAMILY IS ALSO VERY HAPPY THAT I CAN HELP THEM AND OTHERS TO BE HEALTHIER AND LIVE A BETTER LIFE.”

– Shammi Akter, Peer Health Educator

Photo © BSR
REDUCING ENVIRONMENTAL IMPACTS

LEADING MATERIAL INNOVATION
Across the Group, we continue to drive sustainability in the product development process and monitor the progress in and commercial viability of various alternative fibres, such as vegan and recycled fibres and leathers. Looking ahead, we aim to increase our sourcing of new alternative or sustainable fibres.

PERCENTAGE OF PRIVATE LABEL PRODUCTS WITH SUSTAINABILITY ATTRIBUTES

SUSTAINABILITY ATTRIBUTES
In 2012, Woolworths developed a list of Good Business Journey sustainability attributes. These are product characteristics that contribute to minimising the social and/or environmental impacts of a product at one or more stages of the value chain. Subsequently, both Country Road Group and David Jones similarly developed their own defined sustainability attributes. While David Jones has small private label food and fashion ranges in which this was applied, the sustainability attributes were also used to influence curation and investment in branded products that had one or more sustainable attributes.

The WHL Group made a public commitment in 2015 that 100% of directly sourced products sold will have at least one sustainability attribute by 2020. We are pleased to announce that we came very close to achieving this target at Woolworths. While both Country Road and David Jones did not achieve this target, they both started their journey towards incorporating sustainability attributes into their product design and development later and we are satisfied with the progress made.

Mimco launched a vegan handbag and wallet collection made from apple peels discarded from the food industry, that is also PETA certified.

USEFUL LINK FOR MORE DETAIL

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SUSTAINABLE FARMING®

Through our sustainable farming programmes and partnerships and in conjunction with our farmers and suppliers, we are working to improve farming and animal welfare practices. In this way, we are aiming to ensure a more sustainable, resilient and inclusive food system for our people, our communities, and the planet.
Woolworths is celebrating the 10-year anniversary of Farming for the Future. The programme, piloted with 12 suppliers between 2004 and 2008, was officially launched in 2009 and has now grown to include 379 suppliers.

54% of Woolworths core produce and horticulture products are on the Farming for the Future programme

- 2019: 52%
- 2018: 48%*

9 farming methods are included in Woolworths outcomes-based measurement programme

- 2019: 4
- 2018: NR*

During the year, David Jones converted all of its fresh chicken from RSPCA-approved barn reared (indoor) to RSPCA-approved outdoor reared (free range)

92% of Woolworths' cotton is sustainably sourced

- 2020 TARGET: 100%
- 2019: 88%
- 2018: 67%

80% of Country Road Group’s cotton is sustainably sourced

- 2020 TARGET: 100%
- 2019: 75%
- 2018: 66%

100% of Woolworths whole eggs, liquid and powdered egg ingredients are free range

THE WHL GROUP DOES NOT PERMIT THE USE OF ANY NATURAL FUR OR FARmed FUR in PRODUCTS SOLD

THE WHL GROUP DOES NOT PERMIT TESTING OF PRIVATE LABEL PRODUCTS ON ANIMALS

98% of Woolworths seafood meets our wild-caught and aquaculture sustainability commitments

- 2020 TARGET: 100%
- 2019: 84%
- 2018: 80%

During the year, Country Road Group and David Jones initiated a responsible wool strategy to transition away from mulesed wool. All wool used in Woolworths private label clothing is non-mulesed.

The WHL Group does not permit testing of private label products on animals.

- *NOT MEASURED AND REPORTED
- ACHIEVED
- INITIALLY ACHIEVED
- MISSED
### STRATEGY AND MANAGEMENT APPROACH

**STRATEGY**

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

We also recognise our ethical obligation to ensure that our farmers and suppliers are meeting our exacting requirements for animal welfare and human rights in the supply chain.

**MANAGEMENT APPROACH**

Our Farming for the Future, Fishing for the Future, animal welfare, and sustainable fibres programmes outline our management approach to sustainable farming. This approach is strengthened through our partnerships with a range of organisations to drive further progress in sustainable farming and responsible sourcing.

**HIGHLIGHTS**

- **TO ENSURE THAT OUR SUPPLIERS UNDERSTAND OUR EXPECTATIONS, WE HAVE CREATED VARIOUS SUSTAINABLE FARMING, FISHING, AND ANIMAL WELFARE POLICIES AND GUIDELINES TO WHICH OUR SUPPLIERS ARE EXPECTED TO ADHERE.**
  - Pilot of a Farming for the Future training module for small-scale farmers on four farms
  - Addition of free range beef, Angus beef, and additional dairy and pork suppliers to our outcomes-based measurement programme
  - Woolworths' sustainable cotton commitments recognised with a Retailer Better Cotton Initiative Award at the South African Cotton Indaba in November 2019
  - Launch of a responsible wool strategy by Country Road Group and David Jones

**LOWLIGHTS AND CHALLENGES**

- Increased costs associated with scaling up the Farming for the Future programme and its related assessment and certification process
- The onboarding of a large and evolving footprint of secondary suppliers to the Farming for the Future programme
- The ongoing drought and uncertainty regarding land reform in South Africa which affects farmers’ capacity for investment in sustainability projects due to their associated long-term payback periods

**DUE TO COVID-19**

- Delay in the addition of free range lamb, buffalo, rainbow trout and long-life dairy suppliers to the outcomes-based measurement programme due to travel restrictions
- Virtual assessments having to be conducted for Farming for the Future for the period March – June 2020, when physical visits to farms were not possible

**LOOKING AHEAD**

Looking ahead, we will continue to refine and renew our sustainable farming and animal welfare programmes to assist us in promoting resilience in the supply chain and ensure that the programmes remain at the cutting edge of best practice.

**MORE SPECIFICALLY**

- By 2022, we aim to include all the secondary suppliers that contribute to 80% of our volumes on Farming for the Future. We will also develop a Sourcing Guideline for our primary suppliers on the programme to rollout and apply to their secondary suppliers.
- In the next year, Woolworths will launch a refreshed Fishing for the Future programme that will focus on responsible sourcing, responsible consumption, traceability and proactive transparency, and will include new seafood sustainability targets to 2025.
- We will expand the outcomes-based measurement programme to free range lamb, buffalo, rainbow trout, commercial beef, regular milk and long-life dairy suppliers.
- Country Road Group and David Jones will continue working towards their new responsible wool strategy with commitments that run from 2021 through to 2025.
SUSTAINABLE FARMING AND FISHING

Globally, food systems have been affected by the impact of climate change and related extreme weather events, soil degradation, worsening water quality and availability, biodiversity loss, declining fish stocks, and in the last few months, the COVID-19 pandemic. In South Africa, where the Woolworths business sources a significant volume of agricultural products, the impact of the ongoing drought continues to be a significant challenge for our farmers and suppliers. In order to address these challenges and enhance the resilience of our supply chain, we have, for a number of years, implemented sustainable farming and fishing programmes.

CASE STUDY

FARMING FOR THE FUTURE TEN YEAR ANNIVERSARY

Woolworths’ pioneering approach to growing food in a sustainable, harmonious way, the Farming for the future programme, celebrated its 10th anniversary at the end of 2019. The programme and its related assessment and certification scheme are a scientific, data-based approach to farming that aims to manage a farm as part of its wider ecosystem. The programme comprises various modules for which data points are measured at a farm level, including data related to soil biology, water use efficiency, crop protection, energy use, irrigation efficiency, and leakages and wastewater management. This data is then used by farmers to make decisions that will assist them in making continual improvements over time with the aim of enabling them to produce more food with fewer natural resources.

The programme is geared towards improving the farm’s resilience, yield, and profitability while at the same time enhancing its ecosystem’s capacity over time.

Piloted in 2004 with only 12 suppliers and officially launched in 2009, the Farming for the Future programme has grown substantially over time, by the end of this financial year there are 121 primary and 258 secondary suppliers on the programme. Continuous improvement has been made over the years in response to the changing operating context, to align with sustainable farming best practice, and to also challenge farmers to constantly improve their farming practices over time. The latest additions to the programme have included the pilot of a revised Integrated Crop Protection Module that includes measures that relate to product quality and availability on shelf, including those that relate to short supplies or rejections for poor quality due to damage from pests. Furthermore, an Agronomy module has been developed in order to recognise the social context within which farms operate, bonus points were added to the assessment this year for transformation and corporate social investment programmes on farms and the broader communities within which they operate.

As part of our journey and in line with our aim to roll out the programme more widely, we are working towards developing a formalised and robust business case for the Farming for the Future standard. In 2020, we introduced a shared value model pilot to quantify, in monetary terms, the value of adopting the programme and the resulting improvement actions both for Woolworths and the farmer.

Overall, farmers achieved a 64.5% pass rate (2019: 60%) against their individual continuous improvement targets. Those suppliers that do not pass are not allowed to use the Farming for the Future logo on their products.

While many of our primary suppliers are already extremely well advanced, our secondary supplier base has increasingly been brought onto Farming for the Future over time, with a particular focus on our core product suppliers. The onboarding of secondary suppliers remains a challenge due to the scale of their footprint, and we have started a formal assessment of how to apply the programme effectively and efficiently in this base. In addition, in order to reduce duplication of effort by our suppliers and enhance the efficiency of all various sustainability programmes, we started investigating how to combine and leverage the Farming for the Future, outcomes-based measurement, and green factories programmes and assessments. Another ongoing challenge that the programme experiences is the increased costs associated with scaling up the programme and related assessment and certification processes. The ongoing drought and uncertainty regarding land reform remain a challenge due to the scale of their footprint, and we are working towards developing a formalised and robust business case for the Farming for the Future programme.

Going forward, we aim to include all the secondary suppliers that contribute to 80% of our volumes on Farming for the Future by 2022. In addition, we will develop a Sourcing Guideline (Guideline) for primary suppliers on the programme to roll out and apply to their secondary suppliers. This Guideline will cover issues such as ethics and food safety and will aim to ensure that secondary suppliers are aligned to Woolworths’ values and the Farming for the Future programme.

Suppliers assessed against the Farming for the Future standard

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OUTSIDE THE GATE

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OUR FARMING FOR THE FUTURE JOURNEY

2004 - 2008
Programme piloted with 12 suppliers

2009
Official launch with 80 primary and 12 secondary suppliers

2010
Finalist in the Agriculture category for the Mail and Guardian Greening the Future Awards

2011
70% of primary produce suppliers certified
Horticulture suppliers added

2012
98% of primary produce, horticulture and 40% of wine suppliers certified
148 primary and 92 secondary suppliers assessed

2013
52% of core fresh produce and horticulture products certified
Certain long-life milk suppliers and fruit juice suppliers added
483 suppliers on the programme, of which 304 are secondary suppliers

2014
98% of primary fresh produce suppliers certified
Wine suppliers added

2015
98% of primary fresh produce, horticulture and 40% of wine suppliers certified
259 primary and 87 secondary suppliers assessed
Stanford PhD research study lauds programme for significant impact on uptake of good farm management practices

2016
331 suppliers assessed, of which 195 are secondary suppliers

2017
98% of primary fresh produce, horticulture and 40% of wine suppliers certified
Water Footprint Index methodology finalised

2018
121 primary and 258 secondary suppliers on the programme
54% of Woolworths core produce and horticulture products certified
Training module on-site training followed by practical exercises for small-scale farmers piloted

2019
98% of primary fresh produce, horticulture and 40% of wine suppliers certified

2020
52% of core fresh produce and horticulture products certified
Certain long-life milk suppliers and fruit juice suppliers added
483 suppliers on the programme, of which 304 are secondary suppliers

Rollover
What our farmers have to say
FISHING FOR THE FUTURE

Our Fishing for the Future journey commenced in 2008, when Woolworths became the first South African retailer to sign the WWF-SASSI Retailer Charter. Twelve years on, Woolworths remains deeply committed to procuring all seafood from sustainable fisheries and responsible farming operations through the implementation of our Sustainable Seafood Policy.

During the year, we embarked on a comprehensive review of our fishing for the future programme. There have been significant worldwide improvements in seafood sustainability over the past 10 years, but critical risks remain and new challenges such as climate change and ocean plastics pollution are emerging. It has become clear that the global seafood sustainability narrative is changing and that going forward, in addition to considering ocean health aspects, our programme will have to consider a wider set of environmental, social, and economic issues. We also have to integrate seafood sustainability into a broader global food system context and extend the focus of improvement beyond producers, to multiple nodes in the seafood value chain. Going forward, we, therefore, intend to address both responsible sourcing and responsible consumption as well as focusing on traceability and proactive transparency. As part of the Fishing for the future programme refresh, new sustainable seafood targets will be set for 2025 and we will develop a new, more wide-ranging Sustainable Seafood Procurement Policy.

WWF CONSERVATION CHAMPIONS

The WWF Conservation Champions continue to support best practice and long-term conservation in the wine industry and to transfer learnings through farmer information days and joint in-field workshops on areas of key environmental risks such as wastewater, water stewardship, alien clearing, and fire management. There are currently 12 Woolworths wine suppliers that are Conservation Champions. Suppliers are incentivised to become Conservation Champions by Woolworths through the allocation of a sustainability attribute for their wine supplied to us. They are also awarded points in the Farming for the Future assessment for being a WWF Conservation Champion.

CASE STUDY

A NEW ERA IN AQUACULTURE: SALMAR’S OCEAN FARM 1, THE FIRST OFFSHORE SALMON FARM IN THE WORLD

SalMar, a Norwegian aquaculture company and one of the world’s largest producers of farmed salmon, has been supplying salmon to Woolworths since 2015. In 2019, Woolworths received some of the first salmon produced from SalMar’s Ocean Farm 1, an innovative, new salmon farm designed and built for exposed, offshore operation. Ocean Farm 1 aims to reduce the environmental footprint of aquaculture, improve fish welfare and resolve nearshore sea space availability challenges. Nearshore aquaculture is often constrained by suitable space, competition with other sectors such as wild capture fisheries, and anthropogenic and natural impacts on coastal ecosystems, such as pollution. In contrast, the benefits of offshore aquaculture, where production is located away from the coastal zone in the deeper ocean, are numerous, with conditions more suited to the production of healthy fish. Steady currents for example, limit exposure to pathogens, thereby improving fish welfare. From an environmental impact perspective, offshore aquaculture has higher flushing rates, which leads to better dispersal of waste particles and greatly reduces localised nutrification. Farming fish in deeper ocean water is also expected to significantly reduce negative impacts on productive benthic fauna and flora ecosystems. Looking ahead, SalMar has commenced the development of a further improved, second offshore fish farm that will have twice the capacity of Ocean Farm 1.

OFFSHORE SALMON FARM IN THE WORLD

2008
First retailer in SA to sign the WWF Sustainable Seafood Retailer Charter
Developed a Sustainable Seafood Policy

2009
Official launch of the programme
First major South African retailer to label seafood in accordance with SASSI’s green, orange and red system

2010
Introduced several new sustainable wild-caught fish species
First retailer in SA to introduce DNA testing for species validation

2011
Launched ASC-certified, sustainable, local trawl-caught Cape Hake
Stopped the procurement of longline-caught yellowfin tuna

2012
Made a commitment that by 2015, all our wild-caught seafood would be either WWF-SASSI green listed, caught from MSC or equivalent certified fisheries, or sourced from fisheries that are undertaking time-bound improvement projects
Obtained MSC certification for our seafood counters

2015
Developed a pocket-sized Sustainable Seafood Guide for customers

2016
Made a commitment that by 2020, all aquaculture species sold will be either WWF-SASSI green listed, ASC (or equivalent) certified, or from aquaculture operations that are engaged in a credible time-bound improvement project
Launched South Africa’s first ASC-certified farmed hapas lines

2017
Launched the first MSC-certified sustainable canned tuna in SA
Launched ASC-certified farmed tilapia, silver and black tiger prawns

2020
Of the volume tonnagel of farmed species sold, 99% (2010: 66%) meet the 2020 commitments and 98% (2009: 84%) of Woolworths’ seafood meets our wild-caught and aquaculture sustainability commitments
100% of fish on WCaté menus is SASSI green listed, GlobalG.A.P., MSC- or ASC-certified

WWF CONSERVATION CHAMPIONS

Some key highlights along our Fishing for the Future journey

Roll over More on Fishing for the Future
Roll over COVID-19 impacts

WWF-SASSI green listed
WWF-SASSI red system
We believe it is our ethical obligation to ensure that our suppliers treat the animals in our supply chain with respect and in the most humane way possible and are committed to a journey of continuous improvement. We are committed to working with our suppliers to improve animal welfare and minimise any potential harm, stress or pain, and aim to meet the Five Freedoms (1) that describe the ideal state of animal welfare. In addition, we expect all our suppliers to adhere to relevant national and international animal welfare standards. In the unlikely event that we become aware that we are stocking a product that breaches legislation or our animal welfare policies and standards, we act promptly to remove this item from sale and take the necessary steps to ensure future compliance.

ANIMAL WELFARE IN FOOD

FREE RANGE
In 2004 Woolworths became the first major local retailer to stop selling whole eggs from hens kept in cages. Today, all whole eggs and 100% of liquid and powdered egg ingredients in Woolworths private label products are free range. We are committed to supporting initiatives which enable a shift away from caged systems in South Africa, and continue to engage collaboratively with other retailers around this.

Woolworths continues to sell extensive lines of free range chicken, beef, duck and lamb in store, which means the animals eat a natural diet and are not given routine antibiotics or growth stimulants. The ongoing drought is affecting the availability and viability of free range lamb. However, we are undertaking engagement with our suppliers in this regard and aim to ensure continuity of supply in the face of these challenging circumstances.

Suppliers are regularly audited by independent bodies to ensure compliance with our free range standards. During the current year, our independent audits were further enhanced by having the auditors sample products directly from store shelves. Animal welfare remains a key focus area in the development of David Jones private label foods. Where possible, we work with suppliers to ensure that our defined animal welfare criteria are met. Specifically, and where possible, we use certified free range or RSPCA Approved poultry, free range or outdoor bred pork, grass fed beef and lamb or organic meat and poultry. We continue to only sell free range shell eggs and where possible, use free range eggs as an ingredient in our private label prepared foods and in our selection of brands to retail on shelf. During the year, we converted all of our fresh chicken from RSPCA-approved barn reared (indoor) to RSPCA-approved outdoor reared free range.

USEFUL LINKS FOR MORE DETAIL

- WSA FREE RANGE CHICKEN
- WSA FREE RANGE BEEF
- WSA FREE RANGE LAMB

During the year, we were pleased to achieve our goal of having only 100% free range chicken, beef and lamb on our WCafé menus as part of our Green Cafés Programme.

OUTCOMES-BASED MEASUREMENT PROGRAMME

Woolworths is in its fourth year of collaboration with the Food Animal Initiative (FAI) (2), aimed at strengthening the approach to animal welfare, sustainable livestock, and aquaculture farming practices across the supply chain using outcomes-based measures. The outcome measures, which focus on key welfare issues for each species, are collected on a monthly basis and provide objective and quantifiable data on liveability, disease, injury, behaviour, transport and slaughter.

On the programme, to date, we have collected data relating to the lives and welfare of over 95 million animals across nine farming methods (3).

This data is tracked and trended and the results are reported back to our suppliers along with guidance on best practice to help drive continual improvement towards a more sustainable, higher animal welfare system within our supply chain.

DURING THE PAST YEAR
- Free range beef, Angus beef and additional dairy and pork suppliers were added to the programme and data collection commenced.
- Data continued to be collected on chicken and laying hens, pork, duck, dairy, and free range beef, all of which were added to the programme in previous years.
- We commenced working on how to integrate the programme into Farming for the Future for our livestock suppliers.

rBST-FREE AYRSHIRE MILK

Since 2002, Woolworths’ Ayrshire dairy farmers have not administered any rBST to any of their Ayrshire dairy cows.

rBST-free Ayrshire milk comprises approximately 55% of Woolworths milk sales. Dairy suppliers are regularly audited by independent bodies to ensure compliance with our requirements.

KINDER TO SOWS

The Woolworths Kinder to Sows programme was launched in 2014.

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

From 2016, we were able to source Kinder to Sows pork for our fresh pork products and introduced on-product messaging to this effect. Thereafter, we expanded our Kinder to Sows offering to include easy-to-cook ranges, and all bacon and gammon lines. Suppliers on the programme are regularly audited by independent bodies to ensure compliance with the requirements.

USEFUL LINKS FOR MORE DETAIL

- WSA rBST-FREE AYRSHIRE MILK
- WSA KINDER TO SOWS PORK

Rollover COVID-19 impacts

During the year, we were pleased to achieve our goal of having only 100% free range chicken, beef and lamb on our WCafé menus as part of our Green Cafés Programme.
ANTIBIOTICS

Woolworths is on a journey to reduce antibiotic use in our supply chain, particularly shared class antibiotics, i.e., those that are critical to human health. The use of antibiotics in animals in our supply chain is informed by our Antimicrobial Guideline, which sets out four principles with regard to antibiotics: record, reduce, replace and refine. In order to establish a baseline of usage, we are currently recording the amount and type of antibiotics used by our suppliers through the outcomes-based programme. Once the baseline is in place, we will work from an informed basis to track, trend and promote the reduction of antibiotic use.

SUPPLIER TRAINING

The majority of Woolworths’ protein and dairy suppliers have attended a recommended, globally relevant Animal Welfare Training programme. The training content covers topics such as animal welfare at the farm level, during transport and slaughter. We require that our suppliers attend this training at least every three years so that they remain up to date with global best practice. Suppliers are incentivised and rewarded by Woolworths for having an assigned animal welfare officer that has attended the particular training through the allocation of a sustainability attribute to their products supplied to Woolworths.

ANIMAL WELFARE IN FASHION, BEAUTY AND HOME

We support the following principles for animal welfare across the WHL Group, covering all product categories:

- We do not permit the testing of our products on animals.
- We ceased ordering products containing angora in January 2014.
- We are a proud member of the Fur-Free Alliance. We do not permit the use of any natural fur or farmed fur in our products, including branded products supplied to David Jones.
- We do not permit live plucking of duck and goose down.
- We take a proactive approach to sourcing a sustainable supply of wool that is non-mulesed.

During the year all mink lashes were removed from David Jones’ beauty range.
SUSTAINABLY SOURCED FIBRES

RESPONSIBLE WOOL
Country Road Group and David Jones published a responsible wool strategy in late 2019 that will see them transition away from the use of mulesed wool. Mulesing is a painful surgical procedure, which is common practice in Australia, involving the removal of strips of wool-bearing skin from around the breech of a sheep to prevent the parasitic infection known as flystrike. A further aim of the strategy is to support higher animal welfare standards and improved land management more broadly across the wool supply chain. Work commenced during the year towards achievement of our responsible wool commitments. Key elements of progress made to date includes strengthened support for Australian farms that are Responsible Wool Standard certified, as demonstrated in Country Road’s 2020 traceable wool campaign. Across Country Road Group, 52% of wool sourced during the year was non-mulesed wool. Certain challenges were encountered in the first year of implementation, which included, in certain cases, a lack of commercial viability and lack of appropriate certification received from suppliers.

SUSTAINABLE COTTON
Cotton is one of the main fibres used across the WHL Group in private label clothing. In recognition of the impact that cotton farming has on global land, soil, and water resources, we continue to drive the use of fibres produced in a more responsible way and those that support sustainable farming practices.

We set an ambitious Group target that by 2020, all our cotton products (excluding footwear and accessories) would be sustainably sourced, including certified organic and Better Cotton Initiative (BCI) cotton. We are pleased to announce that Woolworths currently uses sustainable cotton across 92% (2019: 80%) of fashion items and Country Road Group 80% (2019: 75%). Woolworths is a member of the South African Cotton Cluster and is the only South African retailer with BCI membership. Both Country Road Group and David Jones are also BCI members. During the year, over 500 tonnes of South African BCI cotton were utilised in Woolworths private label clothing (2019: 65 tonnes). This was achieved through thorough planning and preparation, which included conducting field visits and integrated workshops with those in our cotton value chain to confirm capacity and resourcing. Woolworths was included in the ‘Well on the way’ category in the 2020 Sustainable Cotton Ranking.

The Better Cotton Initiative promotes more sustainable cotton production, with a focus on:
- Limiting use of pesticides and herbicides
- Water efficiency
- Soil management
- Conservation of natural habitats
- Decent work and fair wages

TRACEABILITY
During the year, further to the work with Oritain last year, Country Road Group released a verified Australian merino wool collection traceable to eight Tasmanian farms, all of which are Responsible Wool Standard certified. Woolworths successfully completed a trial with Oritain on Supima cotton in the Spring/Summer range of private label men’s T-shirts. Supima cotton is a superior cotton blend, known for its strength, softness and colour retention, and is grown on the West Coast of the United States. Country Road Group similarly completed a project on Australian cotton with Oritain this year. Demonstrating commitment to continuously improving traceability through the supply chain, Woolworths is considering expanding this to BCI cotton and mohair in the future.

USEFUL LINKS FOR MORE DETAIL
- WATCH WOOLWORTHS BCI COTTON VIDEO
- OIRG VERIFIED AUSTRALIAN MERINO COLLECTION
- ETHICAL SOURCING
WASTE

We have made great strides towards achieving our vision of zero packaging waste to landfill. This is testament to how taking a systems approach to looking at the entire lifecycle of waste and packaging can yield positive results.
PERFORMANCE SUMMARY

5 Plastic-bag-free stores at Woolworths

David Jones Capitol Grand is the company’s first single-use plastic-bag-free store

COUNTRY ROAD LAUNCHED A CLOTHING RENTAL SCHEME IN PARTNERSHIP WITH GLAMCORNER

WOOLWORTHS BECAME ONE OF THE FOUNDING MEMBERS OF THE SOUTH AFRICAN PLASTICS PACT

SURPLUS PRODUCT DONATIONS
Rands worth of product donated by Woolworths

<table>
<thead>
<tr>
<th>Clothing donated to The Clothing Bank</th>
<th>Food donated to charities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020: R49.7M 2019: R60.6M</td>
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</tbody>
</table>

3 148 956 Number of reusable bags sold in 2020 by Woolworths Food

0.85 Average number of plastic bags per transaction in 2020 for Woolworths Food

Woolworths Packaging & Waste Highlights for 2020

- Rollout of Fashion, Beauty and Home paper bags
- Rollout of reusable mesh bags for fresh produce
- Rollout of coffee cup recycling bins to 36 stores across the Western Cape
- Two reverse vending machines installed

Woolworths became one of the founding members of the South African Plastics Pact

3 148 956 Number of reusable bags sold in 2020 by Woolworths Food

0.85 Average number of plastic bags per transaction in 2020 for Woolworths Food

*Not measured and reported

**Achieved

***Partially achieved

****Missed
STRATEGY AND MANAGEMENT APPROACH

STRATEGY

In 2018, we embarked on an ambitious journey by committing to zero packaging waste to landfill. As part of this, we committed that all our packaging will be reusable or recyclable by 2022. In addition, we also committed to eliminate single-use plastic shopping bags from our operations by 2020. Since then, in line with these commitments, we have been working to remove unnecessary single-use plastic products such as straws, plastic stemmed ear buds, plastic cutlery, as well as plastic shopping bags from all our stores. These commitments were also our way of cementing work that had already started on waste reduction at the beginning of our sustainability journey.

Excessive packaging as well as the use of non-recyclable packaging has remained a point of focus for us and for our customers. We are aware of the dangers of generating excessive waste, whether directly through our product packaging or indirectly through how this packaging is discarded at the customer level. We realise that addressing this issue starts at the packaging design phase, ensuring that we design for reuse and recyclability. This impacts upon the procurement process for the materials used and requires full integration across the business in order to enable us to direct our efforts both upstream and downstream in our value chain.

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

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

Our approach to packaging is aimed at achieving a balance between a number of important considerations such as food safety, product labelling, product quality, as well as waste minimisation.

MANAGEMENT APPROACH

We have focused on nurturing cross-industry collaboration with key stakeholders who share our vision in order to build critical mass within the industry. Working closely with our product technologists in our various product groups as well as business operations, we strive to improve our packaging through:

• Driving packaging efficiencies by reviewing innovation opportunities for alternative sustainable packaging options
• Identifying where the troublesome packaging is and removing it from our product offering1. Troublesome packaging refers to packaging with characteristics that are not in line with our sustainable packaging vision2.
• Reducing the amount of waste sent to landfill from our own operations
• Making it easier for customers to recycle by communicating recycling options on product packs as well as providing recycling facilities where we operate
• Documenting and tracking progress and performance against our commitments

HIGHLIGHTS

Since formalising our waste commitments in 2018, we have made significant progress. Major highlights to date include:

Replacing plastic barrier bags in Woolworths’ fresh produce section with a reusable mesh bag

Replacing plastic bags in Woolworths Fashion, Beauty and Home stores with a locally made paper bag that contains 100% recycled paper

Ruling out our coffee cup recycling facilities at 36 Woolworths stores and cafés

LOWLIGHTS AND CHALLENGES

With several initiatives planned for execution and/or completion in the second half of the financial year, the impact of the COVID-19 lockdown meant that these had to be put on hold.

As part of our initiative to remove single-use plastic bags from stores, we procured a machine to bolster the local manufacture of our low-cost reusable bags. The installation of this machine was delayed as a result of the lockdown, this had a direct impact on the removal of single-use plastic shopping bags. The recycling industry has been severely impacted by the COVID-19 lockdown. This will have negative repercussions on national recycling rates as well as the availability of post-consumer recycled material for use in packaging.

LOOKING AHEAD

As a business, we will continue to build on our momentum and work towards our target of having all our packaging reusable or recyclable by 2022. We have established strong internal alignment as well as with suppliers and industry partners, which places us in a strong position to deliver to this target. Several of our initiatives had to be put on hold as a result of the COVID-19 lockdown. These will resume as lockdown ease. We will accelerate the replacement of the Woolworths fashion, beauty and home plastic bags with a paper bag made from recycled cardboard. The phase-out of single-use plastic packaging where alternatives are viable is an on-going business-wide programme. Country Road and David Jones food will continue the rollout of the Australian recycling label (ARL) to a wider range of its products. We will seek greater integration with our suppliers in order to reduce food waste through the green factories programme in South Africa.

IMPACT ON THE VALUE CHAIN

WSA POSITION STATEMENT ON PACKAGING
DI GUIDING PRINCIPLES FOR SUSTAINABLE PACKAGING

CUSTOMERS

WHL operations

SUPPLIERS & PROCESSORS

COMMUNITIES
In support of our vision to achieve zero packaging waste to landfill, our focus has been on reducing the amount of packaging we use, increasing the use of recycled materials in our packaging and also on improving recyclability. We continue to work towards using only sustainably sourced or recycled wood products in our products.

Where we use forest products like wood, paper, and board for packaging, we aim to source them from sustainably managed forests certified by the Forest Stewardship Council (FSC).

**WOOLWORTHS AIM IS TO HAVE A COMPREHENSIVE LIST OF ALL OUR FSC-CERTIFIED BOARD PACKAGING SUPPLIERS BY THE END OF 2020.**

Here is a summary of some of the packaging improvements Woolworths made in the last year. The Country Road Group and David Jones are still very early on this journey.

**Incorporating recycled polyethylene terephthalate (rPET) in Woolworths products and packaging**

- Earth Friendly range packaging contains a minimum of 25% rPET and is fully recyclable
- 20% rPET in peanut butter jars
- 100% rPET in puffer jackets inners
- Private-label mayonnaise and sunflower cooking oil bottles contain an average of 30% rPET
- Low-cost reusable bag fabric contains a minimum of 70% rPET

**Other Woolworths packaging improvements made**

- **30% PLANT-BASED MATERIAL DERIVED FROM SUGARCANE USED IN HOPE DAIRY CARTONS**
  - Embarked on a trial to replace the polystyrene plastic packaging from our avocado packaging with a FSC-certified kraft tray made from 63% recycled paper

- **Our onions and potatoes are now in fully recyclable bags made of polyethylene**

- **Cucumbers are now in fully recyclable polyolefin packaging**

- **PLASTIC SLEEVES TRAYS AND PACKAGING MATERIAL REMOVED FROM WOOLWORTHS LONGMARKET BARBER RANGE**

- **REPLACING SINGLE-USE PLASTIC IN WCOLLECTION BEDDING CURTAIN PACKAGING WITH RECYCLABLE LDPE FABRIC BAGS**

- **Launched the first recyclable glass bottle range in WBEAUTY with the Le Bain range, resulting in 67% reduction in plastic packaging**
SINGLE-USE PLASTIC PHASE OUT
Much of the plastic used in packaging globally is produced to be used once and then discarded. The challenge with plastic is that it persists in the environment for many years with significant negative impact on the natural environment. The collection and recycling of single-use plastic is only part of the solution. As important is reducing the volumes of single-use plastic that goes into our system in the first place. Phasing out unnecessary single-use plastic is thus a key element of our commitment. Over the years, we have established multiple initiatives to deliver to this commitment.

REUSABLE AND SINGLE-USE PLASTIC BAGS
Woolworths has offered reusable shopping bags for sale since 2007. In 2018, we embarked on an initiative to phase out single-use plastic bags. As part of this initiative, we introduced a low-cost reusable shopping bag which consists of a minimum of 70% post-consumer PET waste made from recovered plastic bottles. We currently have 24 stores offering this low-cost reusable bag across South Africa and expect to have them in all food stores by the end of 2020.

In addition, we continue to offer our colourful fabric bags made from 85% post-consumer PET waste from plastic bottles as well as our cause-related marketing bags. These are widely available nationwide.

We have also launched a locally made, reusable produce mesh bag as a sustainable alternative to replace the barrier bag in the 50 top Woolworths food stores. They will be rolled out to further stores through the year.

The David Jones Capitol Grand store in Melbourne became the first Australian plastic-bag-free store when it opened its doors in October 2019.

PAPER BAG
In 2019, Woolworths commenced a paper bag trial in the Western Cape. The bag replaces our single-use fashion, beauty and home plastic bags. The paper bags contain 100% recycled paper made of transit cardboard collected from our distribution centres and are locally made by BagPac, one of our enterprise and supplier development beneficiaries.

We currently have two trial stores with paper bags. Further roll out was delayed due to the COVID-19 lockdown. We anticipate the roll out to accelerate in the latter half of 2020.

The Country Road Group offers paper bags only in all its stores.

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<tr>
<th>NO MORE</th>
<th>REPLACED WITH*</th>
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<tr>
<td>PLASTIC STRAWS*</td>
<td>PAPER STRAWS</td>
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<tr>
<td>PLASTIC-STEMMED EARBUDS</td>
<td>PAPER-STEM EARBUDS</td>
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<tr>
<td>SINGLE-USE PLASTIC CUTLERY</td>
<td>WOODEN CUTLERY</td>
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</tbody>
</table>

*David Jones has phased out plastic straws only

Woolworths stores offer low-cost reusable bags

Woolworths stores offer reusable produce mesh bags

100% recycled paper bags introduced at Woolworths for Fashion, Beauty and Home purchases

Rollover for a case study: A sustainable alternative to void fill

100% recyceld paper bag
MANAGING OUR WASTE

Our aim is to prevent waste to landfill through establishing systematic waste recovery and sustainable disposal processes in all our operations.

DIRECT OPERATIONS

HEAD OFFICE
At the Woolworths head office, after changing service providers and optimising processes we are now able to track waste streams on a ‘real-time’ basis using an online dashboard and identify where challenges exist. In addition, a waste audit was conducted to ensure we have comprehensive coverage of waste types used in our operations. In the last year, we continued to roll out new and improved colour-coded bins with clearer messaging in order to improve separation at source. We will be ramping up our awareness campaign around the importance of sorting waste at source to prevent contamination as this has been the biggest barrier to improving our recycling rates. We currently recycle 49% of waste from head office.

To ensure that we are diverting the maximum amount of material away from landfill, we commissioned a study of the waste we generate at the Woolworths head office. This is in line with our goal to reduce waste throughout all operations. The study was to review/verify the types and tonnages of our waste. This study has allowed us to identify areas of concern, where contamination occurs and to track waste streams on a ‘real-time’ basis using an online dashboard and identify where challenges exist.

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YOU ARE PART OF THE SOLUTION

PLEASE FOLLOW THE RECYCLING STEPS CAREFULLY. IF YOU DON’T THE ENTIRE BIN WILL BE CONTAMINATED AND WILL END UP IN LANDFILL.

MAKING A DIFFERENCE ❤️

TO PREVENT THE CONTAMINATION OF CLEAN PAPER, WE INTRODUCED SEPARATE PAPER RECYCLING BINS.

IN ADDITION, WE HAVE ROLLED OUT COFFEE CUP RECYCLING BINS ACROSS THE HEAD OFFICE.

STORAGE
In 2018, Woolworths piloted coffee cup recycling bins at stores, NOWOW cafes as well as the head office. We recovered 44% of the coffee cups during this pilot and they were sent to a mill where they were processed into craft board. This head office trial was successful and we have extended the trial to 36 stores in the Western Cape with the aim of refining the collection and recycling process. A national roll out of this initiative is being planned.

All Woolworths’ secondary and tertiary packaging used in our operations, such as cardboard cartons and protective packaging, is collected, managed, and recycled from stores using existing logistics operations, or utilising reverse logistics within our existing network. The cardboard packaging is currently reused to make our paper shopping bags. The David Jones Bourke Street store recycles organic waste on site by taking food offcuts from food halls and converting them to fertiliser, which is sent to farmers. In the last year, 16,700 kg (2019: 3,550 kg) of organic waste was diverted from landfill, this produced 1,670 kg (2019: 346 kg) of fertiliser.

The Country Road Group currently recycles 39.3% of waste from some of its stores (2019: 39.8%) this excludes waste from Poltiix stores. In-store take-home packaging is 99% recyclable. Country Road Group was forced to pause a waste management pilot study as a result of the COVID-19 lockdown.

DISTRIBUTION CENTRES
At Country Road Group’s Omni-channel Fulfilment Centre in Melbourne, 87.5% of waste is currently recycled (2019: 85.5%). The Woolworths distribution centres manage waste from a number of sources - transit packaging, waste generated at stores which is returned via reverse logistics, as well as waste generated on site. Both the Midrand and Montague Gardens Food distribution centres are equipped with baling equipment to compress recyclables on site before transportation to our recycling partners.

We have recovered over R23.3 million in waste recycling rebates since 2012 from the recycling of cardboard, plastic, paper, ceramics, glass and metal.

HANGER RECYCLING
The hangers used in Woolworths stores are made from a mixture of 50% recycled material. To ensure they do not become waste, used hangers are collected from all Woolworths stores by Hangerman. Here, they are refurbished if damaged and sent back to stores for reuse; hangers that are too damaged are sent for recycling. In the last year, 10.7 million (2019: 14.8 million) hangers were rescued or recycled (82 million to date). Following a successful trial of using our reverse logistics capability to return hangers from the Eastern Cape to Hangerman in the Western Cape, which saw a 70% hanger recovery rate, we will be exploring how best to establish a reverse logistics programme for hangers in that area. The aim is to use our own vehicles to return hangers to our distribution centres, where after they will be sent to Hangerman for processing.

David Jones private label, Country Road and Trenery have hangers that are collected by The Ideas Company (TIC) Group Pty Ltd for redistribution to suppliers for reuse.

SUPPLY CHAIN
Working with our suppliers through the Woolworths green factories programme, we have increased our focus on food waste in the supply chain. We achieved this by adding more food waste-related questions to the green factory assessment that suppliers complete annually. Some of our major suppliers have also been involved in the Food Waste Agreement, discussed later in the chapter under ‘Food Waste’.

At the Racecourse Gardens distribution centre in Cape Town, bokashi is added to wet waste to break it down into a dry mixture that can be used as compost. In the last year, 7,262 tonnes of wet waste was processed using this method.

In 2017, we introduced paperless picking at our Woolworths distribution centres. This involves the removal of approximately 70 000 kg of labels annually from trays or bags used in the distribution of our products. We have saved over R21.9 million worth of paper used for labels through this initiative in the last three years.
CUSTOMER RECYCLING

Woolworths has been working on increasing recycling rates in South Africa by introducing recycling programmes in areas close to our customers. Over the years, we have trialled and tested several recycling options for our customers. In some instances, we failed and had to find better ways of ensuring customers have access to convenient recycling facilities in areas where they live. In partnership with WILDLANDS, we trialled our first recycling village at one shopping centre in KwaZulu-Natal (KZN). This was to be used as a blueprint to expand to three other locations in the province. We launched the third recycling village in KZN, with two more to follow, with the aim to increase recycling rates in South Africa. WILDLANDS recycling villages, which are at the forefront of recycling and the recycling circular economy in South Africa, are part of a well-established WILDTRUST programme. We also have reverse vending machines at two stores, Palmyra and Piazza St. Johns, in the Western Cape, and we will soon be launching one at our V&A Waterfront store.

Customers can still drop off their batteries and light bulbs at our stores for recycling. In addition, 25 of our stores have clothing recycling facilities where customers can drop off their pre-loved clothing, which is donated to the Clothing Bank.

USEFUL LINKS FOR MORE DETAIL

ON-PACK RECYCLING LABELS

Woolworths introduced On-Pack Recycling Labels (OPRL) in the South African market six years ago. These are labels on product packaging indicating what can actually be recycled in metropolitan areas around the country. Woolworths was instrumental in establishing the OPRL. Working Group of major retailers in the country through WWF-SA to voluntarily adopt this labelling system in order to standardise recyclability messaging on packaging. The purpose is to provide clarity and consistency for customers on the recyclability of packaging. All major retailers in South Africa agreed to adopt this OPRL standard.

Country Road Group and David Jones Food have also begun using the Australasian Recycling Label (ARL) on certain products.

USEFUL LINKS FOR MORE DETAIL

FOOD WASTE

Woolworths became one of the founding signatories to the Food Waste agreement. This is a voluntary food waste initiative, led by the Consumer Goods Council of South Africa (CGCSA) and the Department of Trade and Industry (dti), co-funded by the South Africa-European Union Dialogue Facility (SA-EU DF). This has involved extensive engagement with various industry stakeholders. This will track our progress against the Sustainable Development Goal 12.3 – to reduce food waste by half in our operations. Reducing food waste is also an integral part of our Farming for the Future and green factory initiatives. As a signatory, we will be reporting our food waste baseline and reduction progress periodically. We will also be working more closely with our supply base to seek their participation in this process in order to identify food waste reduction solutions in the supply chain. Incorrect labelling and misunderstanding of labelling for shelf life is believed to be a leading cause of food waste in customers’ homes. We have also partnered with Coventry University and WWF-SA to conduct research for us to better understand food waste challenges and consumer behaviour to help us refine our approach. This will assist in communicating a consistent message for our products, especially with regards to Use By and Best Before dates.

USEFUL LINKS FOR MORE DETAIL
ADDRESSING SURPLUS PRODUCT

Addressing surplus products in our operations allows us to avoid sending product that is still in usable condition to landfill. Specifically, we focus on surplus food and clothing from stores, which we donate to various organisations in the regions where we operate. All our Group companies support these initiatives.

SURPLUS FOOD
Woolworths continues to donate surplus food from our stores to local charities. This is food that is past its ‘Sell By’ date but not its ‘Use By’ date. We cannot avoid having unsold food in stores but have been working to optimise ordering based on trends in order to reduce wastage. Where food has passed its sell-by date, it is either sold to staff at a reduced rate or donated to charity partners at each store. We also have an end of day discount in stores for certain meat products and this is available to our customers as well.

David Jones diverts its food waste from landfill through a partnership with OzHarvest. This is one of Australia’s leading food rescue organisations, which collects quality excess food from commercial outlets and delivers it directly to more than 1300 charities. Food waste is also recycled into fertiliser at David Jones store on Bourke St in Melbourne.

SURPLUS CLOTHING
Our Group companies collect and distribute surplus clothing through two partner organisations - The Clothing Bank (Woolworths) and the Red Cross Fashion Trade (Country Road). The Clothing Bank was launched in 2010 and currently operates in six metropoles in South Africa. Using the surplus clothing, The Clothing Bank aims to empower unemployed women from disadvantaged areas in South Africa through a programme of life skills and financial and career development to start sustainable clothing micro-businesses. Woolworths sends all surplus clothing from stores to the Clothing Bank, in addition, customers can donate their pre-loved clothing at 25 stores across the country. Country Road customers donate their pre-loved clothing at 30 stores, which supports humanitarian work in Australia. Fashion Trade is an initiative where Country Road rewards customers with a $10 Country Road voucher when they donate their pre-loved items to the Red Cross, helping the community and saving clothes from landfill. Previously, this was a three-week annual campaign but has now been extended and is available to customers throughout the year.

In 2019, Country Road launched a clothing rental service through a partnership with GlamCorner. GlamCorner is Australia’s leading online rental service where customers can purchase a monthly subscription to rent designer clothes.

R643M worth of food donated to charities in the last year

2019: R611M

WOOLWORTHS DONATED R49.7M (2019: R60.6M) TO THE CLOTHING BANK

COUNTRY ROAD DONATED 200 000 ITEMS TO THE RED CROSS SINCE THE LAUNCH OF FASHION TRADE

WITCHERY’S FITTED FOR WORK TRIAL
Witchery recently launched a new partnership with women’s charity, Fitted For Work, which engages local communities to donate pre-loved Witchery clothing and accessories. The trial was conducted for three weeks in Melbourne to understand our customers’ willingness to participate and the volume of items that could potentially be donated. Witchery Doncaster, Southland, and Highpoint stores were selected to receive customer donations based on high footfall as well as in-store storage capacity to keep the donations. Head office staff were also encouraged to donate pre-loved items by implementing donation bins around Botanicca.

USEFUL LINK FOR MORE DETAIL

FOR MORE DETAIL

WE SUPPORT FITTED FOR WORK, AN ORGANISATION HELPING WOMEN IN AUSTRALIA EXPERIENCING DISADVANTAGE SECURE SUSTAINABLE EMPLOYMENT

‘FITTED FOR WORK’ OVERVIEW
CLOSING THE LOOP

In our quest for zero packaging waste to landfill, we are working with a team of partners on a number of closed-loop systems which allow us to find new uses for materials used in the business that otherwise would go to landfill. This will also allow us to reduce the amount of virgin raw materials used in our products. A closed-loop system means that we cut the cost associated with the procurement of raw materials to make our packaging while also contributing to the reduction of emissions associated with discarded packaging.

RECYCLED MATERIALS IN CLOTHING

Over the years, our Group of companies has innovated to incorporate recycled content in a number of clothing products.

MIMCO USES ITS SIGNATURE REPREVE® LINING FOR A NUMBER OF BAGS. THIS LINING IS MADE FROM rPET

Woolworths used over a million 500 ml PET plastic bottles in its 2020 winter fashion ranges, specifically in items such as puffer jackets, gilets, as well as some polar fleece items across menswear and kidswear. All these bottles have been diverted from landfills, rivers and the ocean.

Trener replaced polyester fabric with rPET in women’s apparel. It has also started to use rPET and recycled cotton in men’s swim shorts.

Country Road, Trener and David Jones private label collections use regenerated cashmere, made from recycled pre- and post-industrial cashmere waste in some of their winter ranges.

Country Road Group began making swimwear from discarded fishnets and factory offcuts. These materials are regenerated into high-performance nylon and blended with elastane for increased stretch and durability.

Politix implemented recycled polyester in the linings of their jackets and outerwear. The jackets contain 95% rPET and 5% elastane as well as an rPET lining.

Woolworths launched men’s wind- and water-resistant puffer jackets made from approximately 80% recycled fabric, including the zip tape. The shell and lining are each made from 40% recycled nylon, and the soft and comfortable wadding inner is made of 100% recycled polyester.

6.5% of Woolworths private label clothing sold in FY20 contained recycled polyester

2019: 13%
2022 TARGET: 25%

Woolworths Christmas Gifting Window of 2019 won a global prize at the annual Creative Retail Awards in London. It was recognised in two categories: Sustainability and Window Display.

The display, inspired by indigenous South African trees, made use of recycled and recyclable papers to create the leaves using origami techniques. The tree pods contained 20,000 seeds, which were donated to the EduPlant programme, a programme that helps young people learn to grow food sustainably.
**RECYCLED POLYESTER IN HOMEWARE**

Woolworths uses fibre from 100% recycled plastic bottles to make hollow fibre duvet and pillow inners. This is estimated to save over 1 million bottles from going to landfill every year. The bottles are recovered locally and processed into fibre. We have also removed the plastic packaging from our bedding, which now comes either in a self-fabric bag that can be repurposed, or with a recyclable belly band. This means that an estimated 17.5 tonnes of single-use plastic will be prevented from going to landfill in over 12 months. This will be expanded to our private label curtains going forward.

**COUNTRY ROAD’S REDCYCLE RECYCLABLE SATCHEL**

In partnership with logistics company, Australia Post, Country Road launched an 80% recycled content REDcycle recyclable satchel, making it the first retailer to do so in Australia. The satchel is fully recyclable through the REDcycle programme. With over 600 000 satchels sold each year, the recycled content and recyclability are key factors to meeting Country Road’s closed-loop goals. This will be rolled out to the other brands within the Country Road Group as well as to David Jones.

**COUNTRY ROAD’S PLASTIC BOWLS MADE FROM PLASTIC BREAD TAGS**

Country Road has partnered with Brad Scott, a former chemist who turns plastic bread tags into beautiful bowls. Brad purchases bread tags from a charity, Aussie Bread Tags for Wheelchairs, which raises funds to buy wheelchairs for those in need in South Africa. To make bowls, stickers are removed from the tags before they are sorted by colour. Using a domestic oven, the bread tags are melted and moulded into bowls. To date, over 56 000 tags have been used to make the individually unique white bowls sold exclusively at the Country Road Chadstone store in Australia, our first 5-Star Green Star store. These bowls allow Country Road to demonstrate that circular or closed-loop systems can extend beyond the packaging supply chain.

**USEFUL LINK FOR MORE DETAIL**

[Country Road Chadstone Store](#)

**COLLABORATION, PUBLIC POLICY AND TRANSPARENCY**

**Ellen MacArthur Foundation**

In 2018, WHL became the first and only African retailer to sign the Ellen MacArthur Foundation’s Global Commitment to develop a circular economy for plastic, in which plastic never becomes waste.

**SA PLASTIC PACT**

In January 2020, Woolworths became one of the founding members of the South African Plastics Pact and we serve on its inaugural Steering Committee.

The South African Plastics Pact is a collaborative initiative that brings together key stakeholders from the local plastics value chain, including businesses, the South African government and NGOs to tackle plastic waste and pollution at its source.

**AUSTRALIAN PACKAGING COVENANT ORGANISATION (APCO)**

David Jones and Country Road Group are also members of the Collective Action Group ICAG.

The CAG is a team of leading industry representatives from across the supply chain and government which oversees the strategic delivery of the 2025 National Packaging Targets.

**THE CDP (FORMERLY CARBON DISCLOSURE PROJECT) IS A GLOBAL LEADING INVESTOR TRANSPARENCY TOOL FOR CLIMATE CHANGE, WATER, AND DEFORESTATION.**
We operate in some of the most at-risk regions when it comes to water availability and the efficient management of this resource remains pivotal in ensuring the continuity of our business. Collaborating with stakeholders across our value chain is important in dealing with water quality and availability challenges as well as proactively implementing solutions to address these.
**PERFORMANCE SUMMARY**

**B**

WHL received a B for CDP Water Disclosure for the 2018 financial year water footprint. This is higher than the sector and global average of B-.

- **59.5%**
  - Percentage water reduction per square metre at Woolworths stores against a 2007 baseline
  - 2019: 56.6%
  - 2018: 54%

- **54%**
  - Percentage of relative water consumption shift to grey water in SA corporate buildings
  - 2019: 66%
  - 2018: 89%
  - *Not achieved - ratio of grey water highly impacted by COVID-19*

**90%**

- Percentage of real-time water monitoring (Woolworths stores)
  - 2019: 90%
  - 2018: 89%

*Woolworths has initiated two water stewardship projects to date*

**COUNTRY ROAD GROUP AND DAVID JONES PRIVATE LABEL ARE ALSO COMMITTED TO WATER STEWARDSHIP IN THEIR TEXTILE SUPPLY CHAINS**

**62 RAINWATER HARVESTING TANKS INSTALLED AT 31 SCHOOLS TO DATE BY WOOLWORTHS**

THROUGH THE UNITED NATIONS GLOBAL COMPACT CEO WATER MANDATE, WOOLWORTHS BECAME A PARTICIPANT IN A PILOT PROJECT FOR SETTING CONTEXT-BASED TARGETS FOR WATER
STRATEGY AND MANAGEMENT APPROACH

MANAGEMENT APPROACH

We apply innovative solutions for monitoring and managing water consumption across our operations. With just over 60% of all water consumed by our direct operations (stores, distribution centres, and offices) in South Africa attributed to stores alone, this space has been one of our main focuses. Using our internal green building protocols to facilitate water-efficient design, we have implemented technologies such as rainwater harvesting, and use of alternate water supplies, such as groundwater, across our operations to help us use water efficiently. In a bid to save water, preference is given to the installation of air-cooled refrigeration and air-conditioning systems. For the few remaining water-cooled systems in our facilities, we continue to consider their conversion to air-cooled based on commercial viability and their remaining useful lives. All our facilities have 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 areas experiencing a shortage of water supply, we install back-up water tanks on a needs basis.

Within our supply chain, water availability and quality impact the sourcing of our raw materials as well as the processing of finished products. We have, therefore, invested in green infrastructure through water stewardship programmes. We also engage with our Woolworths suppliers to implement innovative solutions in their operations to help monitor and manage water usage through our supplier engagement programmes (Farming for the Future and green factories).

We work with schools from impoverished communities to educate children on the importance of water conservation, sanitation and hygiene. This is linked to the Woolworths Educational Programme which aims to support education, health and wellbeing of children at South African schools. Aligned to this, we install water tanks at schools affected by drought as well as with inadequate infrastructure.

HIGHLIGHTS

- 91 secondary suppliers completed the Woolworths Farming for the Future Water Footprint Index Assessment this year.

LOWLIGHTS AND CHALLENGES

A groundwater monitoring initiative, part of one of Woolworths’ water stewardship programmes, that used data loggers electronic devices used to store data over time, had to be put on hold as a result of malfunctioning devices, and new ones being unavailable due to the COVID-19 lockdown. The project will resume as soon as replacement devices are procured.

LOOKING AHEAD

As we move into the next phase of our sustainability strategy to 2025, we look forward to finalising our context-based water target. This will help cement our water conservation initiatives across our entire value chain, enabling us to have a clearer view of where to invest our efforts.

We will continue applying the green building protocol to our real estate portfolio while also seeing out new and improved technology for the monitoring and management of water usage in our operations. Data collection and management remains a key pillar in understanding our water footprint and we will continue to improve this to be able to track progress against our targets.

We will also continue to investigate solutions to increase the share of grey water in our operations. In Australia, we will continue with e-water trials, with the intention of rolling out this initiative widely across our real estate. This roll out however will be dependent on the outcomes of the trial.

For educational activities on water, Woolworths will be amending all learning material to ensure we are able to provide online learning resources. This will be an alternative so we are able to present the lessons even during the COVID-19 pandemic.

WSA POSITION STATEMENT ON WATER

CRG ENVIRONMENTAL CODE OF PRACTICE

IMPACT ON THE VALUE CHAIN

- Agriculture & Fishing
- Suppliers & Processes
- Communities

- WWF operations

MANAGEMENT APPROACH

OUR FOCUS WITH REGARDS TO WATER IS LARGELY ON:
• Reducing water consumption and managing wastewater across our operations as well as in our supply chain
• Partnering for collective action, research and education
• Creating awareness among our employees, suppliers, customers, and schools

This year, we have also seen the importance of water as a result of the COVID-19 pandemic. The pandemic has highlighted how without safe water, proper sanitation, as well as effective hygiene, communities will remain vulnerable and less resilient to crises.

We follow a collaborative approach of working with suppliers, farmers, academic institutions, community based organisations as well as bodies such as the WWF and the United Nations CEO Water Mandate. Within our supply chain, water availability and quality impact the sourcing of our raw materials as well as the processing of finished products. We have, therefore, invested in green infrastructure through water stewardship programmes. We also engage with our Woolworths suppliers to implement innovative solutions in their operations to help monitor and manage water usage through our supplier engagement programmes (Farming for the Future and green factories).

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WATER EFFICIENCY IN OUR OPERATIONS

DIRECT OPERATIONS
With over 60% of Woolworths’ South Africa water usage attributed to direct operations, it presents an opportunity to seek innovative technology for water efficiency within our entire real estate portfolio. This is the area where we have the greatest control and can actively improve monitoring, management, and efficiency of water use. The roll-out of our real-time water metering system in our African facilities has been a priority. We currently have 95% of our operations monitored on a real-time basis in Woolworths. Real-time monitoring provides us with water usage data, helping to detect leaks to reduce water usage and potential loss or damage. We also install backup storage and, where possible, retain and reuse as much water on-site as possible through the use of greywater systems.

HEAD OFFICE
At the Woolworths Head Office, 54% of water used this year came from the underground water supply which we purify on-site to meet some of our daily water needs. We have continued to investigate solutions to increase this share of greywater use to ensure we are not dependent on municipal water going forward.

STORES
Our stores are at the heart of our business and water is a critical part of keeping these facilities operational. In South Africa, the persistent multi-year drought presented an opportunity to amend the store specifications so that the installation of backup water tanks became standard for stores in high-risk areas across the country. At the moment, the tanks are installed on a needs basis.

DISTRIBUTION CENTRES
Our distribution centres have focused on installing rainwater harvesting technology to increase rainwater capture and reuse. Woolworths has put reverse osmosis systems (RO) into operation at its Montague and Racecourse Gardens distribution centres in Cape Town. The COVID-19 lockdown impacted maintenance and thus operations of this plant.

0.33 kl/m² water consumption at Woolworths distribution centres

Country Road Group has 100 000 litre rainwater tanks at its distribution centre – the Omni Channel Fulfilment Centre (OCFC). The rainwater collected is used for cold water taps, cold water hose taps, irrigation, and urinals. For hygiene management, David Jones started trialling electrolysed water (e-water) technology, an organic, less toxic and sustainable solution for cleaning. It works by using electrolysis technology to dilute a salt solution through an electrolyser that segregates the ions formed, producing two oppositely charged solutions with altered physical and chemical properties. This reduces the need to use harmful chemicals for cleaning.

We have also started engagements to see how we can report our water usage on-site by source to understand the breakdown of water use from our reverse osmosis and municipal supplies. At various points across the distribution centres, we have clear and recycled water, therefore, we need to put water meters at these points so that we can measure usage for the different processes, including meters for reuse and recycling of water. We also continue replacing water cooling towers at our distribution centres with air-cooling technology to reduce dependency on water.

WATER USAGE (KILOLITRES)

<table>
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<th>2020</th>
<th>2019</th>
<th>% CHANGE YEAR ON YEAR</th>
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<tr>
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<td>571 581</td>
<td>595 522</td>
<td>-4%</td>
</tr>
<tr>
<td>STORES</td>
<td>397 015LA</td>
<td>417 062</td>
<td>-5%</td>
</tr>
<tr>
<td>DISTRIBUTION CENTRES</td>
<td>162 214LA</td>
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<td>-1%</td>
</tr>
<tr>
<td>HEAD OFFICE</td>
<td>12 352LA</td>
<td>14 801</td>
<td>-17%</td>
</tr>
<tr>
<td>DAVID JONES</td>
<td>NA*</td>
<td>72 528</td>
<td>NA*</td>
</tr>
</tbody>
</table>

Woolworths’ water usage for 2019 and 2020 is measured and reported on a financial year basis (1 July-30 June).

*Due to incomplete data as a result of structural changes, David Jones were unable to accurately quantify water usage for this year.

CONTEXT-BASED WATER TARGETS AND COLLECTIVE ACTION
A large portion of our value chain is based in areas where water remains a critical risk. Africa and Australia are among the most at-risk regions globally in terms of water availability and our focus in both regions is to ensure that we use water efficiently as well as build resilience to impacts such as droughts by focusing on adaptation.

Through the United Nations Global Compact CEO Water Mandate, Woolworths became a participant in a pilot project for setting context-based targets for water. Having a context-based water target will allow us to customise our approach to addressing water challenges in the various regions we operate, based on the types of challenges they present.

**DURING THE COURSE OF THE YEAR, WHL BECAME A SIGNATORY OF THE NEWLY LAUNCHED WATER RESILIENCE COALITION, WHOSE VISION IS ONE OF GLOBAL WATER RESILIENCE AND HAVING WATER BASINS THAT ARE ABLE TO CONSISTENTLY SUPPLY THE FRESHWATER NEEDED FOR COMMUNITIES, BUSINESSES AND THE ENVIRONMENT ON WHICH WE ALL DEPEND.**
WATER RESILIENCE IN OUR SUPPLY CHAIN

Across our value chain as a business, the biggest need for water is in the supply chain. The growing of our food products, key commodities, as well as the manufacturing of our textiles, requires large amounts of water. In addition, issues of waste water discharge and treatment are critical. Our goal is, therefore, to continually engage with our Woolworths suppliers to monitor water usage as well as waste water management. We do this through various programmes such as Farming for the Future and the green factories programme.

FARMING FOR THE FUTURE WATER FOOTPRINT INDEX

Through our Woolworths Farming for the Future programme, we work with our suppliers to decrease their water footprints over time and to determine any risk to the supply of products. This is done by implementing annual Water Footprint Index (WFI) assessments, as part of the Farming for the Future assessments. The WFI 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. This assessment was rolled out to 91 secondary suppliers this year and supplier efficiency against this index showed a 4.1% improvement compared to the previous year.

Using five-year data, we have started conducting analyses to understand the critical success factors for water-use efficiency in the supply base. This will be used to develop case studies to be used as a reference for shared learnings among our Farming for the future suppliers. In addition, we are assisting farmers to prepare for possible water use allocation shifts in the future by ensuring they are equipped with the right data through Farming for the future.

CASE STUDY

WOODLANDS DAIRY SUSTAINABILITY PROJECT

Woodlands Dairy, based in the Eastern Cape of South Africa, has been a major long-life milk supplier to Woolworths for 10 years. In 2019 and 2020, the company achieved Farming for the Future certification and was awarded a Silver rating according to our green factories programme. Their flagship programme, the Woodlands Dairy Sustainability Project (WDSP) was launched in 2014, with the aim to create a sustainable business by assisting all of their producers to become more economically sustainable, reduce the environmental impact of their farming practices and to ensure that socially responsible practices were implemented on their farms.

Woodlands have developed a leading sustainability system, using the Trace & Save soil, water, atmosphere, and nutrient (SWAN) tool. Woodlands’ dairy producers are able to see the results of their measured indicators on their farms on the Trace & Save producer website. In 2017, Woodlands Dairy built its own wastewater treatment plant in order to reduce the company’s demand for municipal water and enable recycled water to be re-used in their factory, reducing demand by 53% since 2017. The plant also produces biogas, which is used to fire a boiler that can produce up to 15% of the factory’s steam requirements. Sludge from the plant is taken to Woodlands Farm to be used as fertiliser – circular economy in action.

In 2019, Woodlands was assessed against Farming for the Future criteria, and became the first dairy supplier to be accredited with the Farming for the Future logo. Woodlands was also the first company in South Africa to achieve Alliance for Water Stewardship certification.
In the workshop, it was identified that NGOs, private sector and farming organisations in participants from various sectors such as government, end of June 2019, we completed the first workshop with important for sourcing our citrus fruit and nuts. At the province of South Africa – an area which is strategically Sabie & Crocodile catchment area in the Mpumalanga was in Ceres, and we have continued our support for the farmers in this area.

In 2019, we expanded our engagement to the water-scarce was in Ceres, and we have continued our support for the farmers in this area. In 2019, we expanded our engagement to the water-scarce Sabie & Crocodile catchment area in the Mpumalanga province of South Africa – an area which is strategically important for sourcing our citrus fruit and nuts. At the end of June 2019, we completed the first workshop with participants from various sectors such as government, NGOs, private sector and farming organisations in Mpumalanga. In the workshop, it was identified that water availability and quality, in particular, as a result of high levels of Escherichia coli, are both major risks in the region. Woolworths, in conjunction with WWF-SA, commissioned a study into the economic impact of water quality (specifically the impact of Escherichia coli in the Woolworths supply chain in this area). The results of the study have been delayed due to the COVID-19 lockdown. It has also become apparent that in the Ceres region, coupled with recurrent drought, issues of groundwater are increasingly becoming a problem for the farmers. Groundwater is usually used for emergency water but in Ceres particularly, farmers are very dependent on groundwater for irrigation throughout the year. Many farmers throughout the Ceres area installed boreholes, which meant that groundwater was being depleted at an unknown rate. As a result, Woolworths, together with the Titus Irrigation Board, the Breede-Gouritz Catchment Management Agency (BGCMA), LandCare and WWF-SA commissioned a study to understand groundwater at the Breede river source. Using data loggers electronic devices used to store data over time), we will further unpack the long-term and short-term groundwater level trends to understand the aquifer’s sustainable use levels. This project was expected to be completed late in 2020 but had to be put on hold because of malfunctioning devices, we were unable to source new ones as a result of the lockdown in response to the COVID-19 pandemic.

IN TEXTILE FACTORIES
Country Road Group and David Jones private label are also committed to working with supplier partners to steward water in the supply chain. At a minimum, Country Road Group expects all suppliers to adhere to the expectations outlined in the Environmental Code of Practice. As cotton is the largest material used across Country Road Group and David Jones private label collections, the businesses are focused on supporting sustainable cotton farming practices which use less water and fewer chemicals in the production process. The water impacts mainly lie in tanneries and washing and dye houses. Woolworths Fashion, beauty and home (FBH) is launching a water stewardship initiative which will focus on establishing a water use baseline by mapping out water savings at factories, the initiative will be implemented at all factories by 2023.

REHABILITATING WATER CATCHMENTS
The WWF estimates that South Africa loses approximately 4% of water to alien vegetation. This figure could increase to about 16% if alien vegetation is left to spread uncontrollably. The Water Balance programme was initiated to aid in the protection of some of South Africa’s critical water sources ravaged by alien vegetation, and Woolworths invests into this programme annually. Alien clearing has progressed well, with up to 500ha of riverine and 500ha of wetland area cleared of alien vegetation. This equates to roughly 75 km cleared along critical riverine areas. In addition to employing a dedicated resource to manage this project, R16 million was raised for clearing and 36 000 person days of employment created through the employment of 120 staff to asset with the clearing since 2017.

DETOX – ELIMINATION OF HAZARDOUS CHEMICALS
Water is a scarce resource and therefore, ensuring water quality is important to ensure we protect waterways. Through our detox programme, we have committed to eliminating 11 key priority chemicals from our clothing supply chain in recognition of their harmful impacts on water resources if not properly managed. This commitment includes the whole lifecycle and all production procedures that are associated with the making and using of all products Woolworths clothing sets by 2022. Using the OEKO-TEX® 100 standard for due diligence and testing, we aim to ensure that the chemicals used in our products are not harmful to the environment and meet our detox commitments. To date, Woolworths has eliminated hazardous chemicals from 54% (2019: 57% against a target of 60%) of our products, which is below our target of 70% for 2020.

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

USEFUL LINK FOR MORE DETAIL
CRG ENVIRONMENTAL CODE OF PRACTICE
DJ HARMFUL SUBSTANCE POLICY
WATER STEWARDSHIP IN OUR COMMUNITIES

According to UNICEF, by 2040, one in four of the world’s children will be living in extremely water-stressed areas. Our main aim for communities is to enable access to water by providing water and sanitation infrastructure, especially at impoverished schools. The strategic focus for the Woolworths Educational Programmes is to add quality to the lives of South Africa’s school-going children. Through this programme, we believe that basics such as access to clean water and sanitation should not be the reason why children lose out on schooling.

WOOLWORTHS EDUCATIONAL PROGRAMMES

Woolworths partners with MySchool MyVillage MyPlanet and various schools through the Department of Basic Education, to bring water-themed lessons to schools. Aligned to the curriculum, this is mainly to bring awareness and educate children on topics such as why water is important, why it is a scarce resource and what risks threaten water security as well as what can be done to conserve water.

WATER EDUCATIONAL PROGRAMME REACHED 101 SCHOOLS, TAUGHT 730 WATER CONSERVATION LESSONS, AND REACHED 27 890 LEARNERS

Over the years, these lessons have been presented to over 300 000 learners in close to 600 primary schools across the country. Water month is also used annually to amplify the importance of water conservation at schools. This year, we presented 730 water-themed lessons at 42 schools.

USEFUL LINKS FOR MORE DETAIL

WATCH WOOLIES WATER MONTH

WOOLES WATER FUND

The Woolworths Water Fund was established two years ago in response to the South African government’s declaration that the drought in South Africa is a national disaster. In partnership with MySchool MyVillage MyPlanet, it aims to raise much-needed funds for the installation of rainwater harvesting tanks at under-resourced schools across the country. To date, 31 schools have been provided with proper water infrastructure in the form of 2 x 10 000 litre tanks, piping, gutters, fixing of boreholes, filtration systems and pumps. The next phase of installations is planned for the Eastern Cape, with 18 schools already identified as beneficiaries. Installation of water tanks is on a needs basis, and we will continue to do so as the need arises.

Washing hands regularly is one of the best ways to combat the spread of COVID-19, but as we know, many South Africans do not have adequate access to clean water or hand-washing facilities. MySchool MyVillage MyPlanet donated R50 000 to the Woolies Water Fund to help extend their efforts to get water tanks and filtration systems into schools across Western and Eastern Cape. They are also upgrading previously installed systems with bulk hand-washing stations and soap. The additional 18 schools identified for installation of rainwater harvesting tanks will also receive hand-washing stations.

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USEFUL LINKS FOR MORE DETAIL

WATCH WOOLIES WATER FUND

PUBLIC POLICY ALIGNMENT AND TRANSPARENCY

PUBLIC POLICY

WHL is a signatory to the ‘We Mean Business’ coalition, a global coalition that supports the transition to a low-carbon economy.

THROUGH THE ‘WE MEAN BUSINESS’ COALITION, WE PUBLICLY COMMITTED TO:

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

We also engage with the UN CEO Water Mandate and the NBI to advance sustainable water policies and management across the industry.

TRANSPARENCY

The CDP (formerly Carbon Disclosure Project) is a global leading investor transparency tool for climate change, water, and deforestation. We voluntarily report to the CDP on our water management performance and material risks posed by water resources in our business.

USEFUL LINK FOR MORE DETAIL

WHL GROUP CDP WATER DISCLOSURE

WHL received a B for CDP Water Disclosure for the 2018 financial year water footprint. This is higher than the sector and global average of B-.
We are proud of the progress made in achieving our energy and climate change objectives. Having an approved science-based target is our way of showing support and commitment to make a positive contribution to the overall global reduction of emissions. We will leverage on the work that we have started in order to accelerate our efforts in managing energy efficiently as well as reducing negative impacts across our value chain.
IN 2017, WE SIGNED UP TO THE EP100 AND COMMITTED TO DOUBLE OUR ENERGY PRODUCTIVITY BY 2020 FROM A 2005 BASELINE

+6% change in absolute WHL emissions

2018: 1%
2017: -3%

10.4% decrease in carbon emissions per general letting area (m²) year-on-year since 2014

WE HAVE EMISSIONS REDUCTION TARGETS APPROVED BY THE SCIENCE BASED TARGETS INITIATIVE AS CONSISTENT WITH LEVELS REQUIRED TO MEET THE GOALS OF THE PARIS AGREEMENT

94.2% Woolworths stores on real time monitoring

2019: 94%
2018: 94%

R928M worth of electricity saved to date through energy efficiency initiatives at Woolworths stores since 2009

2019: R742M, 2018: R608M

6 renewable energy installations across WHL to date

WEI Renewable energy 

Industry firsts (ratings)
Roll over picture for more detailed content

132 stores have had their fridges fitted with acrylic doors, reducing electricity use by approximately 25% upon installation

*NOT MEASURED AND REPORTED ▼ ACHIEVED ▲ INITIALLY ACHIEVED ▼ MISSED
STRATEGY

Adapting to the impacts of climate change, as well as reducing our energy footprint, forms a significant part of our Good Business Journey programme. We know that in order to ensure the long-term sustainability of the company and its operations, climate change adaptation should be key to our energy management strategy. Our focus in this area is premised on effecting coordinated changes in our operations, with the view that the changes feed into our end goals to reduce our emissions footprint as well as source all our energy from renewable sources.

Recent reports have alluded to the fact that the impacts of climate change heighten a lot of the social and environmental issues we continue to experience. Additionally, the uptake of renewable energy has seen an increase in the last few years, making this a convenient choice for us. Therefore, we have focused on ensuring that we establish seamless processes for collecting, evaluating and managing data in this space. As part of our carbon footprint, we conducted a comprehensive scope 3 screening exercise for the first time this year. This has allowed us to understand where our biggest indirect carbon emissions in our supply chain stem from, both upstream and downstream initiatives to drive energy efficient technology across our stores by using our internal green building rating protocol will continue for both old and new stores.

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

Our commitment is, therefore, to reduce our overall emissions footprint across the value chain, as well as to incorporate more renewable sources of energy across our value chain.

OUR COORDINATED ENERGY PROGRAMME INCLUDES THE FOLLOWING PILLARS

- Energy productivity
- Reducing our carbon emissions
- Low carbon transition

MANAGEMENT APPROACH

We have implemented a systematic approach to managing our energy footprint and the impacts of climate change on our business. By focusing on metering, energy efficiency, emissions reduction, as well as embarking on a low carbon transition journey, we have continued to derive both energy savings from our initiatives as well as financial benefits.

Understanding our impact requires close monitoring of our energy footprint. We have, therefore, focused on ensuring that we establish seamless processes for collecting, evaluating, and managing data in this space. As part of our carbon footprint, we conducted a comprehensive scope 3 screening exercise for the first time this year. This has allowed us to understand where our biggest indirect carbon emissions in our supply chain stem from, both upstream and downstream initiatives to drive energy efficient technology across our stores by using our internal green building rating protocol will continue for both old and new stores.

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

Disclosure and transparency of our energy footprint remains a key focus of these industry bodies. Woolworths continues to voluntarily respond annually to organisations such as the CDP. Formerly known as the Carbon Disclosure Project, it provides a comprehensive screening exercise for the first time this year. This has allowed us to understand where our biggest indirect carbon emissions in our supply chain stem from, both upstream and downstream initiatives to drive energy efficient technology across our stores by using our internal green building rating protocol will continue for both old and new stores.

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

HIGHLIGHTS

1.5°C

Approval of science-based target in line with the 1.5°C trajectory. Woolworths Holdings Ltd commits to reduce absolute Scope 1 and Scope 2 GHG emissions by 50% by 2030 from a 2019 base year. Woolworths Holdings Ltd commits that 25% of its suppliers by spend, covering purchased goods and services, will have science-based targets by 2024.

80 additional Woolworths stores fitted with closed door refrigeration, bringing the total to 132.

LOWLIGHTS AND CHALLENGES

The installation of solar PV technology remains a challenge from a legislative perspective, as we are limited by the size of installations allowed. Nevertheless, we continue to explore options for generating renewable energy across our network.

The intermittent electricity blackouts in South Africa have meant that we were using our back-up generators more frequently. We have, therefore, seen an increase in our diesel usage. Additionally, we have had to put various initiatives such as the rollout of LED lighting to stores on hold as a result of COVID-19.

LOOKING AHEAD

We will continue to roll out energy efficient technology in our stores, and expect further improvements in our energy productivity. Accelerated rollout of fridge doors has provided higher than expected energy savings as well as a quicker payback. We will continue to focus on this initiative. Having an approved science-based carbon reduction target creates an opportunity to not only re-evaluate our climate change and energy strategy, it will also enable us to accelerate engagement with our suppliers as we work to embed a value-chain approach to energy and carbon reduction.

As a business based in regions which are expected to be severely impacted by climate change, we support a just transition to a low carbon, climate resilient economy. As economies start the journey to recovery in the wake of the COVID-19 pandemic, the opportunity to build back better is one not to be squandered.

IMPACT ON THE VALUE CHAIN

We have a comprehensive understanding of our impact. Our performance in the value chain has provided higher than expected energy savings as well as a quicker payback. We will continue to focus on this initiative. Having an approved science-based carbon reduction target creates an opportunity to not only re-evaluate our climate change and energy strategy, it will also enable us to accelerate engagement with our suppliers as we work to embed a value-chain approach to energy and carbon reduction.

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ENERGY PRODUCTIVITY

Maximising each unit of energy used in our operations, coupled with accurate data tracking and measurement, has allowed us to achieve a 75% improvement in our energy productivity from a 2005 baseline. This is against the Group’s target to halve our energy impact by 2020. By implementing smart and energy efficient technology and practices, we are building a future-fit retail operation that will allow us to decouple our energy usage from business growth.

With soaring energy prices, energy productivity ensures that we are able to do more with less. We have continued to focus our efforts on retrofitting all our facilities with the most energy efficient technology available in the market. This improves our energy productivity and also helps us to derive savings from improved systems that run more efficiently and are easier to maintain. Active monitoring of electricity usage across all our facilities has enabled us to prioritise our efforts in implementing these technologies.

ELECTRICITY SAVINGS

Woolworths energy savings are calculated using savings from having installed energy-efficient initiatives across the business. Currently, we are able to qualitatively derive and document benefits from some of our initiatives such as diesel efficiencies, rand value of recoveries of incorrect billings on electricity, and tax rebates, as well as energy-efficiency innovations implemented.

During the first month of the COVID-19 lockdown, we experienced a 24% decrease in electricity usage at Woolworths stores. Although this is a notable decrease, it is an anomaly as it is as a result of the lockdown.

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ELECTRICITY CONSUMPTION

WHL trades across an area of 3,238,618 m². In the last financial year (July 2018 - June 2019), our total electricity consumption across the business was 497,562,091 kWh (2018: 503,971,981 kWh). This represents a 1% decrease from the previous year. Woolworths South Africa continues to be the biggest user of electricity across the Group and accounts for 79% of our electricity consumption. This is due to the high energy requirements of the refrigeration across Woolworths’ Food business. David Jones accounts for 18% and Country Road Group accounts for 3%.

Our relative electricity intensity per square metre of general letting area (kWh/m²) for this year is 222.3 kWh/m² (2019: 226.4 kWh/m²), a reduction of 2% compared to the previous year. This figure is the measure of our energy efficiency at store level – the average electricity used will continue to increase as we expand, though the average used per square metre should decrease as we improve efficiency and productivity.

CLOSED-DOOR REFRIGERATION IN STORES

Refrigeration at the store often represents the largest energy consumption source. It was with this in mind that, in 2013, Woolworths embarked on a journey to install doors on refrigeration in stores. This initiative started with a trial using framed glass doors and an initial saving of 25% in electricity use was realised. A customer survey indicated that the doors were well received and did not negatively impact the customer experience.

New and improved technology is now being used that consists of lightweight, frameless acrylic doors that allow consumers to see the whole display, while also significantly reducing the energy consumption in the store. An added benefit of this technology is the reduction of food waste as a result of the longer shelf life and improved cold chain maintenance. So far, a total of 132 stores have had their fridges fitted with acrylic doors.

LED LIGHTING UPGRADE

We have started the upgrade of old metal halide and fluorescent luminaries with energy efficient LEDs in selected stores across the Group. To date, we have retrofitted 3 Woolworths stores and 20 David Jones stores with LED lighting. The majority of Country Road Group stores have LED technology. This energy efficient solution provides better colour spectrum across the store and enables us to reduce the store’s carbon footprint, save energy resources, and reduce operating costs. The stores in question achieved a reduction of between 14% and 30% in energy demand compared to the previous year. The LED lighting also has an improved lifespan compared to traditional fluorescent lighting resulting in reduced maintenance requirements.

An additional 24 Woolworths’ stores have been approved for an LED lighting (fluorescent only) retrofit in the next year.

R190M
of total electricity savings in FY20
FY18: R166M
FY19: R174M

R641M
of electricity savings over 5 years
2019: R150M
FY18: R136M

R1.4M
section 12L tax rebate
2019: R090K
2018: R1.8M

R5.5M
cumulative section 12L tax rebate since 2017

94.2%
Woolworths stores with real-time monitoring
2019 94.2%
2018 94%

WHL electricity usage breakdown by operating company

WHL: 79%
DJ: 14%
CRG: 3%
CARBON FOOTPRINT

We calculate our carbon footprint annually using the Greenhouse Gas Accounting Standard for three scopes within our operational boundary. This current report is for emissions calculated for the period 1 July 2018 to 30 June 2019.

OVERVIEW OF EMISSIONS

CO₂e per general letting area from 2014

This figure represents a 5.23% increase year-on-year and 10.4% decrease from 2014. The overall reduction is primarily due to actively focusing on improving our energy productivity in line with our broad targets. We have continued to prioritise the retrofitting of facilities with the most energy-efficient technologies as possible, thereby helping us to counter the impacts of organic business growth which results in increased energy usage.

THE OVERALL WHL TOTAL SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS INCREASED BY 5.83% (2018: 0.4% DECREASE) AND INCREASED BY 6% (2018: 1% INCREASE) WITH SCOPE 3 INCLUDED.

5-year overview of absolute Scopes 1, 2, and 3 emissions (including non-Kyoto)

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1 (tCO₂e)</th>
<th>Scope 2 (tCO₂e)</th>
<th>Total (tCO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>721 565</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>681 836</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>649 482</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>660 582</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>657 965</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

VERIFICATION

Our carbon footprint is independently verified by Global Carbon Exchange (GCX). The verification was carried out in accordance with ISO 14064 Part 3, “Specification with guidance for the validation and verification of greenhouse gas assertions.” Guidelines from the GHG Protocol Corporate Standard (www.ghgprotocol.org) were also followed during the verification process.

David Jones also reports its Scope 1 and 2 footprint in accordance with ASA 3000, ASA E3100 and ASA E3450 to the National Greenhouse and Energy Reporting (NGER) in Australia. This is verified by Ernst and Young and subsequently incorporated into the overall WHL footprint.

USEFUL LINKS FOR MORE DETAIL

KEY PERFORMANCE INDICATORS

CARBON FOOTPRINT VERIFICATION STATEMENT IFY2019
LOW CARBON TRANSITION

The transition to a low carbon economy is accelerating and it has become an imperative for building climate change resilience within businesses. With the cost of renewables decreasing annually, we continue to explore opportunities to transition our business to cleaner energy. The success in this space is also highly dependent on supportive policies in the locations where we operate. We see significant scope as these policies ease and begin to allow greater opportunities to source energy from renewables.

RENEWABLE ENERGY

As part of our commitment to source all our energy from renewables by 2030, we continue to roll out or upgrade where possible, solar PV installations at our facilities. In the last year, we commissioned the extension of a solar PV installation at one of our distribution centres, Telkom Park, by 178 kW peak. This facility now has a generation capacity of 480.9 kW peak. We currently have six solar PV installations across WHL. In the last year, we generated and consumed on-site 2,256,988 kWh of electricity from these installations. This amounts to 3% of our total electricity usage.

We are also in the process of exploring Power Purchase Agreements (PPAs) to aid in achieving our target to source more renewable energy. Our focus over the next few years will be on ramping up our access to renewable energy.

GREEN BUILDINGS

Woolworths’ approach to green buildings entails utilising an internal green building protocol to ensure that all managed properties operate in the most energy-efficient way possible. The protocol involves rating and classifying buildings into three categories (Platinum, Gold and Silver) in accordance with the green design features they possess. This rating system helps in allocating funding to future-proof buildings with the most energy-efficient technology. With a large part of our energy usage attributed to our stores and distribution centres, we have focused many of our energy-efficiency initiatives on ensuring that we continue to reduce our energy usage and seek renewable energy alternatives in line with our 2030 goal to source renewable energy. In Australia, we aim to design our stores according to the Australian Green Building Councils criteria.

CO₂ REFRIGERATION SYSTEMS

Woolworths has been on a journey to install natural gas CO₂ refrigeration systems across all its facilities. This initiative started in 2010, and 100 stores have now been fitted with CO₂ refrigeration systems. Although we are unable to isolate the energy savings associated with these installations in our stores, we know that they have numerous benefits to the ozone layer as they reduce the release of the ozone-depleting R22 gas (freon) into the atmosphere.

ENERGY-EFFICIENT LOGISTICS

The Woolworths partnership with the Imperial Group continues to produce substantial benefits for our sustainable transport strategy. We have established a Logistics Integration Centre (LIC) which gives us the ability to analyse distribution patterns continually to help us optimise delivery footprints. Over the years, we have rolled out fleet management solutions such as route optimisation of delivery vehicles and temperature management of refrigeration systems in delivery vehicles. We have also invested in Fleetboard technology, an internet-based vehicle management system that provides real-time information on the operational performance of individual vehicles. These solutions have enabled us to create a vertically integrated transport management system for our delivery vehicles. We can monitor the condition of our fleet and the safety of our drivers on a real-time basis, from the LIC. Not only does this help us identify areas of improvement in our logistics operations but also helps us to ensure that we maintain the cold chain that guarantees the freshness of our products. We are also exploring ways of integrating food and clothing deliveries for full-line stores to avoid making multiple trips.

Through these initiatives, we have increased our supply chain deset efficiency by 80% since 2019, this translates to 86.6 million of diesel efficiencies in the last year (FY19: R33.3 million).

CASE STUDY

CHADSTONE STORE, COUNTRY ROAD GROUP

In August 2019, Country Road Group opened its first 5-Star Green Star Design Review rated store at Chadstone. Certificated by the Green Building Council of Australia, it’s the very first fashion retail 5-Star Green Star Design Review rated store in Australia, marking a significant milestone for the Group as well as the Australian fashion retail industry.

THE STORE WAS BUILT WITH A NUMBER OF SUSTAINABLE ATTRIBUTES, WHICH INCLUDE

- Australian parquetry flooring recycled from old buildings
- Fixtures made from recycled yoghurt containers
- Fitting room hooks revitalised from ocean plastic
- Carpet and rugs made from fishing nets
- Wall cladding made from recycled paper
- Store fixtures and tables crafted from recycled plastic

This green building concept has been rolled out to New Zealand as well as three more stores in Australia. New stores and refurbishments for older stores will follow this concept going forward.
HYBRID ELECTRIC VEHICLE TRIAL
In the last year, we embarked on a trial to test the efficiency of a hybrid electric vehicle. This was done in partnership with Daimler Trucks. Hybrid electric vehicles provide an added benefit for the reduction of diesel usage, thereby reducing associated carbon emissions. This initiative has been put on hold as a result of COVID-19.

FRIGOBLOCK REFRIGERATION
We also continue to roll out the FRIGoBLOCK refrigerated unit. These are alternator-driven refrigeration units that reduce diesel consumption as well as associated CO₂ emissions by up to 50% to 75%. Rather than using diesel to keep the temperature in our refrigerated trucks where they should be, they draw power from the alternator that runs from the truck engine. This technology provides benefits such as the absorption of electric power from the truck engine as well as ensuring the energy efficiency when compared with an external industrial diesel combustion engine. The systems are also 90% recyclable compared to lithium battery systems, which are not recyclable.

GREEN FACTORIES
Thriving factories are critical to the success of our business. It is for this reason that in 2017, we launched the green factories programme. This has largely been directed at Woolworths Food, with the aim of extending it to our textiles factories. The intention of the programme is to promote enhanced data collection and management of environmental and social metrics for greater efficiency and productivity, to promote resilience in our supply base, and to reward and recognise supplier achievement. This programme involves asking suppliers to complete a holistic assessment that takes into account sustainability management, water, energy, waste, human rights, employee wellbeing, lean manufacturing, transformation, and responsible sourcing. Suppliers that have been participating since the inception of this assessment have indicated significant improvements in operational efficiency. Given serious energy and water constraints in SA, there is now a strong desire to improve self-sufficiency.

In the last year, we added a few additional questions focused primarily on understanding their food waste management practices and whether they have their own responsible sourcing strategies in place. Questionnaires were sent to 19% suppliers, of whom 105 voluntarily responded, an increase of 2% from the previous year. The number of silver-rated sites has more than doubled since the last year; we now have 25 sites 2019. III. A trial was also conducted in partnership with the National Cleaner Production Centre through the Department of Trade and Industry to assist suppliers who completed the questionnaire to identify opportunities to improve energy, water, waste, and circular economy thinking. The intention for this was to identify which initiatives suppliers could invest in going forward for increased efficiency.

Supplier sites completing the green factory assessment

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>91</td>
</tr>
<tr>
<td>2018</td>
<td>67</td>
</tr>
<tr>
<td>2020</td>
<td>105</td>
</tr>
</tbody>
</table>

This year, verification assessments of the questionnaires submitted had to be conducted virtually through desktop review of documentation and interviews due to COVID-19 travel restrictions.

INDUSTRY COLLABORATION

THROUGH THE ‘WE MEAN BUSINESS’ COALITION, WE PUBLICLY COMMITTED TO:

Eliminate deforestation within our supply chain by focusing on the sustainable sourcing of commodities such as soy, palm oil, beef, timber and pulp

Double our energy productivity by 2020 through working with the Energy Productivity 100 (EP100)

Continue to disclose our climate change information via the CDP (formally known as the Carbon Disclosure Project)

Set science-based targets via the Science-Based Targets Initiative (approved in 2020)

Improve our water security for resilience across the value chain

COMBATING DEFORESTATION
Progress on this is covered in the Ethical Sourcing chapter.

EP100
In 2017, we became the first major retailer to sign up to EP100, an initiative of The Climate Group to help companies double their energy productivity. Using general letting area as an economic output, Woolworths set targets to double our energy productivity by 2020 from a 2005 baseline.

We have met our target - we achieved a 75% improvement in our energy productivity.

TRANSPARENCY AND DISCLOSURE
We voluntarily report WHL’s performance through the CDP programme for Climate Change, Deforestation, as well as Water. David Jones and Woolworths continue to report carbon emissions in accordance with the National Greenhouse and Energy Reporting Act (NGER) in Australia and National Greenhouse Gas (GHG) Emissions Reporting Regulations in South Africa respectively.

IMPROVING WATER SECURITY
Progress on this is covered in the Water chapter.

USEFUL LINKS FOR MORE DETAIL

- ETHICAL SOURCING
- WHL GROUP CDP CLIMATE DISCLOSURE
- WATER
We appreciate any feedback on our Good Business Journey Report. Please contact GoodBusinessJourney@woolworths.co.za