WOOLWORTHS HOLDINGS LIMITED

2022 CDP Water security submission for the 2021 financial year

START

Woolworths Holdings Ltd - Water Security 2022

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Woolworths Holdings Limited (WHL) is a southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. It is one of the top 40 JSE-listed companies with operations in Sub-Saharan Africa, Australia, and New Zealand and has a market capitalization of R85.9 billion as at 28 June 2021. Approximately 40% of revenue is derived from Australian operations. WHL employs about 45 000 employees across 14 countries and trades in about 1 500 store locations. The Group trades through three operating subsidiaries, which include Woolworths Proprietary Limited (Woolworths or WSA which operates in South Africa and 11 other African countries), Country Road Group Proprietary Limited (Country Road Group or CRG) and David Jones Proprietary Limited (David Jones or DJ), the latter of which was acquired on 1 August 2014 and formerly listed on the Australian Securities Exchange (ASX). In addition, Woolworths holds a minority interest in Woolworths Financial Services Proprietary Limited (WFS), in a joint venture with Barclays Africa Group which holds the controlling interest.

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

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

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

Water

Water remains an overarching focus area of our overall Good Business Journey strategy. We recognize that as a business we have a responsibility not only to conserve water but to promote equitable use of available water resources. We are committed to improving water efficiency, and where possible reducing our water consumption and managing wastewater across our own operations and supply chain through collective action, partnerships, research, and education. Water stewardship continues to be an ongoing strategic focus for Woolworths as we continue to look deeper into how we can contribute to the resilience of others, including our suppliers and communities through collective action initiatives and by promoting sustainable production methods. It is due to the aforementioned reasons that collaborative efforts with suppliers and key strategic partners such as WWF-South Africa, the National Business Initiative, and the United Nations CEO Water Mandate remain crucial.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	July 1 2020	June 30 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

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

W0.4

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

ZAR

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Water Accounting data (volumetric data) for David Jones and Country Road in Australia and New Zealand.	The water flowing into the organizational boundaries (withdrawals) for both David Jones and Country Road is not measured. 100% of the water used in these facilities is discharged to respective local municipal sewer systems. Water is only consumed for WASH services in these facilities, and therefore water quality parameters for wastewater discharge are not monitored. While we currently do not have robust monitoring in place for water crossing the organizational boundaries of the two trading subsidiaries, we have invested in water efficiency improvements and water-related innovation in product design.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	ZAE000063863

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Vital	Direct use of water in admin buildings, distribution centres (DCs), and stores for consumption, sanitation, cleaning, and occasionally irrigation is essential for the functioning of the facilities and the health and safety of employees. We strongly believe access to water, sanitation, and hygiene (WASH) services for the general well-being of employees is intrinsically linked to productivity (in both our direct operations and supply chains). Henceforth, the availability of sufficient and good quality water is paramount to our business success. With regards to WHL suppliers, access to good quality freshwater is critical for the business to continuously source fresh produce and commodities required in our Food, fashion, beauty, and homeware businesses. At Woolworths, we source over 90% of our food, including fresh produce in Southern Africa — a water-stressed region . Therefore, our business success and sustainability are intertwined and intrinsically linked to the availability of good quality (fit for purpose) water resources for our primary and secondary suppliers. We also recognize that our business success is also linked to the continuous and adequate access to WASH services by the communities within which we operate. Local communities are the backbone of our continued business success. WHL recognizes the importance of good quality and sufficient water availability for human well-being and for the functioning of ecosystem services.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Whilst our direct operations (stores, DCs and admin buildings) use predominantly municipal water, we are trying to reduce our dependence on treated water by supplementing water use with grey water and recycled water in our DCs for non-potable water uses. This has been a growing focus area as uncertainty of water supply and water tariffs continue to increase. The use of recycled water is considered important for both our foods and clothing supply chains, particularly in the face of increasing water scarcity and rising water tariffs in South Africa.

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	76-99	Water use in our direct operations is monitored and measured by a real-time pulse-meter network installed in 99% of Woolworths sites which monitors municipal water use across our facilities, including groundwater withdrawals at the head office. The water consumption reports from the online metering system are generated on a monthly basis. Country Road Group and David Jones in Australia are still in the early stages of installing water meter meters across their facilities, thus excluded in the water accounting.
Water withdrawals – volumes by source	76-99	Water use in our direct operations is monitored and measured by a real-time pulse-meter network installed in 99% of Woolworths sites which monitors municipal water use across our facilities, including groundwater withdrawals at the head office. While rainwater is essential for keeping our facilities operational during draughts periods, we do not actively monitor rainwater harvesting in all our sites. In South Africa, the persistent multi-year drought (with spatial and temporal variability) 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. In Australia, Country Road Group has 100 000 liter rainwater tanks at its distribution center – the Omni-Channel Fulfilment Centre (OFC). The rainwater collected in this facility is used for cold water taps, irrigation, and urinals
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	We largely use municipal water and we are confident in the quality delivered, as such, we do not directly measure municipal water quality. The groundwater water which is withdrawn in our head offices and Montague Gardens Food DC is treated by reverse osmosis on-situ, and we monitor Electric Conductivity, Total Dissolved Solids, pH concentration, and temperature to determine the water's fitness for the purpose daily.
Water discharges – total volumes	100%	Our water discharge volumes are estimated from the municipal invoices.
Water discharges – volumes by destination	100%	All water from our direct operations is discharged via sewer to the relevant local municipal treatment facility.
Water discharges – volumes by treatment method	Not relevant	All water from our direct operations is discharged via sewer to the relevant local municipal treatment facility. Volumes are tracked against water meter data and estimated against effluent disposal costs.
Water discharge quality – by standard effluent parameters	Not relevant	Water is largely utilized for WASH services in our facilities, and we are working to improve our wastewater quality. David Jones has started trialing electrolyzed water (e-water) technology, an organic, less toxic, and sustainable solution for cleaning. It works by using electrolysis technology. This reduces the need to use harmful chemicals for cleaning.
Water discharge quality – temperature	Not relevant	Water is largely utilized for WASH services in our facilities.
Water consumption – total volume	76-99	Water use in our direct operations is monitored and measured by a real-time pulse-meter network installed in 99% of our Woolworths facilities. We do not directly measure discharge volumes but we estimate the volumetric data from municipal effluent disposal costs. This allows us to estimate water consumption for the reporting year.
Water recycled/reused	Not monitored	
The provision of fully-functioning, safely managed WASH services to all workers	100%	As a signatory to the WASH4WORK initiative (formerly known as the WBCSD WASH workplace pledge), we do not only acknowledge, but uphold the human right to access safe water, sanitation, and hygiene services at an appropriate level of standard. We continue to ensure that all of our facilities maintain strict standards for hygiene and that all WHL employees have access to adequate, and safe WASH services. We complete occupational hygiene audits in all of our facilities on an annual basis which ensures that all of our facilities provide fully functioning WASH services for all workers.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	575.08	Lower	Total water withdraws decreased by 5% (28.64 megaliters) compared to the previous year, in which the total withdrawal was 603.72 megaliters. While we have water efficiency measures aimed at reducing water use volumes, this 5% decrease is largely attributable to the decline in water demand for WASH services in our Head Office campus. Employees were encouraged to work remotely as a result of the coronavirus pandemic.
Total discharges	517.57	Lower	This is due to the decline in water demand for WASH services in the reporting period. This figure is estimated from effluent disposal costs from municipal invoices.
Total consumption	57.51	Lower	Some employees were working remotely. This has resulted in a decrease in water demand for WASH related services in our facilities.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	1-10	Lower	WRI Aqueduct	South Africa is generally a water-scarce country, but water scarcity is most severe in the Western Cape Province. Our corporate buildings and some of our DCs and stockrooms are located in Cape Town. The city is the second biggest metropole in South Africa and it is located in the Western Cape Province. From 2016 to 2018 the City faced a severe drought widely reported as the "Day Zero" crisis. This water crisis not only presented a climate change and demand-side driven acute shock but called for attention to the major vulnerabilities in the City's water supply system. According to WRI Aqueduct Atlas, the City has an extremely high Water Stress Index of >80%. 82 of our stores are located across the Western Cape Province. The province is divided into two catchment areas (Breede-Gouritz, and Berg-Olifants Catchment Area), with varying hydro-climatological and hydro-ecological variables. The Breede-Gouritz Catchment has a water stress index ranging from low >10% to medium-high (20-40%), While the Berg-Olifants Catchment Area has a high (40-80%) to extremely high water stress index of >80% . The increasing water stress indicates an increasing competition among water users in the province especially in the industrial and densely populated Cape metropole, while agriculture irrigation and livestock largely drive water consumption in the hinterland.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	Rainwater is essential for keeping our facilities operational during draughts periods. We do not measure the rainwater harvested in our sites. However we continue to rollout water tanks installation for stores in high-risk areas in South Africa. The tanks are installed on a needs basis. In Australia, Country Road Group has 100 000 liter rainwater tanks at its distribution centre – the Omni-Channel Fulfilment Centre (OFC) to augment municipal water.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater – renewable	Relevant	5.07	Lower	In the previous reporting year we consumed 6.46 mega liters of renewable groundwater in our head office complex.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	
Third party sources	Relevant	570.01	Lower	The decrease in water withdrawals largely reflect the disruption of 'business as usual' in our operations due to COVID-19 lockdowns, and therefore a decrease in water usage and demand for WASH services.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	
Third-party destinations	Relevant	517.57	Lower	All water from our direct operations is discharged via sewer to the relevant local municipal treatment facility. Volumes are tracked against water meter data and estimated against effluent disposal costs.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	51172000000	575.08	88982402.448355	With improvements over time, we anticipate an increase in revenue (ZAR) per megaliter

W1.4

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

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

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

Row 1

% of suppliers by number

51-75

% of total procurement spend

51-75

Rationale for this coverage

All Woolworths tier 1 suppliers are bound to Woolworths business codes of practice and are required to comply with the standards set on the codes that clearly stipulate that they are expected to uphold high social, ethical, and environmental standards. Tier 2 suppliers are also encouraged to follow good environmental practices and subscribe to environmentally sound principles. We also focus our engagement with Woolworths Foods and some WHL Clothing suppliers that operate in water-stressed areas. This encompasses all of our South African primary produce suppliers as well as around 65% of secondary suppliers through the Farming for the Future program. We also engage suppliers through our green factory assessment program which currently covers about 80% of foods suppliers by procurement spend. For the Clothing, Beauty, and Homeware business, we engage some of our suppliers across the world to address wastewater management in line with our chemical detox strategy. Furthermore, through our Scope 3 science-based target in line with 'Business Ambition for 1.5°C,' WHL has committed that 25% of its suppliers by spend, covering purchased goods and services, will have science-based targets by 2024 because we recognize the links between 'water-related physical risks' arising from long-term shifts in climate patterns.

Impact of the engagement and measures of success

Water availability and quality is a key component of the Farming for the Future program and directly impacts the sustainability of our fresh produce suppliers as well as the cost of food. We use Water Footprint Index (WFI) that takes into account 116 parameters linked to water use efficiency, wastewater, alien vegetation among others, and helps to track an individual supplier's progress year on year. The success of the program has entrenched the culture of resource efficiency across the value chain and continues to improve livelihoods through skills development and jobs creation.

Our Factory Assessments enable us to grade our suppliers based on their environmental management. We aim to drive progress in the areas most important to us (water being one of them) and improve scores of our supply base year on year. This program enables us to visibly map potential water risks within the supply chain.

Comment

W1.4b

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

Type of engagement
Incentivizing for improved water management and stewardship

Details of engagement
Water management and stewardship action is integrated into your supplier evaluation
Water management and stewardship is featured in supplier awards scheme

% of suppliers by number
51-75

% of total procurement spend
51-75

Rationale for the coverage of your engagement
Coverage applies to Woolworths SA food suppliers. The focus for Woolworths is the primary farming and processing supply base in South Africa as they supply over 95% of our fresh produce. Their access or lack thereof to good quality freshwater resources is of high strategic importance to Woolworths (since they operate in a water-scarce country).

Impact of the engagement and measures of success
We integrate sustainability into Woolworths food suppliers using the Green Factory and Farming for the Future programs into overall supplier scorecards - alongside elements including quality, delivery, cost, etc. Good performance on these programs is incentivized, we are likely to build long business relationships with high-scoring companies as we use these scores in the overall evaluation of a supplier. Both initiatives have a strong water focus.

Suppliers who are part of Farming for the Future score higher using our Green Factory Assessment are further rewarded with sustainability attributes for their products. We are observing a positive response from our customers towards Farming for the Future labeled products.

Comment

Type of engagement
Innovation & collaboration

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

% of suppliers by number
51-75

% of total procurement spend
26-50

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

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

Comment

W1.4c

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

As a business, we have an important role to play in promoting good behavior with regard to resource use. We recognize that water is a limited and finite resource and water has no substitute. Water is essential for well-functioning ecosystem services upon which our business and local communities interdepend. Our strategic posture is gradually shifting from a 'stakeholder view' (i.e., shared value or triple bottom line thinking)to a 'systems view'. We are adopting a 'systems view' because we recognize that our operations are embedded within, and bounded by the social, economic, and environmental systems. Our main objective through these engagements is building capacity in the supply chain for continuous improvement of resource efficiency and management, as a means of improving social and environmental outcomes and to ensure non-negotiable adherence to our businesses Codes of Practices.

Through our businesses Codes of Practices, we are committed to upholding high social, ethical, and environmental standards in the supply chain. This is underpinned by our strong values, 'sustainability' in particular, which is the foundation of our brand and is well integrated into the way we do business, measure performance, and reward the right behavior. We are committed to ensuring that our business and suppliers operate in a way that respects and protects the environment. We believe that suppliers and business partners that share our values, and adhere to social and environmental standards are important for our business sustainability and brand equity.

We also communicate regularly through various media platforms and in-store on our water, commitments, and progress to customers, employees, and suppliers via our marketing and communication channels to help grow awareness among these stakeholders.

W2. Business impacts

W2.1

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

No

W2.2

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

No

W3. Procedures

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Value chain stage
Direct operations
Supply chain
Other stages of the value chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment
More than once a year

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Enterprise risk management

Tools and methods used
Enterprise Risk Management

Contextual issues considered
Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered
Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level

Comment
We recognize Woolworths's responsibility as a business to conserve and promote equitable access to available water resources in all locales in which we operate. Our approach is premised on fostering partnership for collective action, through partnerships, research, and education. Collaborating with local stakeholders is essential in dealing with water availability and quality-related challenges as well as in our efforts to proactively implement solutions to address these challenges across our value chain.

W3.3b

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

The Board is responsible for setting the direction for the manner in which risk management is approached and addressed in the Group. The Board has delegated responsibility to the Risk and Compliance Committee, which comprises all WHL directors, to oversee and direct the implementation of effective risk management and compliance framework and plan. The risk management process comprises a formalized system to identify and assess risk, both at a strategic and an operational level.

The Group's risk management strategy is pragmatic and geared to the retail sector. The Group employs an integrated risk management methodology that adheres

to international best practices. In the rapidly changing world of retail, our risk strategy emphasizes emerging risks and opportunities. Our risk management process allows us to proactively anticipate and adapt to most changes in the operational environment, as well as make well-informed decisions in unexpected circumstances. The Group risk framework is reviewed on a yearly basis to ensure that it stays fully aligned with our governance philosophy and developing business requirements. The Group risk function enables an extensive top-down annual risk review workshop with the Board and Group and subsidiary executives. Each of our businesses and business units use a similar process to identify and assess risks, reviewing them against defined criteria and weighing the likelihood of occurrence and possible business impact. These risk views are integrated to provide a consolidated Group risk profile, enabling the Group's material risks to be robustly monitored. Risk exposures at the Group level are assessed against formalized risk appetite statements that are further matched with the Group's strategic goals. Our risk response plans take into account risk appetite and tolerance, as well as the link between the potential impact of significant risks and the effectiveness of mitigation measures or management activities. Management provides frequent updates to the Group's Risk and Compliance Committee on all risk-related actions

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

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

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

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

W4. Risks and opportunities

W4.1

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

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

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

To WHL, a substantive impact would arise where the company was not able to complete its core function as a result of the impact indirect operations or the supply chain, or that a financial, reputational, regulatory or customer impact arises, as per the WHL Enterprise Risk Management Framework. The framework defines risks according to a sliding scale e.g. CRITICAL (substantive) risk is defined as an event with a “high” likelihood (>90%) and a loss in BU profit of between 2.5 - 7.5%, through to a “possible” likelihood (31-50%) event with a potential to impact individual business unit profit by 15%. From a reputational perspective, a substantive change is defined as reputational damage that puts the company at risk of being affected by limited to persistent widespread negative comments or perceptions.

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

W4.1b

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	84	1-25	Applies to buildings fundamental to business continuity: Foods distribution centers, head-office as well as our stores in the Western Cape Province (the Cape Town Metropole in particular). The region has been declared a disaster area in the recent past due to drought, the impacts of which are expected to pervade over the next few years. Climate change projections also indicate a general drying trend in the Western Cape.

W4.1c

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

Country/Area & River basin

South Africa	Berg-Olifants

Number of facilities exposed to water risk
84

% company-wide facilities this represents
1-25

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company’s annual electricity generation that could be affected by these facilities
<Not Applicable>

% company’s global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company’s total global revenue that could be affected
Unknown

Comment
While the drought conditions vary temporally and spatially in the Western Cape province, the overall drought status outlook of the province has been on the decline, this is according to the drought status overview published by the Department of Water and Sanitation (DWS). In the Western Cape, these facilities are mainly located within 'drainage basin G' in the Berg-Olifants catchment area. As of June 2019, this drainage area has been identified to be of high risk in terms of water availability and water quality based on the Woolworths Farming for the Future annual water availability and quality risk assessment.

W4.2

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

Country/Area & River basin

South Africa	Berg-Olifants

Type of risk & Primary risk driver
Please select

Primary potential impact
Disruption to sales

Company-specific description
This applies to buildings that are fundamental to business continuity: distribution centers, head-office as well as our stores in the Western Cape. The region experienced severe drought in the recent past, the impacts of which are expected to pervade over the next few years. Disruptions in operations following water supply interruptions and/or increased water restrictions would cause disruption to business operations and sales. This can potentially hinder access to safe and adequate WASH services and this is likely to compromise the health and safety of Woolworths employees and that of our customers. This situation is likely to be significantly worsened by the effects of climate change under the business as usual scenario. As highlighted in South Africa's National Climate Response paper — current projections suggest that the limits of economically viable land-based water resources will be exceeded by 2050 and the downscaled climate modeling suggests that the western and interior parts of the country will be more prone to drought. Climate Change and the increasing population growth will further exacerbate water stress in the Berg-Olifants. The inability of Woolworths stores, plus several strategic admin buildings in the Western Cape to trade would have a severe impact on the Woolworths brand and profitability.

Timeframe
More than 6 years

Magnitude of potential impact
Medium-high

Likelihood
More likely than not

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
We have not quantified the financial impact.

Primary response to risk
Establish site-specific targets

Description of response
The consequence of a persistent multi-year drought in the city's catchment areas presented one of the most significant risks ever faced by Woolworths, which is headquartered in Cape Town. To deal with this risk, Woolworths invoked an emergency task force, led by senior business management, to develop requisite business continuity plans. While we remain at maintaining the required levels of hygiene, the following processes were incorporated into operating plans: Installation of backup supply tanks for all stores in the Western Cape region so as to harness and store rainwater.; Incorporation of Greywater recycling and re-use in our Distribution Centers (reclaimed water is not measured); We continue to roll out smart metering systems to monitor water consumption in real-time and other water efficiency measures through our internal green building protocol to reduce our water withdrawals in the catchment. We also developed a formalized cleaning procedure to maintain hygiene in stores, minimizing the use of potable water. We developed a groundwater abstraction system. We are continuing to replace the water-cooled refrigeration system at our Food DC with the air-cooled system. This is to manage higher operating costs due to the increased water tariffs and to remain competitive.

Cost of response

Explanation of cost of response
The cost of management for this risk lies in the provision of capacity for continuous motoring of these regulatory changes. This will be done by dedicated personnel either from the sustainability team for continuous landscape benchmarking or from the compliance and risk enterprise teams to ensure adherence to changes. This cost is an average of around R467,442 (median management salary) for a dedicated resource. Management means senior, middle, and junior management & skilled staff lumped together.

W4.2a

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

Country/Area & River basin

South Africa	Breede-Gouritz

Stage of value chain
Supply chain

Type of risk & Primary risk driver
Please select

Primary potential impact
Increased production costs due to changing input prices from supplier

Company-specific description
Water is central to everything we do. We rely on a steady and clean supply of water across our entire value chain to grow, process, and manufacture our clothing and food products. As the climate changes freshwater resources are becoming increasingly scarce and insufficient in terms of both water quality and availability to meet agricultural, industrial, and domestic water needs and to maintain ecosystems. It follows therefore that water scarcity in the Breede Gauritz Catchment area will not only impede local economic development but human health and livelihoods. In the Cape Town metropole, water tariffs have been increased following the implementation of punitive charges for high water users. This has resulted in a significant increase in operating costs relating to the purchase of water for Woolworths suppliers. Higher water tariffs also put additional cost pressures on our customers, who are already fighting the escalating cost of living. To our suppliers, water will remain a key economic input. As the water supply becomes more erratic and uncertain, it will impact food price inflation, product quality, safety, and availability to Woolworths customers.

Timeframe
More than 6 years

Magnitude of potential impact
High

Likelihood
Likely

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
We have not quantified the financial impact.

Primary response to risk

Supplier engagement	Promote greater due diligence among suppliers

Description of response
The Annual Water Footprint Index Assessments, as part of the Farming for the Future audits, are conducted with aim of decreasing suppliers' water footprints over time and to determine any inherent risk to the supply of products to Woolworths. This assessment covers 116 parameters, including irrigation water usage and quality, wastewater, and legal compliance. There are currently 483 farmers on the Farming for the Future program, of which 304 are secondary suppliers (all in all, providing coverage of 84% of Woolworths private label produce and horticulture lines).

An annual Green Factory assessment is conducted whereby currently 130 supplier sites (all of whom are our large, strategic, exclusive, local, private label suppliers) self-assess and report on key sustainability issues including water management and risk, freshwater, and wastewater usage, and water quality.

Cost of response

Explanation of cost of response

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes, we have identified opportunities, and some/all are being realized

W4.3a

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

Type of opportunity

Efficiency

Primary water-related opportunity
Cost savings

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

Estimated timeframe for realization
Current - up to 1 year

Magnitude of potential financial impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
This figure is an estimate based on the municipal water savings that have been realized across our buildings in South Africa, as derived on the metering data.

Type of opportunity
Products and services

Primary water-related opportunity
Sales of new products/services

Company-specific description & strategy to realize opportunity
Our Good Business Journey is a source of innovation in our products. In 2015, we have set a target to ensure that every product we sell has at least one sustainability attribute, which may include, inter alia: production in an energy and water-efficient factory, made with eco-chemicals, new manufacturing processes that reduce water use, inclusion of recycled content, among others. We have developed a number of 'water-friendly' products such as Farming for the Future products, recycled polyester clothing (which uses less water); recycled polyester jeans made with eco-chemicals (and free from sandblasting) as well as phosphate-free washing detergents, among many others.

We believe that the high levels of sustainability awareness amongst our customers, coupled with concerns about water scarcity and quality challenges in SA, will create a strong market for water-efficient products.

Estimated timeframe for realization
Current - up to 1 year

Magnitude of potential financial impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
We have not quantified the financial impact.

Type of opportunity
Markets

Primary water-related opportunity
Stronger competitive advantage

Company-specific description & strategy to realize opportunity
We have done significant research on water-related risks in certain key catchments, and the on-the-ground information found that our suppliers were up to three times more water-efficient than the global average for certain products (e.g. peaches). This enables us to work with the suppliers on a broader catchment level rather than divest from risky regions. We are also looking at longer-term water impacts on regions to identify other sourcing opportunities in water-rich areas elsewhere in Africa.

Through working with suppliers to reduce water use, improve wastewater management; and address wider-catchment level risks through collective action in water stewardship initiatives we are able to improve the resilience of our supply chain against future supply risks and therefore materially benefit the future of our business.

Estimated timeframe for realization
1 to 3 years

Magnitude of potential financial impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
We have not quantified the financial impact.

Type of opportunity
Other

Primary water-related opportunity
Other, please specify (To make strides against SDG 6 through collaborative efforts)

Company-specific description & strategy to realize opportunity
Water is not only central to our business continuity but is large of strategic importance in our supply chains, to the functioning of ecological systems, a driver of local economies, and also a prerequisite for human well-being. Given the increasing competing water need, it has become clearer to us that isolated and unilateral approaches are inadequate towards addressing the inherent complexities in water challenges. Instead, actions to address water-related problems require collective and concerted efforts between the communities, both private and public sector including civil society organizations and local stakeholder representatives at all levels. This proposition has given us an opportunity to forge working relationships with broader society. As a signatory of the UN-Global Compact, Woolworths has been proactive in supporting and participating in various stakeholder alliances so to encourage collective action towards addressing complex water challenges and realize positive water outcomes at scale and in line with global goals i.e., SDG6

We are working with WWF-SA, UN CEO Water Mandate, and the National Business Initiative (NBI) for the advancement of context-based water targets in South Africa. In 2017 we funded an NBI study to identify cross-sectoral and cross-country water stewardship linkages between large SA corporations. We are also engaging the WRI on enterprise-wide water targets.

Estimated timeframe for realization
More than 6 years

Magnitude of potential financial impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
We have not quantified the financial impact.

W5. Facility-level water accounting

W5.1

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

Facility reference number
Facility 1

Facility name (optional)
Head office complex

Country/Area & River basin

South Africa	Berg-Olifants

Latitude
-33.9

Longitude
18.4

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
6.95

Comparison of total withdrawals with previous reporting year
About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
5.07

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
1.88

Total water discharges at this facility (megaliters/year)
6.25

Comparison of total discharges with previous reporting year
Much lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
6.25

Total water consumption at this facility (megaliters/year)
0.69

Comparison of total consumption with previous reporting year
Much lower

Please explain
Demand for water supply, sanitation, and hygiene (WASH) services declined since employees who are working at the Head Office were largely working remotely.

Facility reference number
Facility 2

Facility name (optional)
Montague Gardens Distribution Centre

Country/Area & River basin

South Africa	Berg-Olifants

Latitude
-33.882708

Longitude
18.515391

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
18.5

Comparison of total withdrawals with previous reporting year
Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
18.5

Total water discharges at this facility (megaliters/year)
15.7

Comparison of total discharges with previous reporting year
Much lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
2.8

Comparison of total consumption with previous reporting year
Lower

Please explain
We recycle and re-use water for 'tray washing' at Montague Gardens Distribution Centre. We have also installed rainwater harvesting and reverse osmosis technologies to increase rainwater capture and reuse in this distribution facility.

Facility reference number
Facility 3

Facility name (optional)
82 stores (division 4) in the Western Cape Province (down from 83 stores)

Country/Area & River basin

South Africa	Breede-Gouritz

Latitude
-33.2278

Longitude
21.8569

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
78

Comparison of total withdrawals with previous reporting year
Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
78

Total water discharges at this facility (megaliters/year)
70

Comparison of total discharges with previous reporting year
Lower

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0

Discharges to third party destinations
70

Total water consumption at this facility (megaliters/year)
8

Comparison of total consumption with previous reporting year
About the same

Please explain
99% of Woolworths' stores water usage is monitored with real-time water-metering systems. This helps us in detecting leaks and preventing potential losses, as well as improving general staff behavior towards our water efficiency efforts. Our stores are at the heart of our business, and water is a critical part of keeping them operational. In South Africa, the persistent multi-year drought presented an opportunity to amend store specifications, and 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. However, we do not measure rainwater withdrawals.

W5.1a

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

Water withdrawals – total volumes

% verified
76-100

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

Please explain
<Not Applicable>

Water withdrawals – volume by source

% verified
76-100

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

Please explain
<Not Applicable>

Water withdrawals – quality by standard water quality parameters

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water discharges – total volumes

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water discharges – volume by destination

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water discharges – volume by final treatment level

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water discharges – quality by standard water quality parameters

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

Water consumption – total volume

% verified
Not verified

Verification standard used
<Not Applicable>

Please explain

W6. Governance

W6.1

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

No, but we plan to develop one within the next 2 years

W6.2

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

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

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

W6.2b

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

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

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Not assessed	<Not Applicable>	<Not Applicable>	<Not Applicable>

W6.3

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

Name of the position(s) and/or committee(s)
Chief Executive Officer (CEO)

Responsibility
Assessing future trends in water demand
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Half-yearly

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

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

Responsibility
Assessing future trends in water demand
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Half-yearly

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

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	Incentivising of sustainability-related KPIs, which include water-related targets. The attainment of sustainability KPIs is linked to the individual scorecards, which is linked to the Group's balanced scorecard. The Board reviews the Group's balanced scorecard quarterly to monitor the performance of the six strategic focus areas at Group and operating entity level. In order to focus on the achievement of the Group's or entity's strategy, up to 60% of an individual's performance measurement (IPM) includes objectives aligned with the achievement of the operating entity's strategic focus areas.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Corporate executive team	Improvements in efficiency - direct operations Improvements in efficiency - supply chain	To achieve a performance-based culture and an alignment with shareholders, through value creation. The total reward mix is geared towards a high percentage of pay "at risk" for the achievement of stretched goals which are aligned to company performance, individual performance and employee behavior. This is to motivate executives and senior management to achieve short-term strategic, financial and non-financial objectives in the one-year business plan. Annual performance bonus paid on the achievement of one-year financial targets. Share schemes designed to incentivize Group CEO, executive directors, execs and senior- to middle-management levels across the Group, on delivery of long-term strategic goals aligned with shareholder expectations.
Non-monetary reward	Please select	Please select	

W6.5

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

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

W6.5a

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

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

W6.6

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

Yes (you may attach the report - this is optional)
Integrated_Annual_Report_2021.pdf

W7. Business strategy

W7.1

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

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

W7.2

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

Row 1

Water-related CAPEX (+/- % change)
0

Anticipated forward trend for CAPEX (+/- % change)
15

Water-related OPEX (+/- % change)
-6

Anticipated forward trend for OPEX (+/- % change)
20

Please explain
In the reporting year, we did not focus on any water-related capital projects due to the Covid-19 lockdown. As a result of decreased demand for WASH services, our overall withdrawal volumes decreased by 5%. However, as staff returns to the office gradually we anticipate 20% increase y-o-y in water demands, and this will stabilize when we approach pre-Covid 19 water usage.

W7.3

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

	Use of scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	

W7.4

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

Row 1

Does your company use an internal price on water?

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

Please explain

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Please select	

W8. Targets

W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	With our vision to be one of the world's most responsible retailers, sustainability is core to our business – it impacts everything that we do. It has been entrenched into the culture of our organization and is put into action through our Good Business Journey program. In 2021, we launched our new Good Business Journey strategy and related Group-wide goals, Vision 2025+ in the context of the broader WHL strategic framework. This strategy is intended to facilitate the Group's vision by aiming to address the complex and interconnected sustainability challenges and opportunities we face now and in the future. Our Good Business Journey is also intended to keep us at the forefront of sustainability leadership and to push us to innovate and collaborate with others. Our water 'impact' goal and related initiatives are set under the 'Thriving and Resilient' pillar of our Vision 2025+. Looking forward, we believe company-wide targets and goals are key in driving the delivery of our strategy while minimizing our business impacts on the environment. Over the years we have not only focused on delivering strategic business value (making ourselves and our suppliers more efficient and resilient) but also on the importance of aligning with the development priorities of the countries in which we operate (e.g., education and food security in South Africa). We recognize that to be a leading, purpose-driven, and truly connected retailer we need to continue developing and aligning our water targets and goals within the current and emerging contexts of the geographical areas in which we operate. When developing goals and targets we also consider our role in delivering against SDG 6. Water management Key Performance Indicators (KPIs) regarding operational water reduction targets have been incorporated into the corporate balanced scorecards of our real estate — corporate buildings, stores, DCs, and those of other Business Units (BUs) in all Group companies. For example, supplier water efficiency targets are built into the scorecards of our Food and Clothing sourcing and technology teams, while water education-related KPIs are incorporated into the Marketing scorecard. Woolworths sends detailed reports to every facility monthly indicating how the store, DC, or admin building is performing against its specific format benchmark (per m2). The influence of KPIs has led to greater visibility and focus on water as a key material issue.

W8.1a

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

Target reference number

Target 1

Category of target

Water use efficiency

Level

Company-wide

Primary motivation
Reduced environmental impact

Description of target
This incremental target is to achieve a 14% reduction in municipal water consumption per square meter for Woolworths stores by 2025.
This target is in line with WHL's sustainability strategic objective of intensifying municipal water augmentation across direct business operations.

Quantitative metric
% reduction of water withdrawals from municipal supply

Baseline year
2021

Start year
2022

Target year
2025

% of target achieved
12

Please explain
Having achieved our 2020 goal that was set against a 2007 baseline, we continued to bolster our efforts to reduce municipal water consumption in our stores in line with Vision2025+. We have broken down this target and aimed to achieve a 4% reduction in municipal water withdrawals in 2021; a 3% reduction for 2022 and 2023; and a 2% reduction in each year for 2024 and 2025)

While we managed to reduce our municipal water consumption year-on-year, we are tracking 12% against our 2025 target. For the reporting period, we achieved a 42 % relative water consumption reduction in KL/m2 across Woolworths tores (we decreased water consumption in s stores by 1.68% against a 4% target for 2021). As a business, we continue to encourage good water use behavior and for staff to contribute to water saving. We continue to install alternative water harvesting systems to augment municipal water (i.e., rainwater harvesting tanks, but we do not measure rainwater withdrawals).

Target reference number
Target 2

Category of target
Water withdrawals

Level
Site/facility

Primary motivation
Increase freshwater availability for users/natural environment within the basin

Description of target
Our target is to shift 75% of water withdrawals in WW corporate buildings to renewable groundwater water by 2025.

Quantitative metric
% reduction of water withdrawals from municipal supply

Baseline year
2020

Start year
2021

Target year
2025

% of target achieved
73

Please explain
Woolworths is headquartered in Cape Town, Western Cape Province. The city is geographically located in the Berg-Olifants water management area (WMA), one of the most water-stressed WMAs in South Africa, making Cape Town one of the most urban stressed economic hubs. The city’s catchment area presents significant water risks for Woolworths with regard to business continuity, the same applies to our suppliers, local communities, and the functioning of ecosystem services. In recognition of these competing water uses, Woolworths is proactively working towards reducing municipal water consumption in this water-stressed catchment by augmenting its water supply with renewable groundwater. 73% of the water used in our head office complex for WASH services is renewable groundwater.

Target reference number
Target 3

Category of target
Product water intensity

Level
Business activity

Primary motivation
Reduced environmental impact

Description of target
Reduce water consumption in Distribution Centers to 0.19 kl/m2 by 2025 against a 2020 baseline of 0.33 kl/m2.

Quantitative metric
% increase in water withdrawal efficiency (i.e. revenue generation per water withdrawal volume)

Baseline year
2020

Start year
2021

Target year
2025

% of target achieved
72.7

Please explain
This incremental water consumption target is aimed at driving water efficiency in Woolworths DCs (Maxmead, Midrand, Race Course Gardens, and Montague Gardens DC).

In 2021 or water intensity per Distributable unit was 0.328 l/m2.

W8.1b

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

Goal
Engagement with suppliers to help them improve water stewardship

Level
Company-wide

Motivation
Reduced environmental impact

Description of goal
Our goal is to work with our suppliers and partners to create a net-positive water impact in water-stressed basins in our value chain by 2050.

Baseline year
2020

Start year
2021

End year
2050

Progress
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.
Through the United Nations Global Compact CEO Water Mandate, Woolworths has become a participant in a pilot project for setting context-based targets for water. These are targets are informed by science and take into account sustainable thresholds or limits of a given basin based on the basin's environmental, economic, and social needs, and current and future conditions. They are also aligned to public sector objectives such as Sustainable Development Goal Six which speaks to water quality, availability, and governance. Since water is a highly localized resource, through our Vision 2025+ we are enhancing our water-stewardship work to embody a more holistic approach in addressing the unique water-related challenges in the locales in which we operate.
We continue collaborating with our suppliers, academic institutions, community organizations, and bodies like the WWF and the United Nations Global Compact CEO Water Mandate on various to forge strategic partnerships, and meaningful responses to water-related environmental, economic, and social challenges and opportunities.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?
Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Water withdrawals.	Other, please specify (ISO14064-3 (2006))	Water usage at our direct operation is verified as part of Scope 3 GHG emission in the annual carbon footprint verification process.
W1 Current state	Water withdrawals	Other, please specify (Limited Assurance by Ernst and Young: Water usage for Woolworths head office, stores, and distribution centres)	The Group has always looked at obtaining an independent opinion on our progress as a crucial part of gaining and maintaining credibility with our stakeholders. ERM was also engaged to perform a limited assurance engagement for certain quantitative information contained in this current report as follows: - Water usage for Woolworth's head office, stores, and distribution centers

W10. Sign off

W-FI

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

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Group Head of Sustainability	Chief Sustainability Officer (CSO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms

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