

WOOLWORTHS HOLDINGS LIMITED (“WHL”) SUPPLIER CODE OF BUSINESS PRINCIPLES

INTRODUCTION

At WHL our mission is to be one of the world’s most responsible retailers by doing good business for our customers, our people and our planet. To help us achieve this, we expect our suppliers who are directly contracted by us to supply goods or services (referred to as ‘Suppliers’), to conduct fair and ethical trade, advance the welfare of their employees and provide work facilities of an acceptable standard, as well as prevent harm to animals and the environment.

The purpose of this Code of Business Principles (referred to as the ‘Principles’) is to enable us to select and retain Suppliers that are aligned with our mission and who share our values. We use these Principles as the basis for reviews during site visits to help identify issues of concern and opportunities for continuous improvement. We will work with our Suppliers to develop and implement improvement plans and monitor progress against these plans on an ongoing basis in the interests of raising standards and improving working conditions. Where Suppliers are not prepared to do so, we will take action that may result in contracts being cancelled and our relationship with them being terminated.

These Business Principles draw on recognised international standards that promote responsible social and environmental practices, such as the Universal Declaration of Human Rights, the United Nations Global Compact, to which we are a signatory, International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the Ethical Trading Initiative (ETI) Base Code.

Suppliers will be responsible for ensuring that their suppliers and agreed supply chain partners share aligned values and adhere to these Principles. Suppliers are accordingly expected to conduct their own due diligence and risk assessments for these purposes, however we reserve the right to assess the practices of these third party suppliers and partners against these Principles.

This Code of Business Principles includes the policies and position statements listed in the Annexure and Suppliers will accordingly be expected to comply with the provisions of the policies and position statements to the extent these are applicable to their respective business activities.

COMPLIANCE WITH APPLICABLE LAWS

As a general principle, all references in these Principles to local or national laws mean the relevant local and national laws prevailing in the country in which the Supplier carries out business. Where differences arise between the provisions of any local and national law and these Principles in respect of the same subject, the stricter standard or provision offering the greater protection for employees and communities, should be applied.

HUMAN RIGHTS

We are committed to respecting human rights and will not participate in or be party to any activities that support, promote or enable the abuse of human rights and we accordingly expect our Suppliers to practice the same approach.

We furthermore undertake to ensure a proper understanding of all the factors that contribute to modern slavery throughout our supply chain, with the ultimate goal and commitment being the avoidance of all forms of modern slavery and human trafficking across our supply chain.

In the context of these Principles, human rights are rights which recognise the inherent dignity, freedom and equality of all human beings as adopted in the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

CONDITIONS OF EMPLOYMENT

Suppliers must adopt conditions of employment that will safeguard their employees' rights and prevent any business activity from adversely impacting their employees' human rights. The following standards will apply as a minimum:

Voluntary employment

Suppliers must not use any form of slave, prison, indentured or bonded labour or permit the trafficking in persons for the purposes of forced labour. Employees must not be compelled to work through the use of force or intimidation and must be free to terminate their employment after reasonable notice and to receive all wages due to them.

Suppliers must ensure that employees are not required to make deposits, provide guarantees or any other payments to obtain work. Employees must not be required or forced to lodge their original identity papers (identity documents, passports, travel or residency permits) with the Supplier or any other party as a condition of employment. Where such documents are voluntarily handed to the Supplier, employees must not be required to make 'deposits' to gain access to their documents.

Child labour

Suppliers must not under any circumstances employ children who are younger than 15 years of age or who fall below the local legal minimum working age or the applicable age for completion of compulsory education, whichever age is the highest.

Suppliers must establish appropriate hiring systems and practices (such as but not limited to taking reasonable measures to ensure that proof of age documents are accurate and complete) to ensure that no under-age persons are employed and that all applicable local laws, regulations and industry standards are applied.

No exploitation of child labour at any point is tolerated within the supply chain.

Suppliers must ensure that employees under the age of 18 are not:

- exposed to hazardous work or conditions (such as working with or near hazardous chemicals or dangerous machinery);
- required to work on conditions that may endanger their health, safety and moral integrity or harm their physical, mental, spiritual and moral development; or
- required to work overtime or at night.

Discrimination and equal opportunity

Suppliers must not discriminate in their employment practices and must not base employment decisions relating to applications for appointment, compensation, access to training, promotion, demotion, discipline, termination or retirement on personal characteristics or beliefs such as gender, race, religion, national origin, age, disability, sexual orientation, pregnancy, marital status, political opinion, trade union membership or association or other status protected by local law.

Suppliers must apply a policy of equal opportunity employment that promotes gender equity in employment practices, including equal pay for men and women for work of equal value and maternity and paternity leave provisions. Certain exceptions will be permitted to the extent they can be justified for purposes of complying with local affirmative action or similar laws.

Freedom of association and collective bargaining

Suppliers are required to recognise and respect the right of employees to freedom of association and collective bargaining. Where these rights are restricted under local law, Suppliers must allow the development of an alternative means for independent and free association and bargaining, including the provision of means by which employees are able to express their grievances (such as a formal grievance or similar procedure) and protect their rights with regard to working conditions and terms of employment.

Suppliers must not discriminate or penalise employee representatives or trade union members as a result of their membership or association with a trade union or legitimate trade union activity. Employee representatives must be allowed access to the workplace in order to carry out their representative functions in accordance with local labour law and/or international labour standards.

Wages and benefits

As a minimum, employees have the right to receive compensation for regular working hours that is sufficient to meet basic needs and provide some discretionary income.

Suppliers must ensure that employees receive wages, overtime pay, all legally required benefits and paid leave which respectively meet or exceed the national minimum wage required by law or where there is no law, then equal to or exceeding the prevailing industry wage. Where wages are lower than the benchmark industry minimum standard, Suppliers must implement improved wage structures and benefits, to progressively raise employee compensation to a fair living wage.

In addition to being compensated for regular working hours, employees must be compensated for overtime worked at the legally required rate or, if there are no such rates, at a rate of at least 125% of the regular hourly rate.

Employees must be permitted to take annual leave, sick leave and maternity or paternity leave in accordance with local laws. Special measures to protect employees before and after the birth of a child must be provided including moving the employee to safer duties.

Suppliers must communicate pay structure and pay periods to prospective employees before they commence employment, and must pay wages and benefits on a regular and timely basis either by way of cash payment or direct deposit. Employees must be provided with payslips for the wages at the time of payment and have their hours properly documented. Deductions from wages as a disciplinary measure is not permitted.

Working hours

Suppliers must comply with local laws regarding hours of work, rest periods, overtime payment and leave periods, or benchmark industry standards or relevant international standards, whichever affords greater protection to ensure the health, safety and welfare of employees.

Suppliers must not require their employees to work regularly in excess of 45 hours per week or, inclusive of overtime, 60 hours per week. Overtime must be voluntary and not be required on a regular basis.

At least one complete day off (24 consecutive hours) per seven days must be provided.

Recognised employment relationship and training

Suppliers must respect and safeguard their employees' rights and ensure that work is performed on the basis of a recognised employment relationship established through local law and practice. No form of working arrangement may be used, such as homeworking (i.e. producing goods or supplies outside of the regular work place) or outsourcing or sub-contracting to avoid providing regular employment.

Appropriate training should be available for all employees, such that their day to day tasks can be carried out in a safe and competent manner.

Harassment and abuse

Suppliers must commit to a workplace free of harassment and abuse and treat their employees with dignity and respect. Employees must not be subjected to corporal punishment or other forms of physical or psychological coercion or intimidation, including sexual abuse or harassment, physical or other forms of harsh discipline, or physical, mental or verbal abuse.

Disciplinary practices

All disciplinary and performance management actions must be lawful and fair, for a valid reason, and be executed by means of a fair procedure that has been explained to employees. Suppliers must keep a formal record of disciplinary and performance management actions for each employee.

Employees must have the right to representation at disciplinary action that may lead to significant disciplinary penalties or dismissal and disciplinary action may not as a rule include fines or deductions from salary unless this is permitted by law and has the agreement of the employee concerned.

Grievance mechanisms

Suppliers must implement effective mechanisms to facilitate open communication between the appropriate level of management and employees and enable employees to report grievances without fear of retaliation. Details of the grievance mechanism must be clearly communicated to all employees and their representatives, and all employees must have equal access. Concerns raised through this mechanism must be dealt with promptly by means of an understandable and transparent process that provides timely feedback to those concerned.

Restructuring and/or closures

We recognise that the economic crisis has had material impacts on business and that circumstances could arise where Suppliers are forced to close down, downsize, close certain sites or implement other measures that result in having to retrench certain or all employees. In the context of these Principles, the term retrenchment includes layoffs and redundancies and all of these terms refer to the termination of employment due to circumstances such as those mentioned.

As a minimum, Suppliers must apply the following principles in this regard:

- prior to implementing any restructuring or closure involving dismissal of employees, Suppliers must consider alternative approaches such as redeployment, retraining, reduced working days with aligned reduction in wages, opportunities to volunteer for retrenchment or early retirement;
- the provisions of local labour laws applicable to retrenchments and/or collective agreements with trade unions must be followed and all contractual obligations with employees must be met;
- fairness and non-discrimination - there must be a fair reason and a fair procedure for retrenchments;
- communication with employees must be clear, open and honest and must include reasons for the retrenchments and the period over which they will take place;

- consultation with employees, trade unions or elected employee representatives must take place promptly and within statutory timeframes where applicable and representatives must be given access to the employees being represented;
- offer guidance and support to affected employees and allow time off to find alternate work; and
- employees must be paid severance benefits promptly.

HEALTH AND SAFETY

Employees have the right to work in a safe and hazard-free environment and must not be expected to work unless the necessary safety measures have been implemented to detect, avoid and respond to potential risks to the health and safety of employees, and prevent accidents and injury in the workplace.

Suppliers must implement a Health and Safety policy that assigns responsibility for health and safety to a senior management representative who must carry out regular risk assessments. The policy must be endorsed at CEO or equivalent level and be displayed at the Supplier's site(s).

As a minimum, Suppliers must:

- have an effective fire safety management system in place;
- display written fire prevention and emergency action plans including fire escapes with easy access;
- provide alarm systems to announce emergency situations, as well as safe evacuation routes when employees need to leave the workplace or safe places to remain in when evacuation is not required;
- provide employees with regular training on fire prevention, handling of accidents and injuries, as well as regular evacuation drills;
- provide appropriate and effective personal protective equipment as may be needed;
- protect employees from hazardous work or conditions (such as working with or near hazardous chemicals or dangerous machinery) and provide appropriate training and safety and protective equipment;
- ensure working conditions do not endanger employee's health, safety and moral integrity or harm their physical, mental, spiritual and moral development;
- provide employees with access to adequate medical assistance and facilities as a result of sustaining injuries in the workplace; and
- comply with local health and safety laws and maintain the necessary health and safety permits.

Suppliers must provide employees with fresh drinking water, clean toilet facilities which respect employees' dignity and adequate lighting, heating and ventilation. Buildings must be fit for purpose and comply with local building laws.

The same workplace standards described above apply to any residential or dining facilities provided to employees. In addition, residential accommodation must comprise sufficient space for sleeping, cooking and toilet purposes with adequate space to enable segregation by gender or family group. A sleeping mat or bed and personal storage area must be available for each employee. Where dormitories or hostels are in use, employees must have reasonable freedom of movement during their off-work hours.

ETHICAL TRADE

Suppliers must comply with all local anti-bribery and corruption laws and must actively work against corruption in all its forms including bribery and extortion, avoid conflicts of interest, and not participate in activities that stifle competition or use unethical advertising standards.

Suppliers must not offer or give to, or receive from, WHL employees, agents or contractors working on our behalf, any gift, service or other benefit (including without limitation cash or equivalent, entertainment, accommodation, product discounts) that could be considered a bribe or facilitation payment to secure contracts or win favour with the WHL Group. WHL employees are in turn bound by the provisions of WHLs

Anti-Bribery, Corruption and Sanctions policy and are prohibited from accepting or offering any gift, service or other benefit that could be construed as a bribe.¹

ENVIRONMENT

In keeping with our vision of being the most sustainable retailer in the southern hemisphere, we expect our Suppliers to adopt a consistent approach to managing sustainability issues and to implement measures to avoid or at least minimise any negative impact on the environment as a result of their processes and operations.

As a minimum, Suppliers must improve environmental performance on a continuous basis by:

- protecting biodiversity and reducing dependence on substances and activities that are harmful to people and the environment;
- identifying, reducing and responsibly disposing of or recycling hazardous waste and/or non-hazardous waste materials;
- identifying opportunities to improve the monitoring, management, and efficiency of water use across their processes and operations and implementing measures to achieve this;
- aligning with our water stewardship practices to solve water challenges on a collective basis and establishing at least one water stewardship programme a year to increase collective action around water conservation where Suppliers may operate in a priority area;
- identifying, reducing and responsibly controlling greenhouse gas emissions resulting from their operations and monitoring the effectiveness of their control systems against set targets;
- integrating environmental considerations into decision-making at all levels;
- involving and supporting employees in achieving environmentally sound objectives; and
- complying with the provisions of local laws and any that apply to the Supplier's industry sector.

ANIMAL WELFARE

We recognise the importance of protecting the welfare of animals during the production of all our products and are committed to ensuring that all animals in our supply chain are treated humanely and with respect. We believe animals should have lives worth living and should enjoy the five freedoms from birth to death, namely:

1. Freedom from hunger and thirst
2. Freedom from discomfort
3. Freedom from pain, injury or disease
4. Freedom to express normal behaviour
5. Freedom from fear and distress.

Suppliers are therefore expected to apply all reasonable efforts to ensure that animals under their care (or the care of their subcontractors and other supply chain partners) are treated in a humane manner by minimising any potential harm, stress or pain to animals.

¹ For the avoidance of doubt, genuine business travel expenses where the Supplier has experienced problems and requires a WHL Group employee's assistance to resolve the problem, may be paid for by the Supplier subject to approval by the relevant Woolworths executive. Refer to the WHL Gifts, Travel and Entertainment guidelines.

INSPECTIONS AND DOCUMENTATION

Suppliers are expected to perform periodic assessments of their facilities and operations, and those of their subcontractors and/or other supply chain partners that provide goods or services to WHL to ensure compliance with these Principles and local law.

Suppliers are furthermore required to agree to annual on-site inspections by a WHL representative or designated independent third party to evaluate Suppliers' facilities and operations, and those of its subcontractors and/or other supply chain partners, to the extent applicable.

Suppliers must keep documents and records to ensure compliance with local laws and to enable WHL or its designated independent third party to monitor compliance with these Principles.

Suppliers must commit to comply with and monitor compliance with this Code including by:

- providing all information and documents reasonably requested;
- permitting inspection and or audit at any time of their workplaces, operations or offices; and
- maintaining records of the name, age, hours worked and wages paid for each worker and making these available to approved inspectors on request.

In addition, Suppliers must:

- return a signed copy of these Principles as acknowledgement of the Supplier's obligations in terms of these Principles;
- display a copy of the signed Principles in a prominent place in the workplace(s);
- nominate a senior person to take accountability for ensuring compliance with these Principles in the workplace.

Approved by WHL Board - August 2020

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ANNEXURE

In addition to complying with the provisions of this Code of Business Principles, Suppliers are expected to comply with the policies and position statements (listed below), to the extent that these are applicable to their respective business activities.

ANIMAL WELFARE

Woolworths' Animal Welfare position statement

https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Animal_Welfare_Policy_and_Position_Statement.pdf

David Jones Animal Welfare policy

<https://www.davidjones.com/gbj/ethical-sourcing>

David Jones Fur, Faux Fur, and Angora position statements

<https://www.davidjones.com/images/assetimages/good-business-journey/DJSGBJFurandFauxFur.pdf>

<https://www.davidjones.com/images/assetimages/good-business-journey/DJSGBJAngora.pdf>

Country Road Group's Animal Welfare principles

<http://www.countryroadgroup.com.au/images/assetimages/sustainability/CRG-Code-of-Animal-Welfare-Principals-July-2015.pdf>

ENERGY AND CLIMATE CHANGE

Woolworths' Climate change position statement

https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Climate_Change_Position_Statement.pdf

ETHICAL SOURCING

Woolworths Holdings Ethical Trade Position Statement

https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Ethical_Trade_Position_Statement.pdf

Woolworths' Cocoa Position Statement

https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Cocoa_Position_Statement.pdf

David Jones' Position Statement on Sustainable Cocoa

<https://www.davidjones.com/images/assetimages/good-business-journey/DJSGBJSustainableCocoa.pdf>

Woolworths' Palm Oil Position Statement

https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Palm_Oil_Position_Statement2019.pdf

Woolworths' Sustainable Clothing Position Statement

https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Clothing_Position_Statement.pdf

Country Road Group's Environmental Code of Practice for dyeing, printing, and finishing

<https://www.countryroad.com/images/assetimages/sustainability/CRG-Environmental-Code-of-Practice-July-2015.pdf>

David Jones' Harmful Substances Policy

https://www.davidjones.com/images/assetimages/good-business-journey/DJS_Guiding_PrinciplesForHarmfulSubstances.pdf

Woolworths Holdings' Ethical Trade position statement

https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Ethical_Trade_Position_Statement.pdf

David Jones' Supplier Code of Conduct
<https://www.davidjones.com/gbj/ethical-sourcing>

Country Road Group's Code of Labour Practice
<http://www.countryroadgroup.com.au/images/assetimages/sustainability/CRG-Code-of-Labour-Practice-July-2015.pdf>

Woolworths' Deforestation position statement
https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/deforestation_position_statement.pdf

David Jones' position statement on Illegal Logging
<https://www.davidjones.com/images/assetimages/good-business-journey/DJSGBJIllegalLogging.pdf>

David Jones Harmful Substances Policy (in supply chain)
<https://www.davidjones.com/gbj/ethical-sourcing>

SUSTAINABLE FARMING

Woolworths' GMO position statement
https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_GMO_PositionStatement.pdf

WASTE

Woolworths' Food Waste position statement
https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Food_Waste_Position_Statement.pdf

Woolworths' Packaging position statement,
https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Packaging_Position_Statement.pdf

David Jones Guiding principles for Sustainable Packaging
<https://www.davidjones.com/gbj/ethical-sourcing>

WATER

Woolworths' Water position statement
https://www.woolworths.co.za/images/elasticera/New_Site/Corporate/Woolworths_Water_Position_Statement.pdf