

















WOOLWORTHS HOLDINGS LIMITED

# GOOD BUSINESS JOURNEY REPORT

## 2023

START

Our Reporting Universe comprises the following reports, which are available on our website at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za)

OUR REPORTING UNIVERSE			WHAT YOU CAN FIND IN THESE REPORTS	KEY REGULATORY AND REPORTING FRAMEWORKS	
<div>INTEGRATED REPORT</div>	<div><ul style="list-style-type: none"><li>2023 Integrated Report</li></ul></div>		<p>Our Integrated Report communicates how our strategy, governance, and performance created value for our stakeholders in the current year, and will continue to do so over the short, medium and long term. This Report focuses primarily on the requirements of current and prospective investors, including debt providers; however, when read with the following reports, the interests of all stakeholders are addressed.</p>	<div><ul style="list-style-type: none"><li>International Integrated Reporting Framework</li><li>Companies Act of South Africa (71 of 2008), as amended (Companies Act)</li><li>JSE Listings and Debt Listings Requirements</li><li>King IV™ Report on Corporate Governance (King IV™ Report)</li><li>United Nations (UN) Sustainable Development Goals (SDGs)</li></ul></div>	<div></div>
<div>FINANCIAL REPORTS</div>	<div><ul style="list-style-type: none"><li>2023 Group Annual Financial Statement</li><li>2023 Analyst Presentation booklet and webcast</li></ul></div>		<p>Our financial reporting provides information relating to the Group’s financial position and performance. These reports are of interest primarily to our equity and debt investors, credit rating agencies, regulators, and various other stakeholders. The information disclosed can be used to assess the Group’s financial performance and strength, and includes risk and regulatory disclosures.</p> <p>The Analyst Presentation and accompanying webcast provide a summary of the financial results, as well as a strategic update and outlook and targets for the medium term.</p>	<div><ul style="list-style-type: none"><li>International Financial Reporting Standards (IFRS)</li><li>Companies Act</li><li>JSE Listings and Debt Listings Requirements</li></ul></div>	<div></div>
<div>SUSTAINABILITY REPORT</div>	<div><ul style="list-style-type: none"><li>2023 Good Business Journey (GBJ) Report</li></ul></div>		<p>The GBJ is central to the Group’s strategy and supports our vision to be one of the world’s most responsible retailers. The GBJ Report addresses the complex and interconnected sustainability challenges and opportunities we face now and into the future. This includes how we create positive economic, societal, and environmental impacts, including those aligned with the UN SDGs. It is primarily of interest to existing and prospective investors, existing and prospective employees, NGOs, ESG rating agencies, and customers who associate with values-aligned companies.</p>	<div><ul style="list-style-type: none"><li>The Global Reporting Initiatives (GRI) Standards</li><li>JSE Sustainability and Climate Disclosure Guidance</li><li>Task Force on Climate-related Financial Disclosures (TCFD)</li><li>UN SDGs</li><li>King IV™ Report</li></ul></div>	<div></div>
<div>GOVERNANCE REPORT INCORPORATING THE SOCIAL AND ETHICS AND REMUNERATION REPORTS</div>	<div><ul style="list-style-type: none"><li>Part of the 2023 Integrated Report, with extracts published separately online</li></ul></div>		<p>Our Governance Report details our Group’s governance structures, processes, and policies, as well as our Group’s approach to ethics, integrity, transparency, accountability, and remuneration. The disclosures aim to demonstrate how our good governance enhances value creation. The reports are of interest to a broad range of stakeholders, including investors, ESG rating agencies, employees, regulators, suppliers, and members of society.</p>	<div><ul style="list-style-type: none"><li>King IV™ Report</li><li>The GRI Standards</li><li>Companies Act</li><li>JSE Listings and Debt Listings Requirements</li><li>Other applicable laws, regulations, and best practice principles</li></ul></div>	<div></div>
<div>NOTICE OF AGM AND SUMMARISED GROUP RESULTS</div>	<div><ul style="list-style-type: none"><li>Notice of AGM</li><li>Summarised Group results</li><li>Shareholding disclosures</li><li>Shareholder calendar</li><li>Proxy form</li></ul></div>		<p>The Notice of AGM and supporting information is intended for shareholders who want to participate in the Group’s AGM. In addition, the Notice of AGM provides the summarised Group results for the 2023 financial year.</p>	<div><ul style="list-style-type: none"><li>JSE Listings and Debt Listings Requirements</li><li>Companies Act</li><li>King IV™ Report</li></ul></div>	<div></div>



# OUR GOOD BUSINESS JOURNEY REPORT

*Woolworths Holdings Limited is pleased to present its 2023 annual Sustainability Report, the Good Business Journey (GBJ) Report, for the 52 weeks ended 25 June 2023. It provides an overview of our GBJ.*

## SCOPE AND BOUNDARY OF THIS REPORT

This report covers Woolworths and Country Road Group (CRG). The report aims to provide an overview of our sustainability strategy, progress to date, and future plans. It should be read with the 2023 Integrated Annual Report (IAR) and 2023 Annual Financial Statements (AFS) as a compendium of our strategy and performance. The principles that underlie the precautionary approach inform our governance, enterprise risk framework, and strategy. Except for the sale of the David Jones business, the scope and boundary of this report are largely similar to those of last year. The entire shareholding of David Jones was disposed of in the current year, and the segment has been reported as a discontinued operation in the financial results.

## REPORTING FRAMEWORK

The sustainability and reporting frameworks applied and/or referenced in this report include:

- Global Reporting Initiative (GRI) Standards
- JSE Sustainability and Climate Disclosure Guidance
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations (UN) Sustainable Development Goals (SDGs)
- King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™)<sup>1</sup> principles

A mapping of our disclosures against these can be found [here](#).

## FORWARD-LOOKING STATEMENTS

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

## APPROVAL AND ASSURANCE

The Group considers it crucial to obtain an independent opinion on our progress to maintain credibility with our stakeholders. Accordingly, we engaged Environmental Resources Management Southern Africa (ERM) to perform a 'Moderate' Type II level assurance engagement following the AccountAbility AA1000 Assurance Standard (AA1000AS v3) for selected information contained in this report:

- AccountAbility AA1000 Principles of Inclusivity, Materiality, Responsiveness, and Impact
- Assertions of the governance and management disclosures and management approach disclosures on Social Development, Ethical Sourcing, Packaging and Waste, Water, and Energy and Climate Change
- Selected key performance indicators (KPIs). The basis of measurement of these KPIs can be found [here](#)

The scope of information assured by ERM is set out in their [Independent Assurance Statement](#), and is also denoted with the following symbol in this report: <sup>1A</sup>

We obtain various other verifications and assurances from multiple audit, technical, and scientific experts over different aspects of our GBJ. These are documented in an assurance summary in an [appendix](#) to this report. We feel that the combination of internal management controls, risk and compliance programmes, and verification and assurance processes provides appropriate combined assurance coverage for our material focus areas.

*The Sustainability Committee reviewed and recommended the GBJ Report, which the Board then approved.*

We welcome any feedback on our programme and reporting, and have included contact details for this purpose at the end of the report.

Readers can access various appendices to this report, including compliance information not included in this suite of reports, on our corporate website.



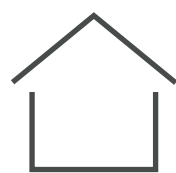
<sup>1</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPGC, and all of its rights are reserved.

# NAVIGATING OUR REPORT

## ICONS USED THROUGHOUT THIS REPORT

### NAVIGATING OUR REPORT

In commitment to our Good Business Journey, this report is only available digitally. It is interactive and can be navigated using the tools depicted below:



Back to contents page



Useful links for more detail



More information on the web

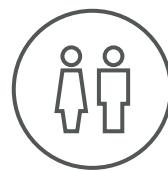
CLICK TO DOWNLOAD OR UPDATE

### OUR STAKEHOLDERS

We have numerous stakeholder groupings which impact us or we either directly or indirectly impact throughout our Group and our related business activities. We believe that strong, sustainable stakeholder relationships form the foundation of our ability to create shared value in the short, medium, and long term and that these relationships are key to a more sustainable and successful business and future. Our stakeholders are denoted with the icons below:



Customers



Employees



Suppliers



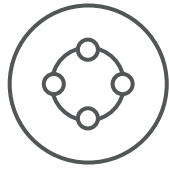
The Media



Shareholders



Debt Funders



Communities and Other



Industry Organisations



Academic Institutions



Government and Regulators

### OUR GOOD BUSINESS JOURNEY FOCUS AREAS

Our Good Business Journey enables a consistent approach to managing sustainability issues across the Group. The programme has eight key focus areas, which are denoted with the icons below:



# CONTENTS

MANAGING SUSTAINABILITY 01

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ETHICAL SOURCING 48

SUSTAINABLE FARMING 62

PACKAGING AND WASTE 72

WATER 83

ENERGY AND CLIMATE CHANGE 92



# OUR GROUP

*Our Group consists of two omnichannel trading divisions, targeting mid- to upper-income customers who value quality, innovation, value, and sustainability.*

Woolworths South Africa comprises Fashion, Beauty, and Home (FBH) and Food businesses, and Country Road Group is an Australian house of brands, including the Country Road, Witchery, Trenery, Mimco, and Politix brands.

*Each company provides customers compelling loyalty benefits and valuable communications through dedicated loyalty programmes which are key to building customer engagement and loyalty and driving personalisation, customer acquisition, frequency, and spend.*

Financial services are offered for WSA customers through Woolworths Financial Services (WFS), a joint venture with Absa Group Limited.



# WOOLWORTHS

## Fashion, Beauty and Home

**OFFERING:**

Predominantly trusted, quality wardrobe essentials, edited and relevant fashion, beauty, and homeware, and highly selected third-party brands complementing customers' shopping experience



**BASED IN:**

South Africa and trading in South Africa and a further 10 countries in southern Africa

432 000m<sup>2</sup>  
trading space across 268 store locations



20.2%

Group turnover and concession sales

28.6%

Group aEBIT

4.3%

Online sales contribution, with sales fulfilled from dedicated distribution facility, available for home delivery and Click-and-Collect

3.2M

Active loyalty members, tracking 88% of revenue

32 675

Employees

86.2%

Targets achieved on sustainability scorecard

## Food

**OFFERING:**

Largely private-label range of quality, innovative, and sustainable food products, and customers' most wanted brands, allowing them to complete their shop with us



60.0%

Group turnover and concession sales

43.5%

Group aEBIT

**BASED IN:**

South Africa and trading in South Africa and a further six countries in southern Africa



278 000m<sup>2</sup>  
trading space across 479 store locations

3.8%

Online sales contribution, with sales fulfilled from physical stores, available for scheduled, Click-and Collect or on-demand delivery





# COUNTRY ROAD GROUP

**OFFERING:**

Private-label, stylish, high-quality apparel, accessories, footwear, and homeware

**BASED IN:**

Australia and trading in Australia, New Zealand, and South Africa

98 000 m<sup>2</sup>  
trading space across  
607 store locations



19.8%

Group turnover and  
concession sales



26.4%

Group aEBIT



27.1%

Online sales contribution, with sales fulfilled from dedicated Omni-channel Fulfilment Centre, available for scheduled delivery or Click-and Collect

2.6M

Active loyalty members, tracking 82% of sales



6 057  
Employees

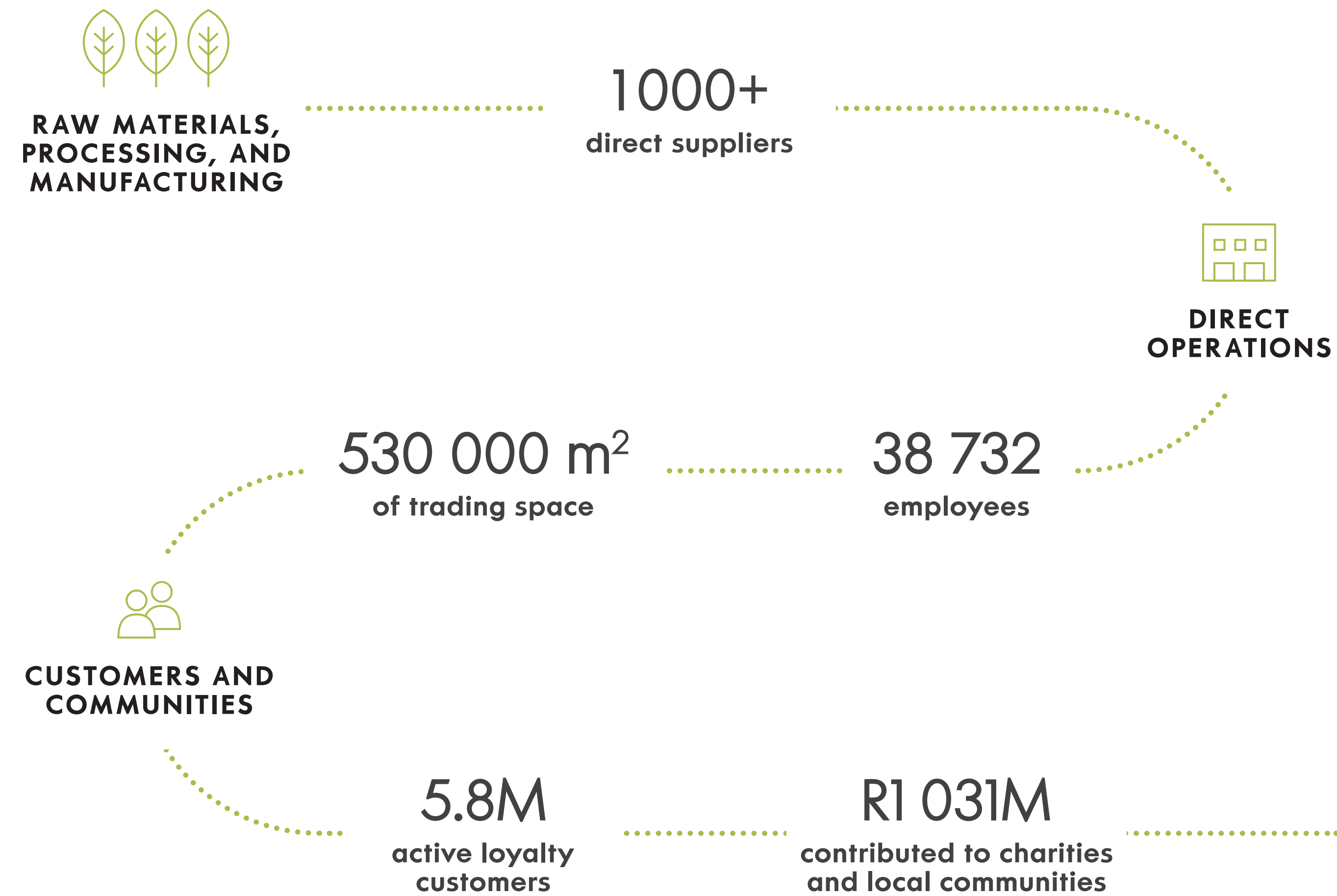
80.0%

Targets achieved on sustainability scorecard



# OUR VALUE CHAIN

*As a multi-national food, fashion, beauty, and home retailer with a multi-tiered and geographically dispersed supply chain, our sustainability impacts cut across the entire value chain, from raw material production to customers and communities. More information on our material issues and risks in our value chain can be found in the Risk and Materiality section of this report.*





# THE GOOD BUSINESS JOURNEY

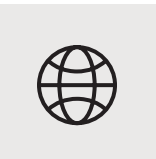
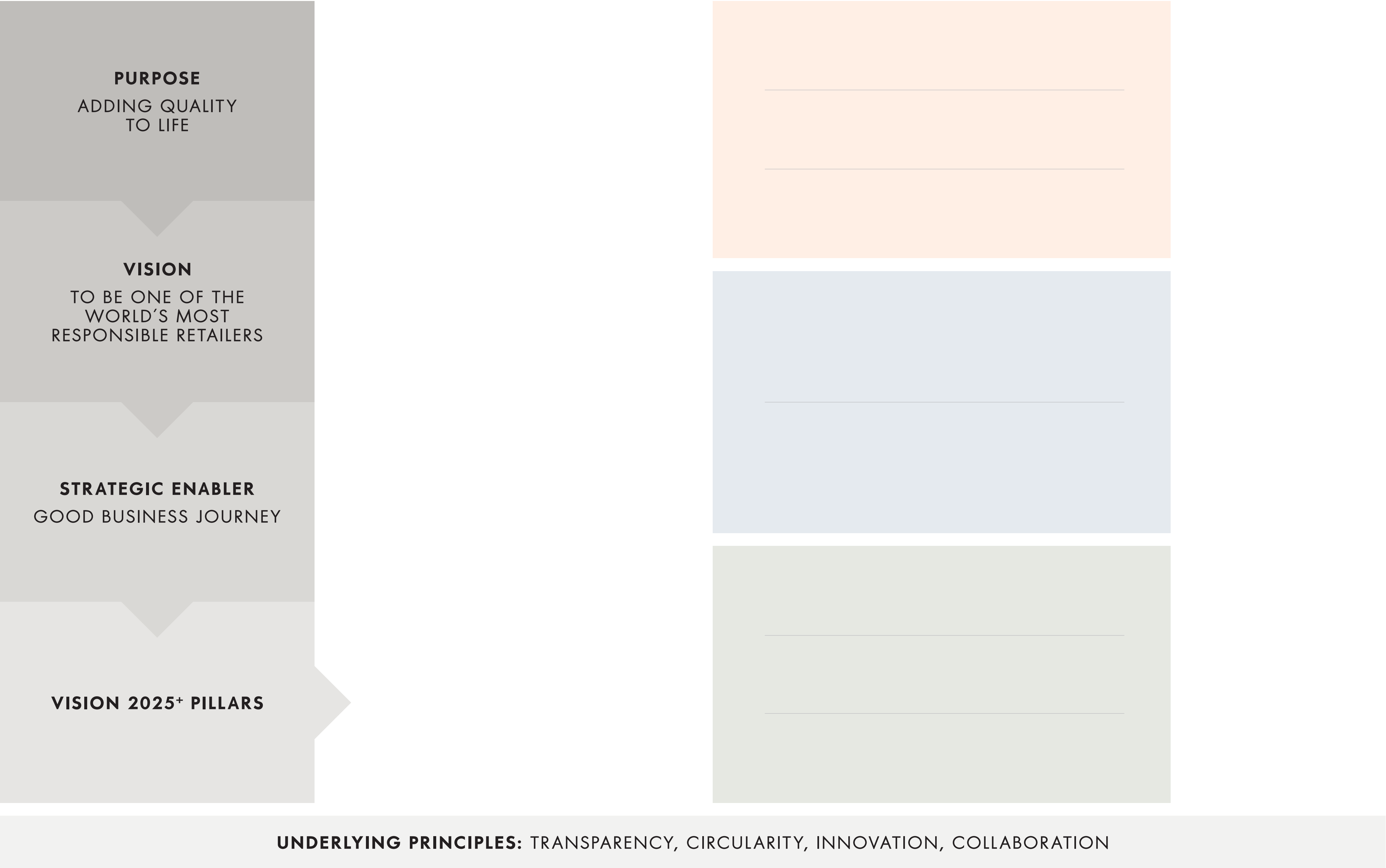
*The GBJ is central to the Group’s strategy, and supports our vision to be one of the world’s most responsible retailers. More information on the Group’s strategic framework is available in the Integrated Annual Report.*

The GBJ strategy for 2025 and beyond is known as Vision 2025+. It will enable the Group to be a leading, purpose-driven, truly connected retailer. It aims to address the complex and interconnected sustainability challenges and opportunities we face now and into the future.

Vision 2025+ has three main pillars, which are addressed through eight focus areas. Each pillar and focus area has ambitious goals delivering to the overall strategic intent of Vision 2025+, as well as clearly defined strategy and management approaches.

The Woolworths Holdings Limited (WHL) Board approved Vision 2025+ and its underlying goals in 2021.

*GBJ is our commitment to care for our environment, people, and communities.*





# SUSTAINABILITY COMMITTEE CHAIRMAN & GROUP CEO'S REPORT

*Sustainability is a business imperative. It ensures that the Group is not only resilient and adaptable to change but also secures our longer-term viability. Our Good Business Journey (GBJ) is a critical component of who we are, what we do, and what we stand for as an organisation.*

We are deeply committed to creating shared value for all our stakeholders and delivering on our responsibility to empower our people and protect our planet. Testament to this commitment is the fact that the Group's capital management has been linked to sustainability through various sustainability-linked loans and bonds; and in a first for us, sustainability measures are now included as one of the performance conditions of our executive long-term incentive scheme, ensuring a direct link between our GBJ and how management is incentivised and rewarded.

With this deep level of commitment, we continued to make a real and meaningful difference to our people, our communities, and the planet this year through our Vision 2025+ strategy:

## INCLUSIVE JUSTICE

Our Inclusive Justice Initiative (IJI) sets out to acknowledge the extent to which certain groups in our society are marginalised and to help shape an inclusive society in which everyone is accepted, protected, and respected.

The Group has chosen women's empowerment and gender equality as our lead corporate advocacy issue while also taking action on a number of other social justice issues, including racism, gender-based violence, and fair and responsible pay. As a signatory to the UN Women's Empowerment Principles, we undertook the UN Women Gender gap analysis to do a baseline assessment of our policies, strategies, and practices in our value chain. We were rated as 'Improver' and aim to progress to 'Achiever' by 2025.

In line with our IJI vision, we endeavour to create lasting positive social impacts in our communities. Working towards a #ZEROHUNGER future continues to be a focus. Woolworths donated R856 million in surplus food to charities and supported the development of Black farmers through the Living Soils Community Learning Farm. Woolworths also continued to focus on supporting education-related charities. We believe that no child should be left behind – they should have access to quality education in a safe environment. One of our flagship programmes in this regard, MySchool MyVillage MyPlanet, celebrated its 25th anniversary of making a difference in September 2022. Country Road Group continues to focus on supporting communities' physical and mental health and wellbeing and partners with recognised charities and causes, such as the Ovarian Cancer Research Foundation, Our Watch, and Movember.

## ETHICAL AND FAIR

The Group remains committed to mitigating and managing the diverse social and environmental risks we face in our supply chain through our ethical sourcing programmes. The strength of these programmes continues to be recognised externally. Country Road Group was ranked in the top 20% of brands assessed in the Baptist World Aid Ethical Fashion Report; Woolworths was ranked in the top category, 'Leading', in Textile Exchange's Material Corporate Fibre and Materials Benchmark; and Woolworths was the top-ranked South African fashion retailer in the 2023 Fashion Transparency Index .

Woolworths also makes a concerted effort to increase local sourcing to stimulate the growth of an inclusive economy and contribute to the meaningful development and sustainability of Black-owned and Black-women-owned SMMEs. We contributed over R7 billion towards the revenues of 32 small and medium enterprises in the Woolworths supplier value chain this year.

## THRIVING AND RESILIENT

We continue to track well towards our net zero goal, with the Group's 2022 Scope 1 and 2 carbon emissions decreasing by 16% against our 2019 baseline. As we continue to strive towards sourcing all our electricity from renewable sources, Woolworths financed its first solar PV installation at a leased store location; it will produce up to 40% of the store's energy requirements.

In a South African retail first, Woolworths rolled out 42 electric vehicles for online deliveries. These are expected to save over 400 000 kilogrammes of tailpipe carbon emissions. In another notable achievement, we reached a significant milestone in the phasing out of single-use plastic shopping bags – all Woolworths Foodmarkets are now plastic-shopping-bag-free, and all Woolworths Fashion, Beauty and Home stores are expected to be plastic-shopping-bag-free in the next year.

Country Road Group is the only Australian fashion retailer publicly committed to achieving 5- or 6-star Green Star certification for stores. We're proud to say that three new Country Road Group stores were certified as Green Star this year.

## UN SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

The Group continues to support the intent of the UN Sustainable Development Goals as a universal call to action for a better and more sustainable future for people and the planet by 2030. While our GBJ focus areas are aligned to most of the 17 UN SDGs, the seven priority goals that we believe we have the ability to make the greatest impact on through our GBJ Vision 2025+ strategy are:



## LOOKING AHEAD

We will continue to ensure that the GBJ remains industry-leading, highly regarded, and embedded in all aspects of the business, in line with the Group's vision of being one of the world's most responsible retailers.

**BELINDA EARL**, Sustainability Committee Chairman

**ROY BAGATTINI**, Group Chief Executive Officer



# A YEAR IN REVIEW

## INCLUSIVE JUSTICE

*The Group's People Value Proposition was refreshed with a renewed focus on leadership, performance management, learning and development, remuneration, diversity and inclusion, and wellbeing*



The Group invested R207 million in employee training and development

Woolworths contributed R7 billion (2022: R5.9 billion) in revenues of Black and Black-women-owned suppliers in our supplier base



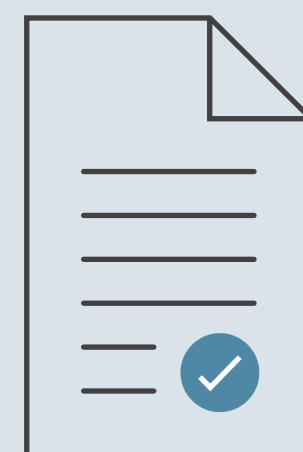
# R856M

worth of surplus food was donated by Woolworths to needy communities and charities

The Woolworths Staying Strong Programme received the HR Excellence Award at the 66<sup>th</sup> Institute of People Management (IPM) Convention<sup>1</sup>

<sup>1</sup>The Staying Strong Programme was designed in response to the Covid-19 pandemic, and focuses on building individual resilience and a culture of self-care.

## ETHICAL AND FAIR



*The Group became a foundation member of the Ethical Trading Initiative, an alliance of companies, trade unions, and NGOs working together to promote respect for workers' rights in supply chains collectively*



# 100%

of Woolworths' palm oil, cocoa, cotton, and timber are responsibly sourced

*100% of Woolworths Food and 85% of Woolworths FBH private-label products have at least one sustainability attribute*

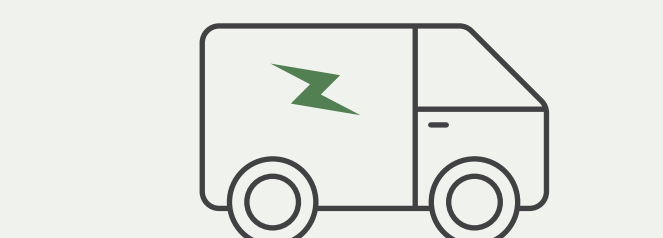
## THRIVING AND RESILIENT

*100% of Woolworths Foodmarkets are plastic-shopping-bag-free. Woolworths Food also rolled out a bag share stand and a reusable bag recycling initiative*



Eight Country Road stores achieved 5-star Green Star certification

Country Road launched a Climate Fund to provide A\$1.5 million in grant funding over three years to entities working on projects to mitigate climate change and build climate resilience





In a South African retail first, Woolworths rolled out 42 electric vehicles for its online delivery fleet





# MEASURING OUR PROGRESS AGAINST VISION 2025<sup>+</sup>

 INCLUSIVE JUSTICE	PROGRESS	READ MORE	 ETHICAL AND FAIR	PROGRESS	READ MORE	 THRIVING AND RESILIENT	PROGRESS	READ MORE				
Achieve BBBEE level 4 by 2025	<div><div></div><div></div><div></div><div></div></div>		Have a fully transparent, traceable, and ethical supply chain by 2025	<div><div></div><div></div><div></div><div></div></div>		Achieve net zero carbon impact by 2040	<div><div></div><div></div><div></div><div></div></div>					
Complete the UN Women Empowerment Principles gap analysis by 2023	<div><div></div><div></div><div></div><div></div></div>		Develop a roadmap by 2022 for achieving a living wage for all workers across our supply chain	<div><div></div><div></div><div></div><div></div></div>		Source 100% of our energy from renewable sources by 2030	<div><div></div><div></div><div></div><div></div></div>					
Move from “Improver” to “Achiever” in the UN Women Empowerment Principles assessment by 2025	<div><div></div><div></div><div></div><div></div></div>		Responsibly source all key commodities from traceable sources by 2025	<div><div></div><div></div><div></div><div></div></div>		Work with our suppliers and partners to create net positive water impact in water-stressed basins in our value chain by 2050	<div><div></div><div></div><div></div><div></div></div>					
Complete our Just Wage journey to exceed retail and legislative minimum rates	<div><div></div><div></div><div></div><div></div></div>		All private-label products can be reused, repaired, resold or recycled by 2025	<div><div></div><div></div><div></div><div></div></div>		All our packaging will be reusable or recyclable by 2022	<div><div></div><div></div><div></div><div></div></div>					
Implement our Employment Equity Plan for the period until 2025 and achieve compliance status	<div><div></div><div></div><div></div><div></div></div>		All private-label clothing, beauty, and home products to contain at least one renewed, reused or recycled product material input by 2030	<div><div></div><div></div><div></div><div></div></div>		Halve food loss and waste in our own operations and across our top 30 suppliers by 2030	<div><div></div><div></div><div></div><div></div></div>					
						All private-label products to support regenerative farming practices by 2030	<div><div></div><div></div><div></div><div></div></div>					
Related UN SDGs			Related UN SDGs			Related UN SDGs						
<div><div>1 NO POVERTY</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div>			<div><div>1 NO POVERTY</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>15 LIFE ON LAND</div></div>			<div><div>2 ZERO HUNGER</div><div>6 CLEAN WATER AND SANITATION</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>						

PROGRESS KEY

NOT YET STARTED

BEHIND

ON TRACK

AHEAD / ACHIEVED



For more information on each goal, including the definition, why we set it, how we plan to achieve it, challenges we face, KPIs used to measure and report our performance, and baseline data, refer to the Our Goals section on the website.



# GOVERNANCE AND MANAGEMENT OF OUR GOOD BUSINESS JOURNEY

The WHL Board is ultimately responsible for the GBJ. The WHL Board Sustainability Committee and the WHL Board Social and Ethics Committee support the Board in this regard. The Board delegates operational responsibility for the GBJ to the WHL Chief Executive Officer, and the WHL, Woolworths and CRG Executive Committees (ExcOs). The Group Head of Sustainability, Director of Corporate Affairs, Group People Director, and the ExcOs are responsible for implementing the GBJ strategy and performance. They are supported by teams across the business who integrate GBJ into day-to-day operations and report twice yearly against sustainability and corporate scorecards on the business’s GBJ performance.

Various policies, position statements, and internal reporting systems for data and information collection and reporting are supporting these teams in delivering the GBJ programme across the Group.

























## DIRECTOR TRAINING ON GBJ-RELATED MATTERS

### DURING THE YEAR:

- Internal subject matter experts provided the Board with insights on key sustainability issues affecting the Group and the broader retail industry
- The full Board attended a dedicated climate change training session facilitated by external climate change specialists and academics from the Sustainability Institute and the Climate Risk Lab in the African Climate and Development Initiative based at the University of Cape Town

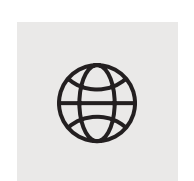
For more information, refer to the Governance and Management section on our website.

VISION 2025+ PILLARS COVERED

BOARD OVERSIGHT	1	WHL Board			
	2	WHL Board Sustainability Committee			
		WHL Board Social and Ethics Committee			
MANAGEMENT OVERSIGHT	3	Executive Committees (ExcOs)			
	4	Group Head of Sustainability			
		Director of Corporate Affairs and Group People Director			
CO-ORDINATION & IMPLEMENTATION	5	Sustainability, Corporate Affairs, and Human Resources teams			
	6	Scorecards			
	7	Policies and position statements			
	8	Reporting systems			

*“Our value as a business and our values as a Group are inextricably linked. It’s only through combining business performance with responsible social conduct that we’ll drive sustainable growth, strengthen our brands, and keep our people and customers inspired and engaged.”*

– ROY BAGATTINI,  
GROUP CHIEF EXECUTIVE OFFICER



VISION 2025+ PILLARS

 INCLUSIVE JUSTICE

 ETHICAL AND FAIR

 THRIVING AND RESILIENT



# RISK AND MATERIALITY

*Vision 2025<sup>+</sup>, and the material issues we include in this report, are informed and refreshed annually based on the results of our sustainability risk assessment and materiality determination process.*

## SUSTAINABILITY RISKS

We follow a robust risk assessment approach to determine our sustainability risks, aligned to the Group's integrated risk assessment and management approach. Risk registers are developed for key business areas to ensure we document all identified risks, weighted and prioritised according to the agreed risk assessment method, and identify action plans to mitigate the risks.

For more information on the Group's integrated risk assessment and management approach, refer to the Enterprise Risk Management section of the Integrated Annual Report.

## MATERIALITY DETERMINATION

### IDENTIFICATION AND REFRESH

Material sustainability issues are identified and assessed annually across the Group through internal stakeholder engagement, the risk assessment process, and a desktop review of peer sustainability reports, media and news articles, global collective commitments, and global sustainability and reporting tools and indices. This is supplemented by a formal external stakeholder engagement process every three to five years.

*During the year, we performed a materiality refresh exercise in which we conducted internal stakeholder engagement, selected external engagement with key stakeholders, and a desktop review.*

### MATERIAL ISSUES

The exercise revealed that our material issues, reflected in the table that follows, remain relevant and complete.

THE FOLLOWING ISSUES HAVE, HOWEVER, BEEN FURTHER EMPHASISED OR ELEVATED DURING THE YEAR:

- Climate change – including the need for a just transition, having clear roadmaps to achieve net zero, enhanced disclosures in annual reporting suites, loss and damage funding, plant-based diets
- Biodiversity loss – including its link to agriculture, deforestation, and climate change
- Packaging, plastic, and circularity
- Presence of forever chemicals in water
- Food security, loss, and waste
- Responsible sourcing – support of local suppliers, ensuring appropriate working conditions, protection of human rights, payment of living wages





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*The WHL Board Sustainability Committee reviewed and approved the materiality determination process in February 2023.*

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MATERIAL ISSUES	CLIMATE CHANGE <div>Climate change will have far-reaching impacts across our value chain, presenting physical and transition risks to our business. Therefore, to ensure the long-term sustainability of the Group, climate change adaptation and mitigation while working to ensure a just transition are necessary.</div>	WATER <div>A large portion of our supply chain, our customers, and our direct operations are based in areas where water quality and availability are at significant risk. Therefore, we need to address water challenges in these areas to ensure the continuity of our operations and product supply, and conserve and protect this precious resource for our customers and communities.</div>	BIODIVERSITY <div>Nature is declining globally at unprecedented rates, and the extent of species extinction is accelerating. This increasing biodiversity loss is a critical risk to our business, the health and wellness of our customers and employees, and the economy as a whole.</div>	PACKAGING, WASTE, AND THE CIRCULAR ECONOMY <div>The world has finite resources. We cannot continue to operate a linear take-make-waste approach. We must fundamentally rethink how we design, use, and reuse products, plastics and other packaging to transition towards a more circular economy approach to business.</div>	RESPONSIBLE SOURCING, TRANSPARENCY, AND TRACEABILITY <div>Multi-tiered and geographically dispersed supply chains like ours can have significant negative social impacts. We need to ensure we operate in a way that respects human rights and protects the environment and the welfare of animals.</div>
RISKS	<ul style="list-style-type: none"><li>Threat to supply, quality, and availability of raw materials</li><li>Supply chain and logistics disruptions</li><li>Food insecurity and food price inflation</li><li>Lack of availability and increased cost of electricity and/or low-emission technology</li><li>Failing governmental and municipal infrastructure</li><li>Business disruption due to energy interruptions and/or extreme weather events</li><li>Reduced customer demand for unsustainable products</li></ul>	<ul style="list-style-type: none"><li>Food insecurity and food price inflation</li><li>Contamination of available water resources through pollution</li><li>Changing weather patterns resulting in regional droughts</li><li>Threat to supply, quality, and availability of raw materials</li><li>Failing governmental and municipal infrastructure</li><li>Reduced customer demand for unsustainable products</li></ul>	<ul style="list-style-type: none"><li>Threat to supply, quality, and availability of raw materials</li><li>Food insecurity and food price inflation</li><li>Reduced customer demand for unsustainable products</li></ul>	<ul style="list-style-type: none"><li>Lack of widely available recycling infrastructure and technology</li><li>Lack of cost-effective and recyclable substrates and fibre alternatives</li><li>Food waste sent to landfill due to inappropriate packaging</li><li>Reduced customer demand for unsustainable products</li><li>Increased demand for customer take-back options</li><li>Increased regulations and cost of compliance with applicable laws and regulations</li><li>Threat to supply of non-renewable raw materials</li></ul>	<ul style="list-style-type: none"><li>Poor working conditions in the supply chain</li><li>Workers in the supply chain paid below minimum wage</li><li>Human rights abuses in the supply chain, such as modern slavery, forced labour or child labour</li><li>Poor animal welfare</li></ul>
MITIGATIONS	<ul style="list-style-type: none"><li>Implementation of energy-efficiency initiatives in direct operations</li><li>Renewable energy installations</li><li>Implementation of energy-efficient logistics and rollout of electric vehicles</li></ul>	<ul style="list-style-type: none"><li>Implementation of water-efficiency initiatives in direct operations</li><li>Implementation of a detox strategy to remove harmful chemicals from clothing manufacture</li><li>Involvement in water stewardship projects in key sourcing regions</li><li>Installation of water tanks and handwashing stations at various schools</li></ul>	<ul style="list-style-type: none"><li>Implementation and support of sustainable and/or regenerative farming and fishing programmes</li><li>Use of alternative fibres</li></ul>	<ul style="list-style-type: none"><li>Implementation of waste reduction and circular economy initiatives such as phase-out of non-recyclable single-use plastic, use of recycled or renewed content in products, and donation of surplus products</li><li>Implementation of circular fashion models, such as rental and resale</li><li>Provision of customer take-back facilities at stores</li></ul>	<ul style="list-style-type: none"><li>Sourcing commodities through recognised international responsible sourcing programmes and certification schemes</li><li>Mandatory compliance by suppliers with our policies and position statements monitored through regular audits</li><li>Living wage roadmap and modern slavery reporting</li></ul>
CROSS-CUTTING MITIGATIONS	Implementation of the Factories of the Future Programme with Woolworths suppliers   Working to ensure each private-label product has a sustainability attribute   Ongoing training of staff and suppliers on sustainability-related topics   Proactive stakeholder engagement with governments, regulators, and industry   Membership in sustainability-related global organisations				
PORTION OF THE VALUE CHAIN IMPACTED	<div><div> RAW MATERIALS, PROCESSING, AND MANUFACTURING</div><div> DIRECT OPERATIONS</div><div> CUSTOMERS AND COMMUNITIES</div></div>				<div><div> RAW MATERIALS, PROCESSING, AND MANUFACTURING</div></div>
RELATED VISION 2025+ PILLARS	THRIVING AND RESILIENT	THRIVING AND RESILIENT	THRIVING AND RESILIENT	THRIVING AND RESILIENT	ETHICAL AND FAIR
RELATED FOCUS AREAS					



# STAKEHOLDER ENGAGEMENT

*Our vision is to be one of the world's most responsible retailers, and effective stakeholder management is a key enabler of our achieving the vision.*

We are committed to developing and maintaining quality relationships with our stakeholders to create shared value for all in the short, medium, and long term.

Our philosophy is to engage authentically, openly, and inclusively with our stakeholders, enabling us to better understand them, benefit from their insights, focus on their priorities, and address their concerns. It also allows us to seek areas of potential partnership, mitigate risks to the business, and create mutual trust and respect. This is integral to the ongoing daily management of the Group, and key to identifying the material issues that could significantly impact our performance and sustainability.

## THE ROLE OF STAKEHOLDER ENGAGEMENT

Our stakeholder engagement programme helps the Group better navigate the complex regulatory, legislative, and political landscape, provides ongoing insights, develops goodwill ambassadors, holds us accountable to our promises, and ultimately ensures our sustainability. This is particularly true when we need to adapt and react quickly to rapidly evolving social, technological, and environmental events which we can identify through regular and constructive stakeholder engagement.

## STAKEHOLDER GOVERNANCE AND MANAGEMENT

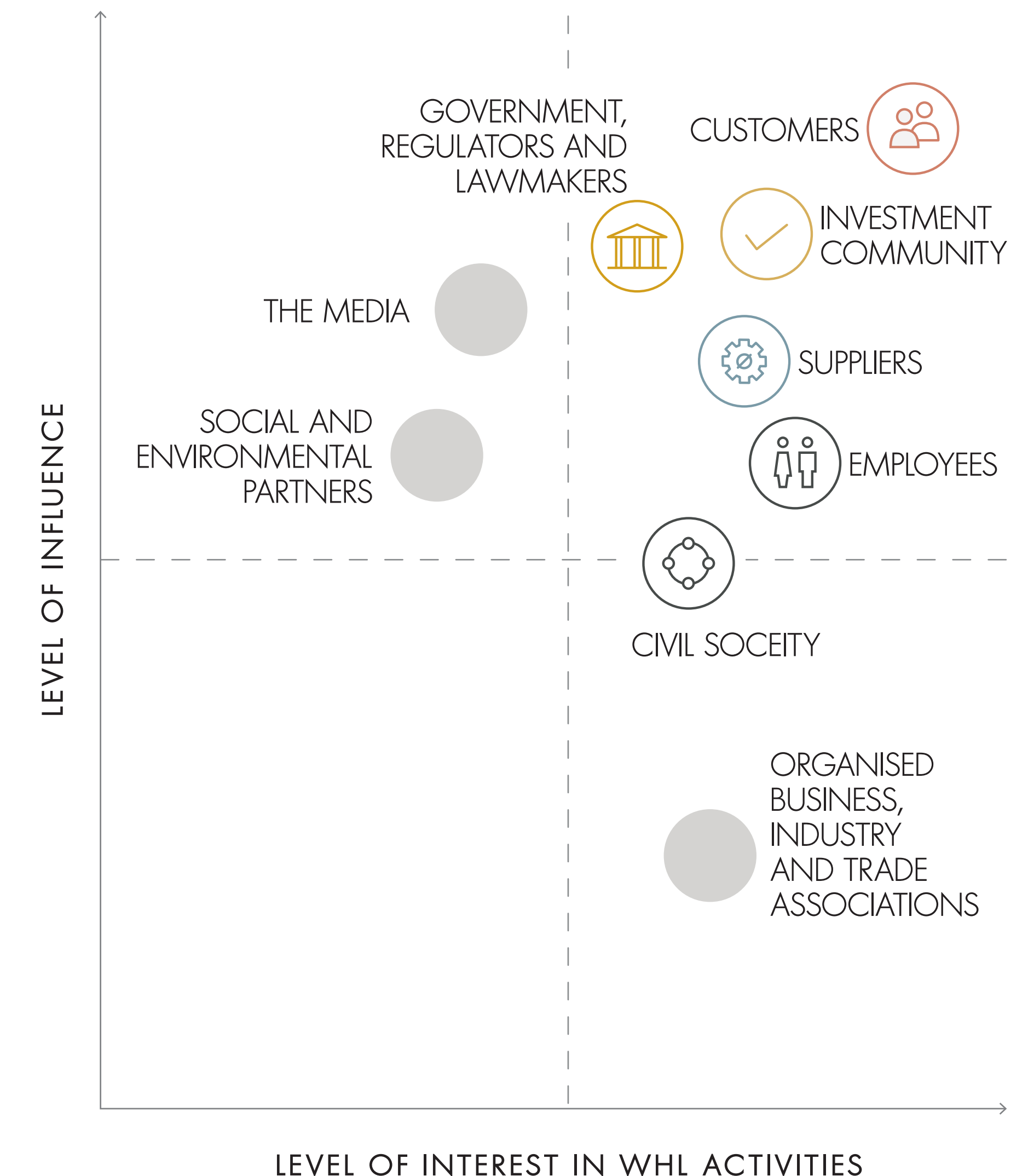
The Board is committed to strong, ethical, and transparent stakeholder engagement. Our management teams are empowered by the Board to ensure that we remain accessible to our stakeholders and that we identify, monitor, and address their needs and concerns, as well as the related material issues, risks, and opportunities.

WHL Board's oversight is managed through the WHL Board's Social and Ethics Committee (SEC), tasked with overseeing the Group's approach to stakeholder management. One of the key focus areas of the SEC is to ensure that the stakeholder management approach is ethical and above reproach and supports the Group's commitment with regard to being a responsible corporate citizen. The Board receives regular reports from stakeholder engagements, with the Social and Ethics Committee conducting annual stakeholder engagement self-assessment reviews.

Our GBJ plays an important role in stakeholder engagement. We endeavour to meet the demands of our current stakeholders without compromising the ability of future generations to also fulfil their wants and needs.

## OUR STAKEHOLDER GROUPINGS

Our stakeholders, their interests, and their level of influence in our operations vary according to geographical location, business area, and the nature of their interest. The manner, level, and extent of our engagements are driven by their influence, interests, expectations, and concerns. These relationships are depicted in the accompanying graph. This graph outlines the level or power or influence of the material stakeholders versus their interest in our Group. This assessment is reviewed annually and adjusted based on our assessments, interactions, and feedback with the various stakeholder groupings.



*Our GBJ plays an important role in stakeholder engagement. We endeavour to meet the demands of our current stakeholders without compromising the ability of future generations to also fulfil their wants and needs.*





# INCLUSIVE JUSTICE

*We care for our people and are committed to being a diverse and inclusive business, enhancing the wellbeing of our employees, customers, and communities.*

*Focus areas in this pillar*

PEOPLE	14
SOCIAL DEVELOPMENT	29
HEALTH AND WELLNESS	38

*Related UN SDGs*

1 NO POVERTY



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES







# PEOPLE

## WHY IS THIS FOCUS AREA IMPORTANT?

Our vision of being one of the world’s most responsible retailers requires that we continue to evolve and develop our People policies and practices. Through the reset of our People Strategy and People Value Proposition (PVP) – our ‘People Promise’ – and the delivery of key, strategic people initiatives, we have created a framework against which we will continue to progress and improve the lived experience of our people.

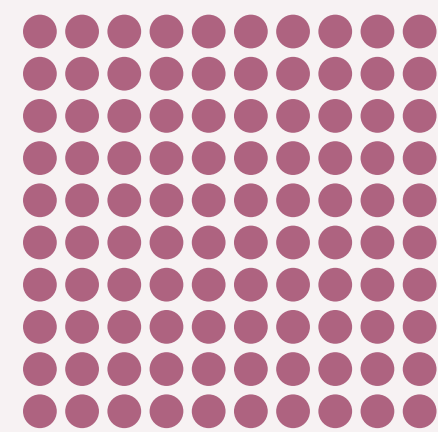
### *In this focus area*

STRATEGY & MANAGEMENT APPROACH 	
OVERVIEW	15
OUR PEOPLE	16
OUR PEOPLE STRATEGY AND PEOPLE VALUE PROPOSITION (PVP)	17
PEOPLE POLICIES	26
COMPLIANCE WITH LABOUR STANDARDS	28
INCLUSION IN THE SUPPLY CHAIN	28

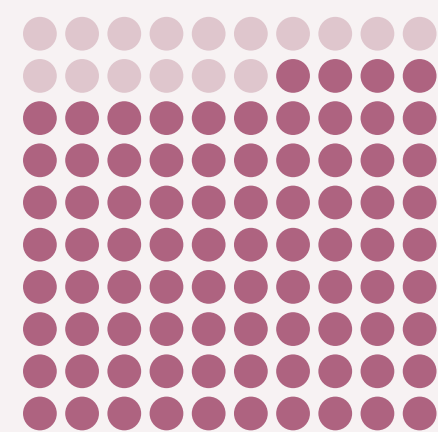


# OVERVIEW

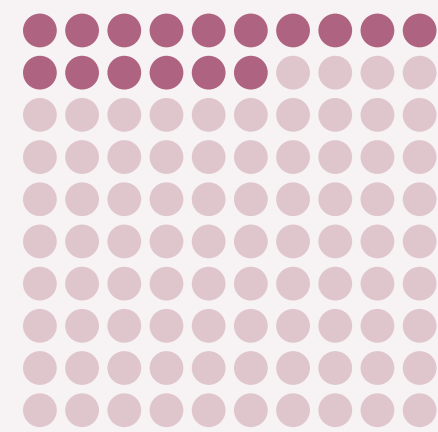
## HEADCOUNT



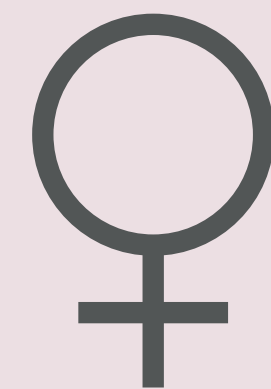
**WHL**  
**38 732**  
2022: **37 746**



**Woolworths SA**  
**32 675**  
2022: **32 019**



**Country Road Group**  
**6 057**  
2022: **5 727**



## WOMEN IN TOP AND SENIOR MANAGEMENT

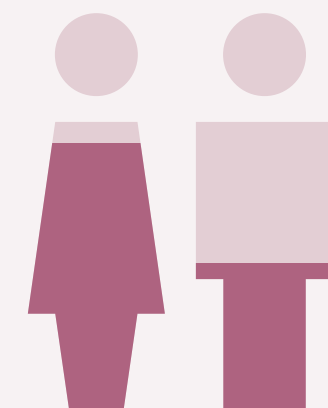
Woolworths SA: **44%**  
Country Road Group: **33%**

## TRAINING SPEND

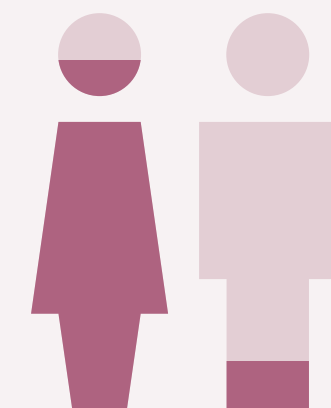
**R161M**  
**Woolworths SA**  
2022: **R144.5M** 2021: **R67.5M**

**R46M**  
**Country Road Group**  
2022: **R18.1M** 2021: **R14.2M**

## GENDER REPRESENTATION



**Woolworths SA**  
Female: **67%**  
Male: **33%**

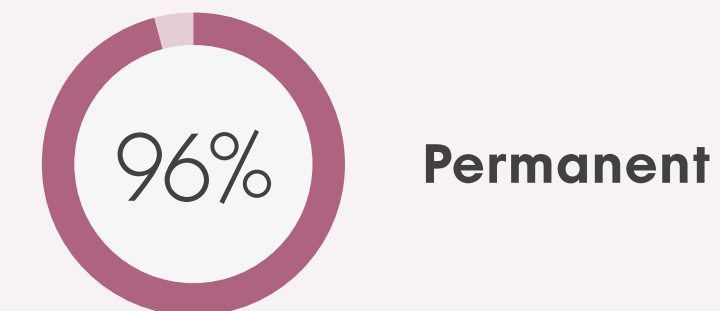


**Country Road Group**  
Female: **88%**  
Male: **12%**

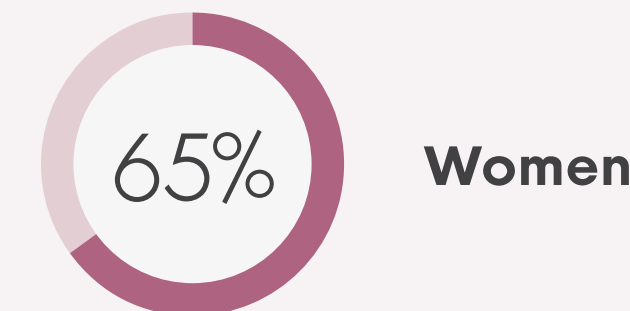
## PEOPLE WITH DISABILITIES

**490** | **92%**  
**Total** | **Black**  
2022: **Total 532, Black 93%**  
2021: **Total 563, Black 94%**

## EMPLOYMENT EQUITY EMPLOYEES IN WOOLWORTHS SA



**Permanent**



**Women**



**Top and middle management**

## HIGHLIGHTS

- Assessment of Group application of UN Women's Empowerment Principles
- Rated 1<sup>st</sup> in the Retail Employer of Choice for graduates South African Graduate Employers Association awards 2022
- Development of People Value Proposition (PVP) and 'People Promise'

## LOWLIGHTS AND CHALLENGES

- War for talent resulting in slower employment equity target achievement
- Evolving employee expectations
- Increase in labour turnover
- Turbulent hyper-competitive labour market

## LOOKING AHEAD

- Develop action plans to improve from 'improver' status to 'achiever' status in the UN Women's Empowerment Principles by 2025
- Launch PVP
- Commence rollout of digital learning platform
- Embed our Leadership Way



# OUR PEOPLE

The Group has focused heavily on integrating our regional people strategies across South Africa, Australia, and sub-Saharan Africa. The pandemic has changed the relationship between people and their work, and as such, our aspiration for the PVP is realise our aspiration to become a retail employer of choice.

Our workforce comprises predominantly permanent employees, supplemented by third-party partners and service providers.

Our 38 000 employees are all directly employed in our operations – stores and distribution centres, including the central buying, product development, planning and business areas that support the effective running of the Group.

Aligned with international trends, we have experienced an increase in labour turnover (LTO) rate and, therefore, our increased focus is on actively managing retention as competition for key talent intensifies.

The absenteeism rate in the Woolworths store environment continues to show improvement. The Woolworths store employee absenteeism rate was 3.0%, an improvement from the 3.8% reported in June 2022. Our overall LTO rate is 17.6% marginally up from 17.2% in the period ended June 2022.

In the Country Road Group, we are experiencing signs of intensifying competition for key talent. Increasing opportunities

within the fashion sector, both within online and traditional fashion businesses, and active headhunting from our competitors have increased our LTO. Overall LTO is 21.0% and has increased compared to June 2022 (19.0%).

Where third parties provide services, these parties are bound by strict Service Level Agreements, Codes of Practice, and contracts. The service providers must abide by minimum standards as applicable in the relevant legislation. Inspections and reviews occur to ascertain adherence.

In Woolworths, our distribution centres use outsourced labour to assist with supply chain operations. We employ 3 500 outsourced employees (11% of Woolworths employees) in these facilities.



# OUR PEOPLE STRATEGY AND PEOPLE VALUE PROPOSITION (PVP)

*During the year, we undertook a holistic review of our people strategy, taking into account the needs of the Group, an external scan of global and local environments, and emerging people trends.*

Shifting employee expectations post the Covid-19 pandemic, the adoption of hybrid work models and a hyper-competitive labour market, have dramatically altered employee preferences and the levers to attract, motivate and retain employees.

The Group's strategic objective is to deliver a compelling and differentiated PVP that enables us to retain and engage our people and attract the right talent in the market. As such the Group's previous Employee Value Proposition (EVP) is undergoing a refresh, creating a bespoke Group 'Our People Way' framework. It clearly expresses our Group's commitment to our people – both current and future – in terms of a compelling and differentiated PVP.

It is an integrated approach supported by six key levers, each with promises and descriptions of what employees' lived experience should feel like while employed in the Group.

Our PVP provides an important frame of reference and anchor for the ongoing development and delivery of our PVP and people experience. It further offers the opportunity to align our leaders, people, and human resources team behind an inspirational, clear, future-focused, and ambitious aspiration to be the employer of choice in retail.

Having launched the new strategy, framework and PVP to the Group CEO and the human resources team, we will now embark on an engagement process to embed this strategy.

Attraction, development, retention, and upskilling of talent for future ways of working and the strategic demands of the Group are one of the Group's material risks. We are confident that the implementation of our reset approach to our people strategy and PVP will assist us in mitigating this risk and fulfilling our vision of becoming an employer of choice in retail.





## LEADERSHIP



The pandemic has redefined leadership in irrevocable ways. We have taken stock of our changing business conditions and vision for the future, and redefined the leadership behaviours and competencies that will set us up for success in a changing post-Covid-19 era.

One of our commitments in delivering a compelling PVP is to provide a consistent, best-in-class leadership experience for our people by developing and nurturing leadership that delivers results underpinned by our values. To this end, we have developed a Group-wide leadership capability framework, which outlines a set of behaviours that define what (for us) great leadership looks like, and what it feels like in the experience of our people – ‘Our Leadership Way’. The Exco and their teams have been exploring what this means for them and their role in embedding these behaviours in our business. This is deliberately a leader-led initiative, and this year we will focus on an immersive learning and leadership development initiative to ensure that our leaders build confidence and competence to embed the shifts in leadership behaviours required.

This framework includes five competency clusters across four levels of work – managing self, others, leaders, and business.

We have commenced work with our leadership teams to highlight the importance and meaning of the behaviours in how they come across as leaders. Internal subject matter experts have been nominated across the regions to participate in this project with the view of launching into the broader organisation early next year.

Our Leadership Way provides us with guiding principles for leadership behaviours, and will also be embedded across the employee life cycle to unlock value for our people.

## PERFORMANCE MANAGEMENT



Performance management is a component of the PVP. It is expressed as ‘Our Performance Way’.

OUR KEY OBJECTIVE AS WE EVOLVE OUR EXPECTATIONS OF OUR PEOPLE IS TO:

- Drive high performance that delivers results
- Focus on the customer, and balance quality and speed

To create a culture of ownership and accountability, we are shifting our approach to performance management and creating more deliberate linkages to our reward strategy. This aims to enable all employees and teams to take ownership to deliver impact, value and excellence, and enable our people to perform at their fullest potential.

Our objective is to drive and enable behaviour change, and create greater alignment between the Company and individual goals to achieve this. The introduction of ‘Our Leadership Way’ across all levels in the organisation will assist in clarifying expectations and highlight the behaviours required to embed a high performance culture. Further, linking these to an updated, easily understood reward strategy and approach will enhance the ongoing focus on delivering a culture of high-performance and delivery.

In the future, we will develop a combined approach to goal setting and development planning and simplify the early stages of the annual performance cycle. This will create more clarity early in the process for team members pursuing their career aspirations.

Across the group, having identified a clear vision and the shifts that need to be made to drive and enable high performance, we have continued to make improvements to our approach to performance management in the year.

Key focus areas, for which initiatives and actionable guidance were introduced to support and enable the change, include the following:

- Better quality, more considered goal-setting linked to strategy to create greater alignment between individual/team and business performance
- Calibration and alignment of team goals upfront in the goal-setting process
- Focus on more frequent, performance-focused, quality conversations between line manager and employees/peers, ensuring employees receive ongoing, timely feedback to encourage and support positive, output-focused delivery and productive employee-manager relationships
- Emphasis on empowering employees to take ownership for execution, with and through others, to deliver impact and value

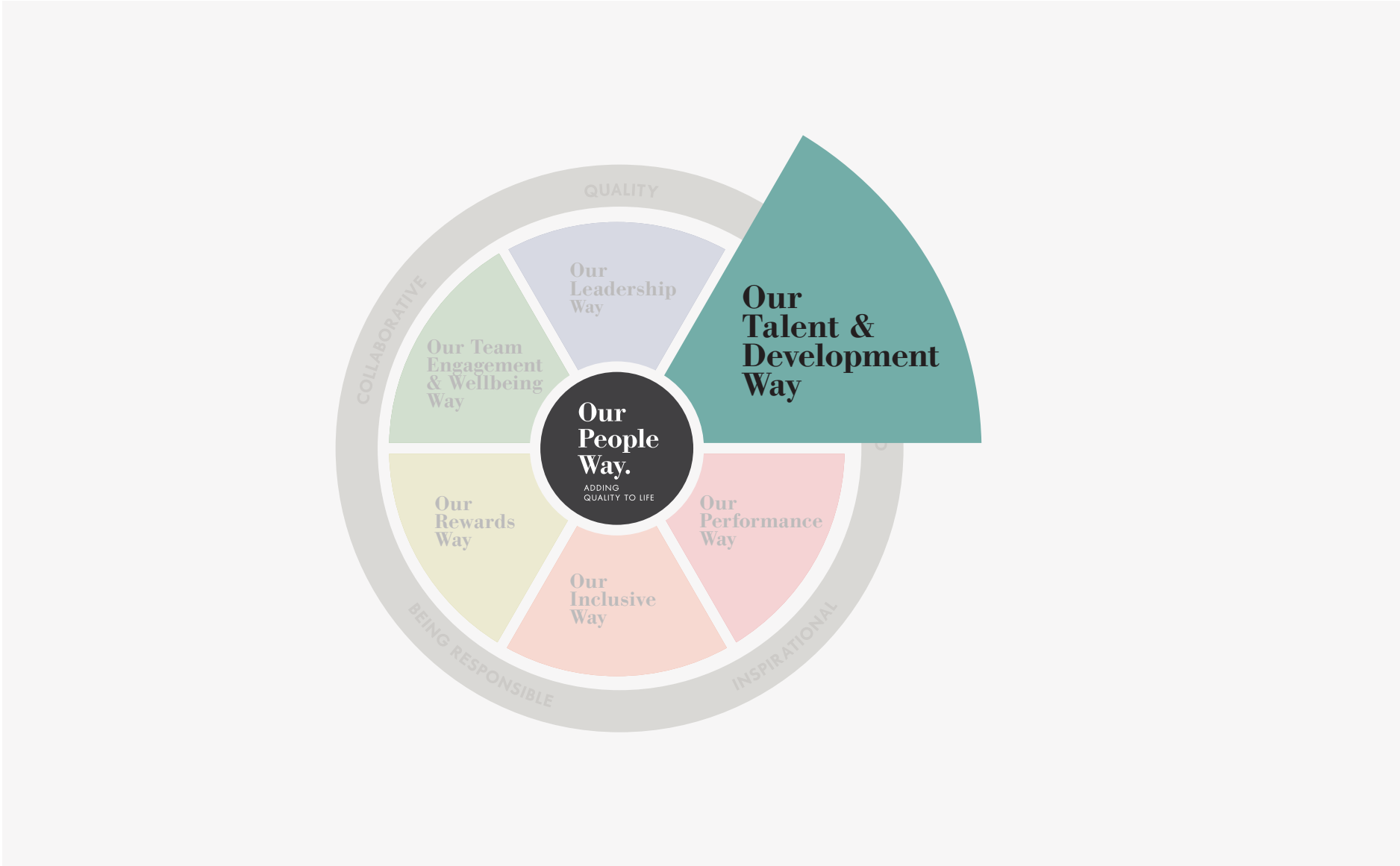
## COUNTRY ROAD GROUP

In the Country Road Group, we developed and conducted a pilot trial of incorporating 360-degree feedback into the end-of-year performance process. Our learnings from this process will see us develop a plan to include and embed this approach in the new year.

We also plan to integrate the approach to goal-setting and development planning, and simplify the early stages of the annual performance cycle. This will create more clarity early in the process for team members pursuing their career aspirations.



LEARNING AND DEVELOPMENT



Learning and development of our people is a critical component of our PVP. They are expressed as ‘Our Talent and Development Way’.

OUR KEY OBJECTIVE IS TO:

- Embrace the diverse strengths of our employees, focus on their development, and enable and empower them to do their best

We are evolving our expectations of our people supported by a refreshed approach to learning and development. We continue to design and deliver training and development programmes to foster the growth and development of our people and equip our employees with vital skills and experience. Skills and capability development is a key component of the individual performance plan of each employee. The Group offers a range of internal and external accredited training and tertiary studies, designed to help employees deliver on our business strategies and equip them with the skills required in the retail environment.

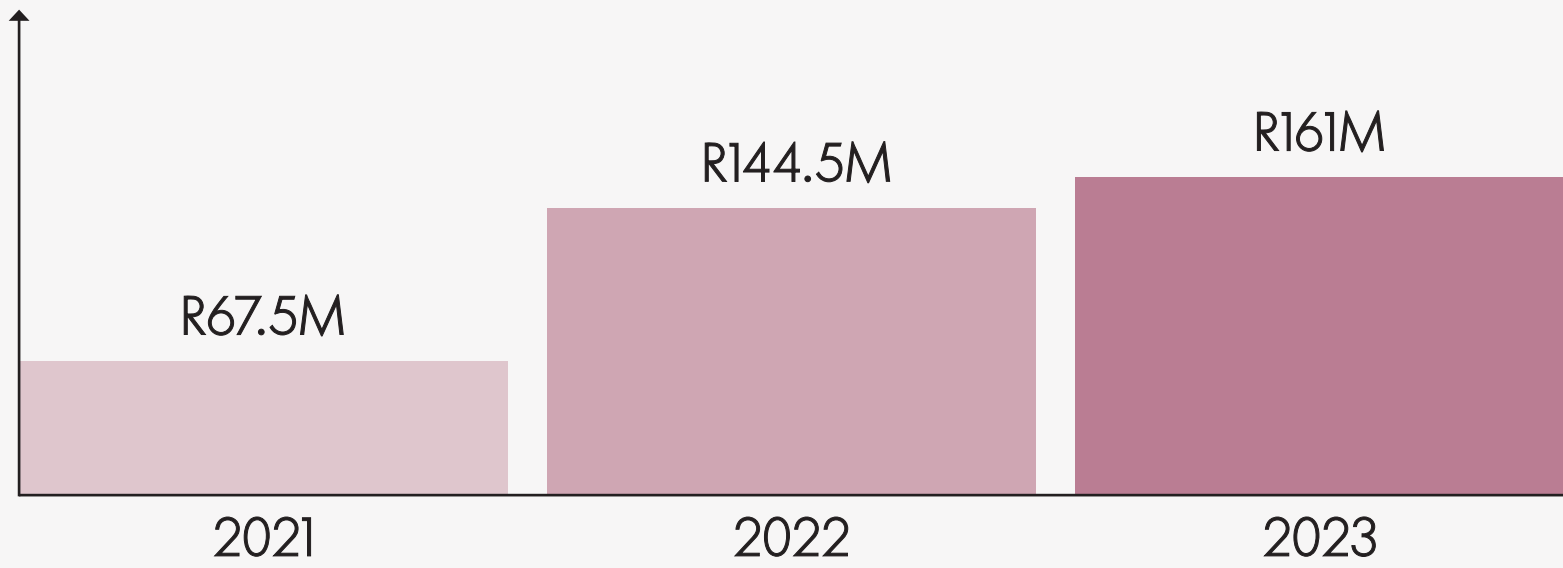
Specific external learning interventions are provided to senior leadership to expand their business and leadership capacity.

Numerous learning interventions (reskilling and upskilling) took place across the Group as a direct consequence of our people having experienced so much uncertainty due to the Covid-19 pandemic. We also adjusted our delivery channels, where practical, to accommodate more virtual interventions.

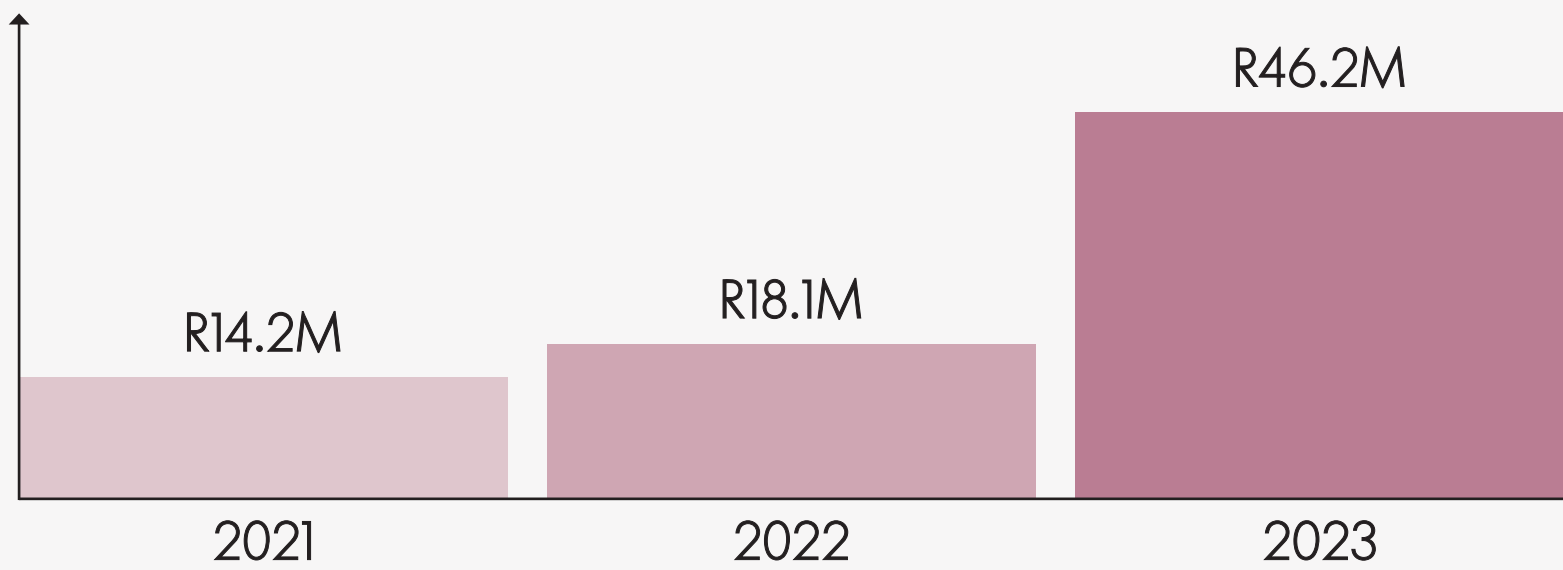
A central part of our PVP is improving leadership retention and using available talent data to inform, refine, and review our integrated talent experience. There has been an increased focus on establishing robust and integrated talent discussions across the Group.

Individual entity and business unit talent review forums are embedded as part of our cyclical process and take place with the Group CEO and People Director. These engagements as well as the combined WHL Group Exco talent forum remain critical to enable our leaders to execute on our agreed talent management strategies and actively manage talent and succession in the Group.

TRAINING SPEND WOOLWORTHS SOUTH AFRICA



TRAINING SPEND COUNTRY ROAD GROUP

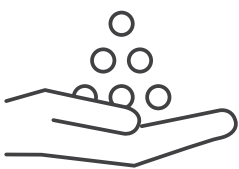


WOOLWORTHS SOUTH AFRICA

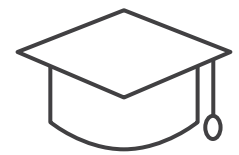
We remain committed to upskilling and reskilling our people to deliver our business strategy and encourage employees to grow their careers with us. New ways of working and the disruptive nature of the retail industry require us to be innovative and commercial in executing our learning and development strategies.

We are excited to launch our new digital learning platform shortly. This will enable us to deliver our vision of omnichannel learning experiences at the speed of business change. Our people will have access to learning in the flow of work.

PIPELINE DEVELOPMENT

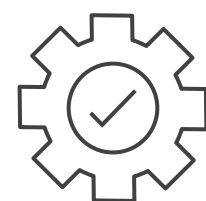


**Bursaries 2023:**  
**206** (2022: 226) employees received funding for tertiary education  
Funding for **77** (2022: 76) employee dependents to study for qualifications in the retail industry  
We offer our qualifying employees and their dependents bursaries to obtain matric and post-matric qualifications. Funding is prioritised to address retail related qualifications that are in line with our core and scarce skills plus future retail skills.



**Learnerships across the business:**  
**983** (2022: 2 339) employees were enrolled on learnerships  
**230** (2022: 580) unemployed youths were enrolled on learnerships targeting people with disabilities  
We deliver a number of learnerships across the levels of work. To us, our learnership programmes not only offer our people the much-needed development to bridge the skills gap while obtaining a qualification, but also help us build a pool of ready-now people that we promote from.  
In the past year we offered a record number of learnerships to our people and also offered unemployed youth with disabilities the opportunity to participate in these pipeline development programmes.





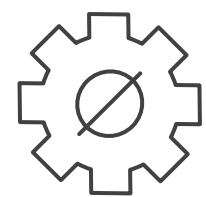
First Time Manager Series

The First Time Manager Series (FTMS) supports our philosophy of growing our own and developing future leaders from within. Since FTMS was launched, it has been positively received. We are excited to see a 56% increase in the uptake of this innovative programme.



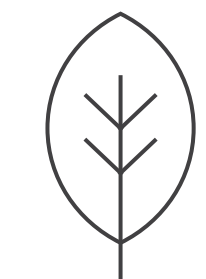
Graduate Development Programme:

- 41 participants commenced 2023 programme
- 46 participants graduated from 2022 programme



Retail Management Development Programme (WRSETA)

A number of our top talent managers have been registered for the Retail Management Development Programme (RMDP). The programme aims to address skills gaps within the middle management component of the Wholesale and Retail sector by equipping middle managers, supervisors, and team leaders with relevant skills to become effective managers. The RMDP focuses on developing middle managers, supervisors, and team leaders drawn from historically disadvantaged groups in line with the Employment Equity Act.



Living Soils

In partnership with Spier and the Sustainability Institute we are hosting interns at the Living Soils Learning Farm. The interns will also augment their farming studies and immerse themselves in the world of retail. This unique opportunity will see the interns spending time at our flagship store, where they will delve into the intricacies of the food supply chain and customer service. We pair each intern with a dedicated mentor from the Woolworths team, who guides them through the various aspects of a successful retail operation. This comprehensive experience covers customer service, understanding food chain disciplines, and the importance of stock availability.



SAICA TOPP Programme

We offer Training Outside of Public Practice (TOPP), the financial management training route that offers prospective chartered accountants (CA(SA)s) an alternative to the conventional auditing route to qualifying as a CA(SA). Aspirant CA(SA)s are equipped with multidisciplinary skills that are crucial in today’s competitive economy. All the candidates recruited on the programme (83% Black African) have successfully qualified as CAs and have remained in the business. Plans are underway to recruit the next cohort of trainees to form part of our talent pipeline.

DIGITAL LEARNING FOCUS

In a fast-changing world that is increasingly more digitally focused, it is imperative that we upskill our people more efficiently and effectively to achieve our strategic direction. We need to shift the culture of learning and implement an appropriate digital learning solution. This will help us to deliver high-impact learning at the speed of business change while appreciating that our current employees needs to be re-, up-, multi- and out-skilled as the face of the business changes. Where practical, we have adjusted our delivery channels for learning. Internal communication platforms such as Sharepoint and our MyWoolies App facilitate and deliver more access to learning material and workshops. In some instances, we also deploy WhatsApp as a communication tool. We are excited to launch our new digital learning platform soon. This will enable us to deliver our vision of omnichannel learning experiences and provide just-in-time access to learning in the flow of work/life at the pace of business change in a cost-effective way.



COUNTRY ROAD GROUP

Learning and development was highlighted as one of the bottom three scores in our last Pulse survey, and we currently face a funding challenge to meet employee development needs. We completed a learning diagnostic, which outlines key capabilities and focus areas to grow team member capability to deliver on our strategic objectives. Arising from the diagnostic, we developed and ran a pilot of two leadership programmes. We also reintroduced values-based learning after the Covid-19-induced hiatus. We have started upgrading our Learning Management System to enable us to gain a more accurate and holistic view of training across our team members.

INTERNAL APPOINTMENTS

	2023	2022	2021
WOOLWORTHS SOUTH AFRICA	84%	87%	88%
COUNTRY ROAD GROUP	81%	64%	60%



REMUNERATION



Our PVP informs the Remuneration Policy. Remuneration is a key element in the PVP and is expressed as ‘Our Rewards Way’.

OUR KEY OBJECTIVE IS TO:

- Offer competitive, performance-based rewards based on fair and responsible pay principles and flexible benefits

Through this commitment, the Group has designed a remuneration framework of guaranteed pay (GP) – the annual adjustment to base salary and benefits – and variable pay made up of short- and longer-term performance-based incentive schemes (STI and LTI).

We designed the remuneration policies to promote and reward the right values-based behaviours that drive a high performance culture and achieve alignment between performance and reward. These policies are designed to recognise and reward individual responsibility, performance, and behaviour in achieving business goals. These policies apply to all Group employees, and participation in short- and long-term incentive schemes depends on an individual’s role and and work level within the Group.

The policy focuses on achieving a fair and deliberate balance between GP, STIs, LTIs, and retention schemes for these employees.

VARIABLE REMUNERATION

During the year, Woolworths updated elements of the stores’ employees variable pay scheme. To support a sales and service culture, we increased the weighting of these measures. We changed the store manager gain-share scheme, including closer alignment to our Corporate STI scheme. Simple and targeted communications will help employees understand the schemes as well as what they can do to maximise their rewards.

Based on external feedback, current remuneration practices, and input from scheme participants, we updated the management short- and long-term incentive schemes. In the future, we will separate our LTI performance measures into specific measures for Country Road Group and Woolworths to create more line-of-sight for participants. We have introduced a Forfeiture Share Plan (FSP) for Woolworths, and will retain the Performance Share Plan (PSP) for CRG.

CASE STUDY

WOOLWORTHS SOUTH AFRICA’S ‘JUST WAGE’

As part of a broader conversation around minimum wage, living wage and the South African gini coefficient (which assesses income distribution), in 2019 we committed to introducing an equitable, ethically based wage anchored in the construct of a living wage in the context of the Group’s values, the socio-economic environment of South Africa, and the economic inclusion of the majority of employees employed in our retail operations. This is our ‘Just Wage’ initiative aimed at improving the lives of our 20 000 store employees. This initiative was a deliberate shift from only paying the minimum legislative wage requirements to paying more of a living wage.

Consequently, we embarked on a journey to ensure that we do not only exceed the minimum hourly rate set for the Retail sector but set ourselves an aspiration of a ‘just wage’. The current minimum wage is R33.10 per hour for the Retail sector, and the Woolworths South Africa ‘just wage’ now stands at R40.00 per hour. A further 9.5% increase will become effective on 1 October 2023 – a cumulative increase of 35.2% of wage levels in 2020.

Post the achievement of the targeted hourly rate, we will continue to implement additional initiatives to maintain the positive momentum generated with our ‘just wage’.

Pleasingly, the ‘just wage’ increases have far exceeded those of executive directors and management. In 2021, to prevent a loss of shareholder value, executive directors and management salaries were maintained at 2020 levels. Employees received a 9.4% in line with our ‘just wage’ commitment.

CASE STUDY

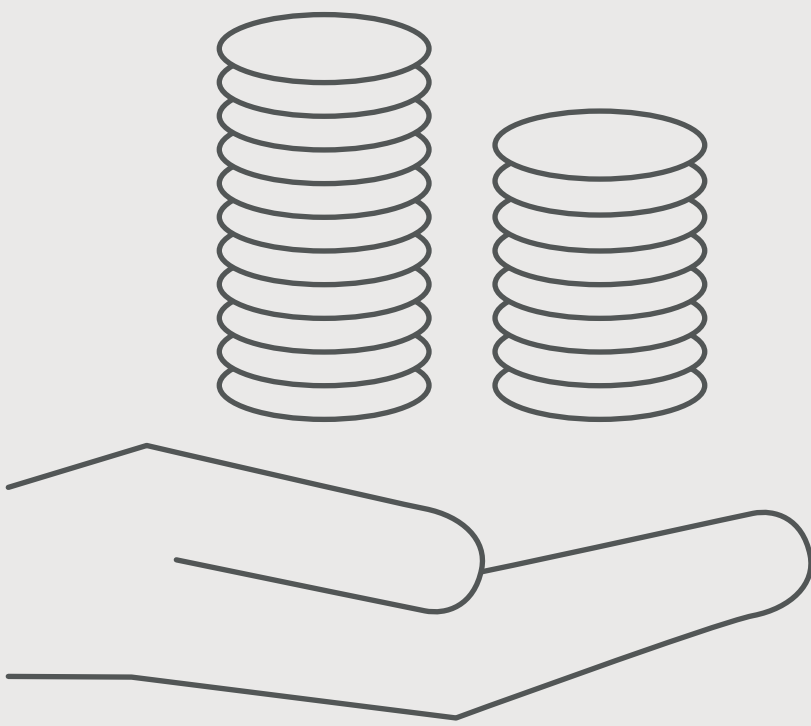
COUNTRY ROAD GROUP’S FAIR AND RESPONSIBLE PAY

Fair and responsible pay is a key component of Country Road Group’s strategy. The remuneration component aims to ensure that our overall employment offer is more market competitive and delivers a compelling proposition for our team members.

As we set out to achieve our strategic blueprint, we developed a multi-year plan to attain targeted positioning of fixed remuneration for employees and critical roles in CRG. These roles are talent and succession to our executive leadership team (ELT), and are critical to achieving our strategic blueprint.

In phase one of our three-year strategy A\$8.2 million was invested in our employees. Further investments will be allocated in following phases.

This has received postive response by our employees.





DIVERSITY, EQUITY AND INCLUSION



As a Group, we are committed to an inclusive culture where everybody belongs.

Our Inclusive Justice Initiative (IJI), launched in 2021, is an integral part of our Good Business journey, underpinned by the ethos of inspiring, inclusive growth for all our people and at the heart of our commitment.

IJI sets out to acknowledge that certain groups in our society are marginalised and as a business we have committed to shape an inclusive society where everyone feels they belong – particularly at work – where they are accepted, protected, safe and respected.

Inherent in our Inclusive Justice intent is how we are deliberate about creating access so we can achieve diversity and leave no one behind.

We believe that it is our collective responsibility as individuals and as an organisation, to actively engage with issues of inequality, discrimination and marginalisation, work towards positive change and make a broader contribution to the world around us.

We therefore take our responsibility to build diverse, inclusive and safe environments for all our people, seriously.

Considering the nuances of our diverse geographic, demographic and legislative landscapes, the execution of our IJI strategies and priority focus areas will differ in respect of distinct contextual settings.

In Australia, there is a growing need for the recognition and inclusion of Aboriginal and Torres Strait Islander communities – the indigenous people of Australia – in all aspects of their population. Country Road Group has responded by developing a Diversity, Equality and Inclusive (DEI) strategy as an enabler to shift our culture to be more diverse and inclusive.

COUNTRY ROAD GROUP

A culture diagnostic of Country Road Group was conducted in the year. The outcomes informed our DEI strategy. Arising from the diagnostic, the leadership structure endorsed several critical action plans for future development.

We will implement the strategy using a layered approach over time to ensure a sustainable culture shift and develop the maturity level of our DEI.

Initially, we established a joint allyship between David Jones and us to support three pillars of diversity – accessibility and inclusive experience, identity, and First Peoples. Following the Group’s divesting of David Jones, we have moved our attention from broad allyship to focused Employee Resource Groups (ERGs). Engaging directly with our team members will provide richer feedback and understanding.

An external consultant conducted an Inclusive Policy Review on several of our key policies, and we are rolling out the changes from that review.

We designed inclusive leadership training with our DEI in mind. We trained more than 80 leaders at our CRG quarterly senior leadership forum. The training and reviewing of our policies are critical foundations in the emerging stages of our DEI maturity.

As we move to next year, an ERG including First Nations and indigenous Australians will give us valuable feedback for the next stages of our DEI strategy.

Our first targeted ERG for the LGBTQIA+ community and allies will commence later this year, enabling a more focused agenda and deliverables for this community and the business.



INCLUSIVE JUSTICE INITIATIVE (IJI): LEAVE NO ONE BEHIND

Our IJI is a key element of our PVP. It is expressed as ‘Our Inclusive Way’.

OUR KEY OBJECTIVE IS TO:

- Create and enable an inclusive culture where everybody belongs

To advance our IJI commitment we have proactively chosen to address several critical social justice concerns affecting our people, encompassing themes of racism, women’s empowerment, gender equity, gender-based violence, diversity, and inclusion, as well as equitable and fair and responsible pay.

Our overarching goal is to foster a society where each person can freely embrace their uniqueness, experience acceptance, respect, and belonging.

As part of our unwavering commitment to inclusive justice, we have initiated targeted efforts within the People component of our IJI.

This includes measures to combat gender-based violence and promote fairness and inclusivity in our workplaces.

To ensure the effectiveness of these initiatives, we are appointing an executive responsible for Diversity, Equity, and Inclusion (DEI) who will champion our DEI strategy for people, a pivotal element of our broader IJI strategy.

The table below offers a visual representation of how our people-focused initiatives align with the overarching directional themes of our IJI. Our primary directional theme, ‘Non-discrimination and equal opportunity’, sets the fundamental tone for our Inclusive Justice agenda. Additionally, our commitment to women’s empowerment and gender equality stands as our universal lead advocacy issue across the Group.

IJI DIRECTIONAL THEMES

OVERARCHING THEME: NON-DISCRIMINATION AND EQUAL OPPORTUNITY				
SUPPORTING THEMES	Economic Inclusion	Women’s Empowerment and Gender Equality	Empowerment	Leadership and Culture
PEOPLE INITIATIVES	Just Wage	Employment equity targets	Training and development	Values
	Gain-share scheme	Gender-neutral working wardrobe	Bursaries for employees and dependants	Leadership Way training
	Redeployment of employees from closed stores	Marginalised communities awareness and sensitisation	Learnerships	Refresh of policies to be more inclusive
STRATEGIES, GUIDING PRINCIPLES, COMPLIANCE, INTERNAL AND EXTERNAL COMMUNICATIONS				
Employee Assistance Programme				
Employee resource groups				



CASE STUDY

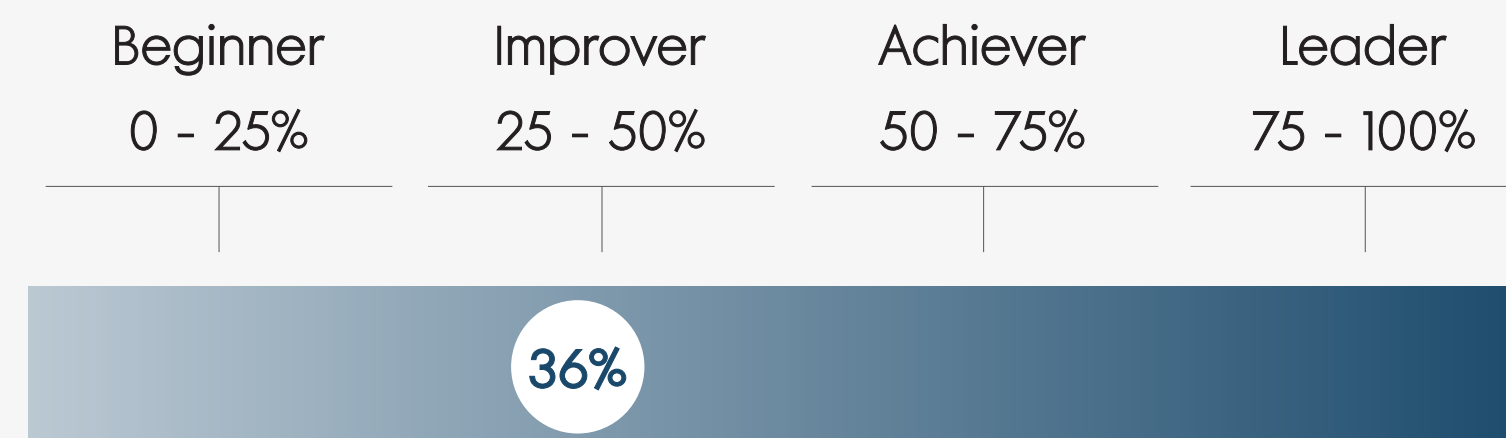
UNITED NATIONS WOMEN’S EMPOWERMENT PRINCIPLES (WEPs)

Aligned to Women Empowerment as our lead corporate advocacy issue, in 2022 the Group became the first major South African retailer to be a signatory to the United Nations Women’s Empowerment Principles (WEPs). Developed by UN Women and the United Nations Global compact, the WEP principles are a set of seven guidelines to provide businesses with practical insights on how to uplift women in the workplace, our value chain and communities, as well as drive women’s empowerment and gender equality.

During the year, we voluntarily took the UN Women Gender Gap analysis to do a baseline assessment of our policies, strategies and practices in the Group. This has enabled us to assess the gaps and opportunities for improvement in this regard. This analysis encompassed the operations in Country Road Group and Woolworths South Africa, inclusive of our operations in other African countries. The assessment tool examines our contribution in four aspects – leadership and strategy, workplace, marketplace, and community – as depicted in the diagram below.



ASSESSMENT OF THE PERFORMANCE AREAS, WITH A STRONG FOCUS ON IMPLEMENTATION, WAS BASED ON:



The Group’s overall assessment achieved ‘Improver’ status. The gap assessment results highlighted areas where we are tracking strongly as well as areas of opportunities.

We have set a target to be at ‘Achiever’ status by the end of the 2025 financial year, and ultimately obtain the highest status of ‘Leader’.



*In the next financial year, the aim is to develop a non-discrimination policy and improve our gender-based disclosures. We will also develop metrics to identify the number of women-owned businesses in the Group’s supply chain.*

WOMEN’S EMPOWERMENT AND GENDER EQUALITY

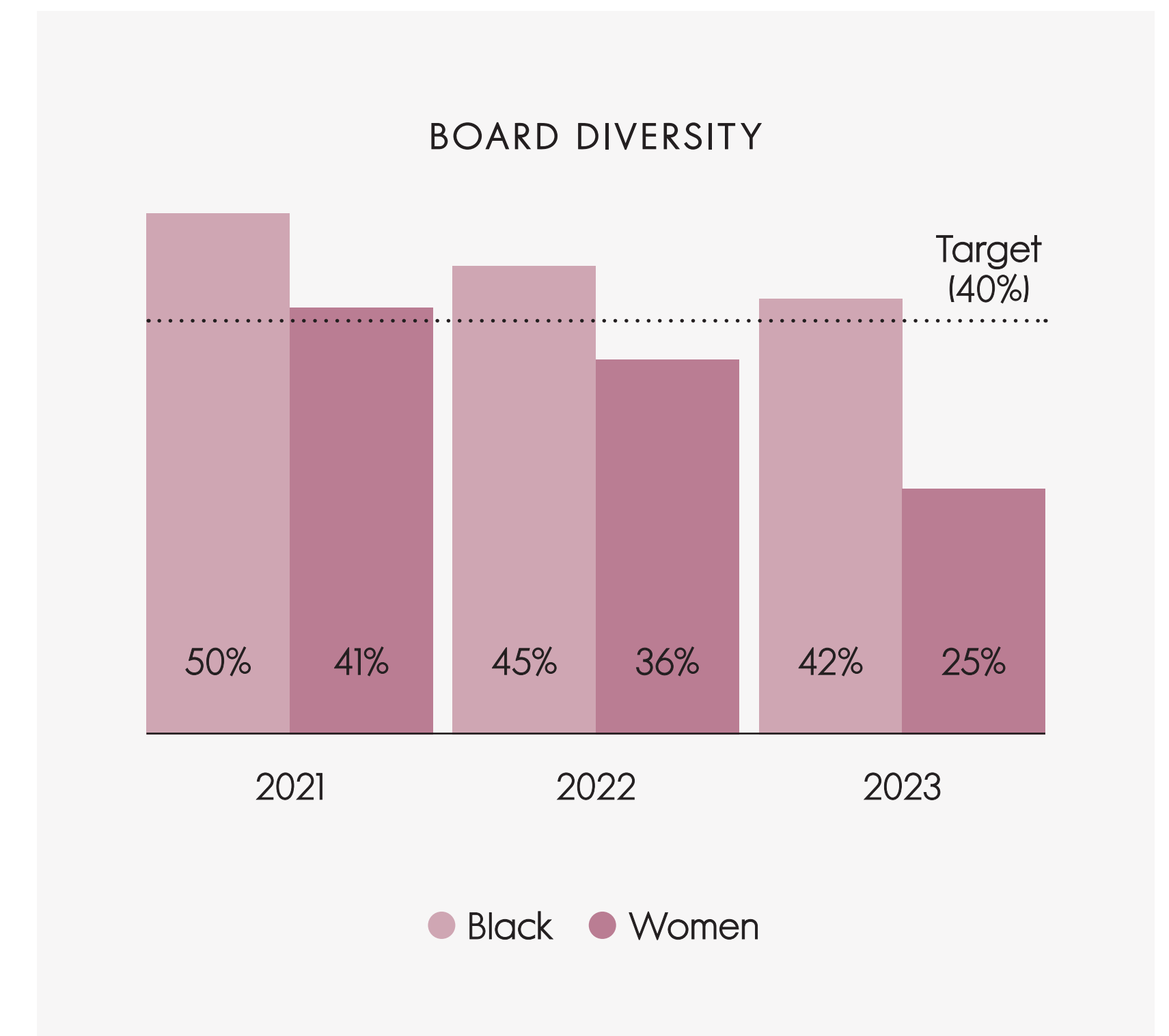
As our lead corporate advocacy issue, our approach to promoting women’s empowerment begins with strong leadership that advocates gender equality at all levels, transcending corporate boundaries, while treating every individual with fairness and respect, regardless of their gender.

Our focus is on prioritising the wellbeing and safety of all our employees, both women and men, ensuring they can thrive in a supportive environment.

REPRESENTATION

The Board Diversity Policy guides the Nominations Committee and the Board in setting targets in terms of race and gender, skills, retail experience, country-specific business knowledge, and expertise. Our target is 40% for Black directors and 40% for female directors. The decline against our targets for the year is strongly influenced by the three-year Board rotation and the nine-year tenure rules, compounded by a scarcity of highly qualified non-executive directors.

Our progress in achieving these targets is illustrated below:





WOOLWORTHS SOUTH AFRICA – EMPLOYMENT EQUITY

In the context of our Inclusive Justice Initiative and South African statutory legislation requiring companies to set employment equity targets to promote access, diversity, and equality in the workplace, we have submitted and published nine EE plans to date.

Our EE plan reflects our strategy to transform our employee base as we continue to work towards alignment between the national economically active population and the representation of our workforce within Woolworths.

THE PLAN CONSIDERS THE FOLLOWING OBJECTIVES:

- Building an enabling, values-based culture that creates access, promotes inclusion, embraces diversity, therefore fostering a sense of belonging
- The continued implementation of our Leadership Development programme through Our Leadership Way to ensure that we continuously build the leadership skills and create the mind-set shift and culture that supports Woolworths transforming into a more representative and diverse workforce
- Continuously upskilling and retaining key talent, particularly our talent from designated groups within the context of the fierce war for talent in the retail landscape
- Continue our focus on building our internal talent pipelines for people to grow within our business, in line with our strategy of growing and developing from within
- Focus on the identified barriers and the plans to address these which have been integrated with business organisational development strategies and practices for sustainable impact
- Monitor and evaluate progress against the plan to ensure we deliver to our commitments

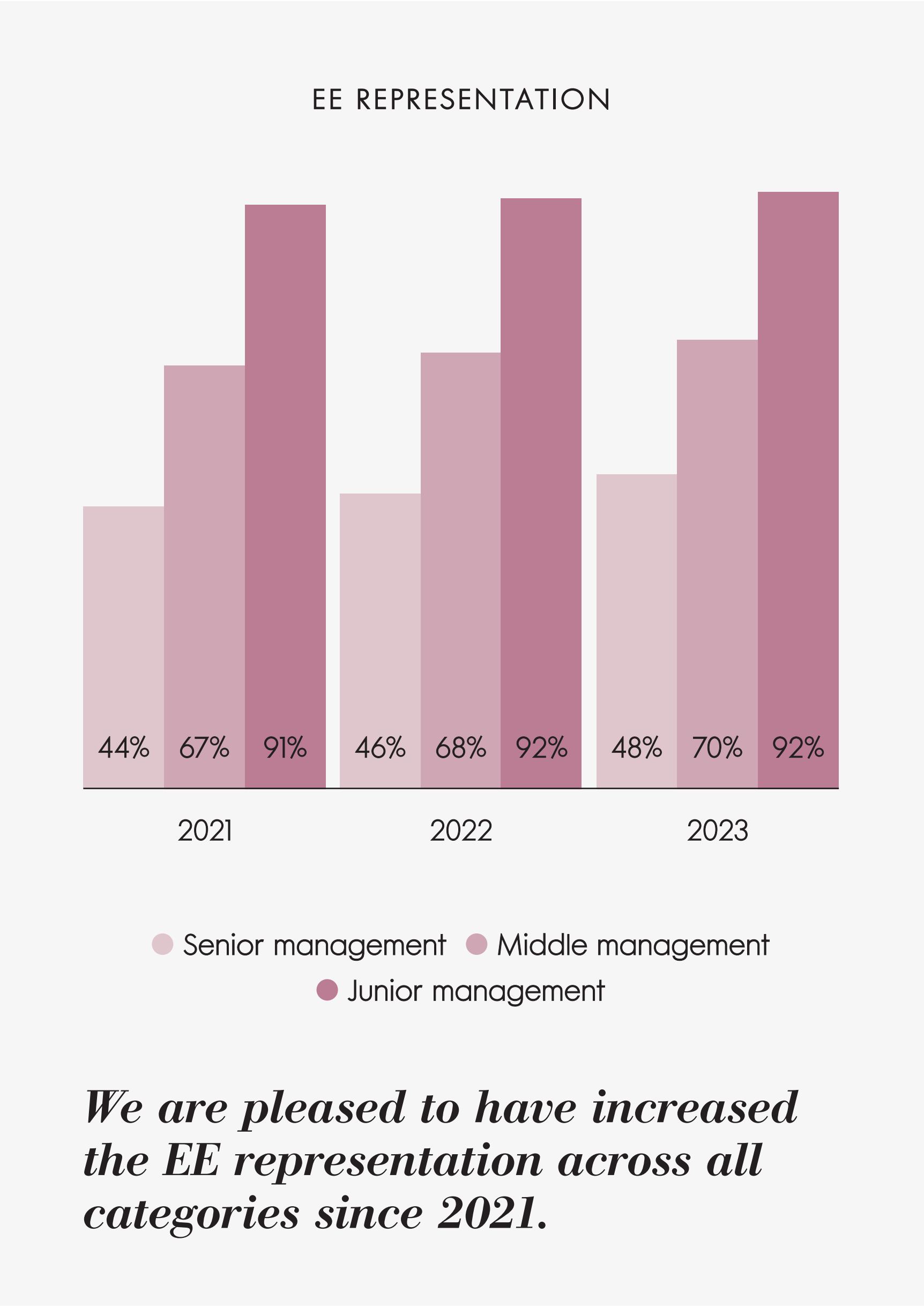
To support our EE plan, we have a national EE Committee, Business Unit Diversity Committees in head office and Diversity Committees in stores and distribution centres.

Committees are representative across race, gender, and different job levels at Woolworths. The committees are enabling structures and play an important role supporting the organisation to promote fairness and diversity within the workforce and monitoring and advocating for the implementation of employment equity policies and practice. They also contribute to fostering an inclusive and equitable work environment ultimately benefiting both employees and the organisation as a whole.

To further support the delivery of our commitments, we have embedded the delivery of our EE Plans in our goals and our rewards.

*Our Board Social and Ethics Committee oversees our EE plans and the progress made against them.*

Currently, EE employees represent 96% (2022: 96%) of total Woolworths permanent employees, of which 68% (2022: 66.4%) are in middle- to top-management positions. Women represent 65% (2022: 64.6%) of EE permanent employees.



DISCRIMINATION

In the regions where we operate, codes of ethics and conduct guide the business on what is expected to prevent discrimination in the workplace. This also extends to our suppliers through the Woolworths Supplier Code of Business Principles and Country Road Group’s Code of Labour Practice.

WOOLWORTHS SOUTH AFRICA

While the plan focuses on an organisational level, we have various policies to eradicate discrimination at an individual level.

*Our people can access online learning material to gain insight into and learn about discrimination, diversity and inclusion topics.*

In addition, we are developing measures to provide an alternative reporting mechanism for employees to report discrimination and harassment. These external independent reporting opportunities will supplement our current internal processes.

The drafting of a Non-discrimination and Equal Opportunity Policy will support the inclusion and advancement of marginalised groups.

COUNTRY ROAD GROUP

In the year, Country Road Group Excos completed a bullying and harassment training session with the assistance of an external legal firm. This was an opportunity to reinforce our obligations regarding bullying and harassment.

Over the coming months, we will roll out the training through online learning to our support centre and retail teams.



CASE STUDY

WOOLWORTHS SHIFT THE NEEDLE

*“I want to change the perception regarding gender-based violence (GBV) and break the norms... I want to create a more equal workplace for everyone”*

– A SHIFT THE NEEDLE CHAMPION

Aligned with IJl’s theme of women’s empowerment and gender equality, we launched a pilot ‘Shift the Needle’ peer mentorship programme in one of our distribution centres. We developed the pilot in partnership and with guidance from several external partners. The programme for line managers and general employees focuses on gender equality and gender-based violence and femicide (GBVF) awareness in the context of our commitment to providing a safe working environment free from unfair discrimination and harassment, and ending the silence on GBVF.

Unlike our stores, the distribution centres are primarily male-dominated. This initiative has provided the development and testing of a structured programme to leverage workplace opportunities to challenge gender norms.

We upskilled 12 ‘Shift the Needle’ champions (at various levels in the teams) to facilitate the peer mentorship programme. These champions are volunteers among our employees at the site who are committed to ending the silence and speaking out against GBVF. They received extensive peer mentorship training from our service providers to ensure they can support our employees who face challenges with GBVF by:

- Influencing and making a difference in someone else’s life
- Having the courage to speak confidently to address prejudices associated with GBVF
- Building confidence and a better understanding of GBVF on the site

Learnings and feedback from the pilot will inform the development of a ‘blueprint’ to build a long-lasting and scalable solution the business.

DISTRIBUTION CENTRE GENDER MIX:

58%  
Male

42%  
Female

CASE STUDY

WOOLWORTHS PRIDE INITIATIVE

Through our group-wide Inclusive Justice Initiative, we are committed to contributing to a more inclusive society by embracing diversity, promoting meaningful inclusivity, and fostering a sense of belonging for everyone within our sphere of influence as a business. As part of this commitment, we embarked on a Pride initiative in our organisation and our stores during International Pride Month in June this year, aimed at recognising that LGBTQIA+ are a marginalised group and as individuals often face discrimination and violence.

While the initial response to the campaign was predominantly positive, there were also some individuals and groups in our communities who disagreed with the campaign. While many expressed their appreciation for our stance and even applauded it, regrettably, the opposing viewpoints which stem from our diverse perspectives became louder as misinformation circulated and social media amplified divisiveness on the issue.

Recognising the inherently contentious nature of LGBTQIA+ rights discussions and the diversity of beliefs across our country, we acknowledge that we could have taken more proactive steps to anticipate the sensitivities surrounding specific aspects of our initiative and place greater emphasis on our overarching commitment to diversity and inclusivity, providing a broader context for where Pride fits into our mission.

Our commitment to contribute to a more inclusive society remains. While the Pride initiative served as a catalyst for important conversations, it is just one facet of our broader mission. As we move forward, we are resolute in our dedication to engage, learn, and strive for more tolerance and respect for all people. To this end, we have initiated a partnership with the Desmond & Leah Tutu Legacy Foundation to host a public discourse on marginalisation, so that we can hear and listen and foster social cohesion.





PEOPLE WITH DISABILITIES (PWD)

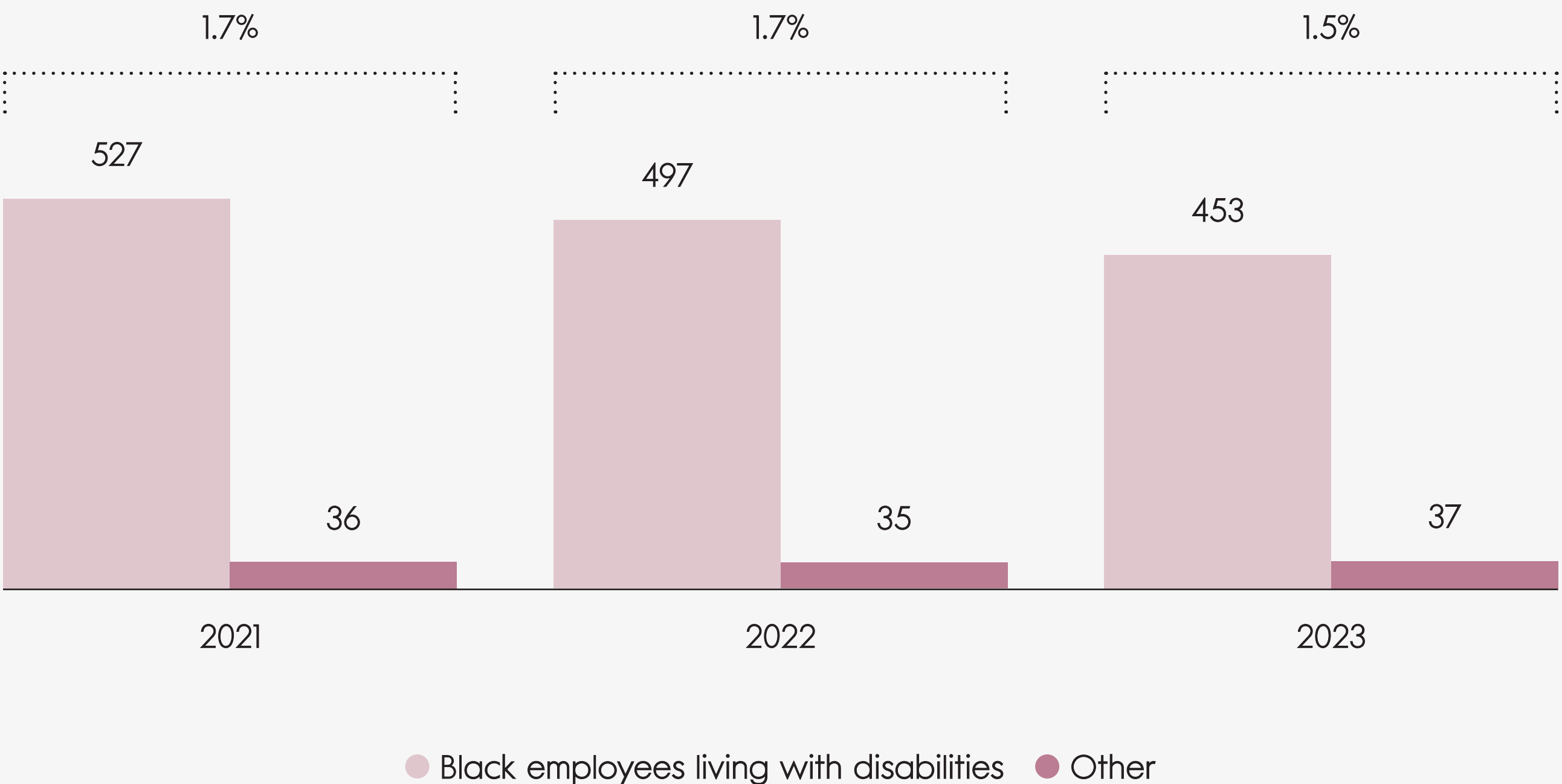
To authentically embrace our commitment to Inclusive Justice, we continuously grow our understanding of the experiences, challenges, and triumphs of colleagues with disabilities. Sadly, this community continues to experience disability-related biases and marginalisation at work and in society.

Aligned with our efforts to create a more inclusive environment, we developed an internal awareness campaign. It was launched on 3 November 2022 to align with National Disability Rights Awareness Month in South Africa, and culminated a month later on 3 December 2022 – the International Day of Persons with Disabilities.

This campaign was our first notable initiative for the PWD community. It provided an opportunity to honour and acknowledge our colleagues living with disabilities across our value chain with visible or invisible disabilities, all of whom have unique experiences in the workplace. The campaign highlighted and educated employees about the challenges their disabled colleagues may experience at work. We provided educational content to sensitise and equip our employees with knowledge about the challenges that exist for our colleagues with disabilities. We also hosted a panel discussion comprising some of our colleagues with disabilities and an external guest, inviting them to share their stories to provide heightened awareness and learning. We aim to provide employees with disabilities with a fulfilling employment experience and career.

We will continue to focus and act on critical employment-related issues and challenges unique to PWD. As we advance, we will create a safe space for robust and transparent engagements with our PWD to assist us in identifying areas that need attention and support.

In addition, transformation legislation in South Africa requires 2% of a company’s workforce to be Black PWD. We currently employ 490 (2022: 532) employees living with disabilities, of whom 92% (2022: 93%) are from previously disadvantaged communities.



PEOPLE POLICIES

*At Woolworths, several people policies have been reviewed and updated to be more inclusive regarding gender, social identity, race, religious beliefs, and culture.*

Previous policies were more formal, did not necessarily consider current trends, and used legal language, making them difficult to understand and less accessible. They also did not address and support the IJL theme of gender equality. This led to potential bias and a lack of understanding of the impact of not implementing them.

Our updated policies use simple and plain language, and limit the use of legal jargon and terminology, making them more accessible and easier to follow.

CASE STUDY

WOOLWORTHS’ WORKING WARDROBE POLICY

Previously, employee uniforms for our stores and distribution centres were gender-specific, very prescriptive, used outdated terminology and language, and did not fully consider the need to be inclusive.

We held meetings with our employees to get feedback on the previous uniforms. A pilot of the new uniforms in one of the stores provided input to understand how the items would perform, as well as their durability and usability. We have renamed the policy to our Working Wardrobe Policy. It is more inclusive, and has been co-created with the employees working in stores and distribution centres.

The policy is now gender-neutral, and considers specific religious beliefs and cultural needs. Employees can choose items and fit regardless of gender identity or expression. There are specific items that ensure that the health and safety requirements that protect employees working in certain business operations and customers shopping with us are met.

Outsourced areas operating in our stores have garments that apply the new policy and present a consistent brand image.



PARENTAL LEAVE POLICY

Parental leave, as compared to maternity leave, considers that caregivers should be allowed to take off work to care for a new baby. It also includes adopted children and babies born from surrogacy. Parental leave policies vary by country and company.

WOOLWORTHS SOUTH AFRICA

The IJI theme of gender equality led us to reconsider our Maternity Leave Policy. It previously only considered women to be entitled to maternity leave to care for their newborn baby.

Consequently, we have introduced a Parental Policy that replaced the Maternity Leave Policy. It now supports either parent, despite their gender identification, to be entitled to take parental leave to care for their newborn baby.

Recent legislation in South Africa now includes an adopted child (agreed by a court order) under the age of three and a baby born from a surrogacy arrangement. We have incorporated this into our Parental Policy. The policy allows our employees to take between four to six months parental leave. 452 employees made use of this policy in 2023.

COUNTRY ROAD GROUP

As part of our 2022 employment engagement survey results, team members raised the point that there should be a greater focus on positioning the business competitively in the market, particularly regarding our Parental Leave Policy. Industry best practice showed us that the average Paid Parental Leave (PPL) was 16 to 18 weeks, and we provided our team members with only six weeks.

Upon review of a sample of 21 prominent Australian companies (retail and non-retail) and a more general view of market practice data, we understood their PPL practices and what they offer their team members.

Based on that analysis, we adjusted our PPL. Last year the PPL was doubled from six weeks to 12 weeks; this year, we have increased this to 18 weeks. This sees us becoming a leader in the retail industry.

Next year, we will engage with return-to-work parents about their transition back into the workforce to find out what other levers we can employ to support greater flexibility.

EMPLOYEE ENGAGEMENT

The Group uses a number of different strategies and initiatives to engage employees and get regular feedback to inform our understanding of how our people experience working for us, how we measure against their expectations, and where we can improve.

These initiatives take the form of biannual enterprise-wide surveys, regular, institutionalised communication and engagement mechanisms in our stores and distribution centres, as well as focused listening strategies. Employees’ comments and feedback provide valuable insight into how the organisation can respond to trends and issues and improve on our PVP.

We engage with our employees through regular communication mediums sent Company-wide. We also host Exco Chats, where our employees can engage with an Exco member over breakfast. It is our way of keeping the communication lines open and transparent. Employees can ask questions and receive a response in real time.

In Australia, the CEO hosts regular Town Hall sessions, which are an important and regular touchpoint with our people. For stores, there are regular roadshows in place to ensure we regularly connect with our store employees.

FORMAL EMPLOYEE ENGAGEMENT SURVEYS



We conducted organisation-wide surveys in Australia and South Africa to understand how employees are experiencing working for the Company, and to allow employees to reflect on their experiences over the last year.

These surveys measure employees’ opinions, experiences, and input on various organisational effectiveness indicators, including views on employee engagement, leadership, our corporate culture, and how employees generally rate and experience the Group as an employer.

WOOLWORTHS SOUTH AFRICA EMPLOYEE SURVEY

Every alternate year, we conduct an organisation-wide employee engagement survey that is open to permanent employees. This year, we had the highest participation rate – an overall total response rate of 90%, up from 84% in 2021. We use a specialist employee and customer research business to conduct the survey. Their research shows that participation rates of similar-sized companies average at 84%.

This year, we included a new set of questions on wellbeing, given our increasing focus on this element of our PVP as a core enabler of employee engagement and organisational performance. The results of these questions highlight that 74% of employees acknowledge they have access to services we provide to assist them in managing their wellbeing. There is also an indication that stress, burn-out, and anxiety may be prevalent in some areas. We will follow up on this to understand and implement additional action plans.

Our employee engagement strategy will be reviewed this year to incorporate more frequent pulse surveys and a more focused listening strategy.

COUNTRY ROAD GROUP

Our existing continuous listening strategy remains. It is about going beyond just the engagement surveys and moving towards other opportunities to engage in listening to our people.

OUR FOCUS IS ON:

- Full engagement and pulse surveys
- Formalised listening moments (on- and off-boarding)
- Leader non-negotiables of regular one-on-ones

Our annual Shape our Culture Engagement survey took place in May 2023. Pleasingly, employee participation increased to 74% from 58% last year. We will look to build on this, and on the results from the asked questions.



# COMPLIANCE WITH LABOUR STANDARDS

*We investigate any compliance matters thoroughly and resolve them with the labour departments in the countries where we operate. We currently have no outstanding cases against the Group.*

## CHILD AND FORCED LABOUR

Legislation provides for rules regarding child employment, including the minimum age, maximum hours of work per week, and when a school-aged child may work. We do not employ anyone below 18 years of age permanently. During peak trade (December/January) in South Africa, students are offered employment at ages 16 and higher but only with parental consent. While no specific policy exists to address this, we actively manage this approach.

## WHISTLE-BLOWING

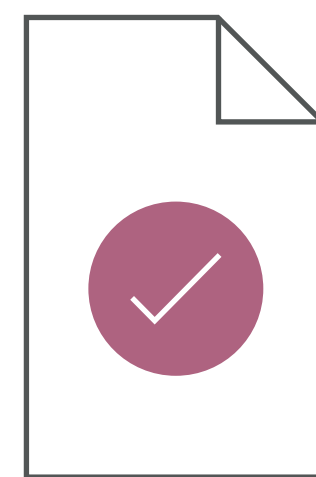
The Group is committed to conducting business with integrity and honesty, and encourages a culture of intolerance to wrongdoing, as well as speaking up, so that we can take appropriate action.

Woolworths has a confidential reporting channel known as the Tipoff line, which Deloitte, an independent accounting partnership, manages. The scope of the Tipoff line is aimed mainly at fraud, theft, and corruption reporting. Still, employees can use it for confidential bullying or harassment complaints, which are identified and resolved. An independent reporting service has been set up specifically to address sexual harassment, but is now open to other forms of harassment, including bullying in line with new codes on workplace harassment.

Not restricted to bullying or harassment, the Country Road Group hotline is open for all matters that a team member may wish to report confidentially.

## COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

As a signatory to the United Nations Global Compact, we subscribe to freedom of association and the effective recognition of the right to collective bargaining.



At Woolworths, we recognise freedom of association, and support internal collective forums and direct one-on-one employee relationships. Collective bargaining agreements exist in some African countries where we operate.

Union membership in stores was 1.09% (2022:1.30%). The South African Commercial Catering and Allied Workers Union (SACCAWU) is the predominant union in the retail industry. Numbers have increased in our distribution centre division, and while we are not yet in a collective bargaining space, SACCAWU is engaging us regarding appropriate organisational rights in that Business Unit.

Country Road Group's union memberships are 0.58% (2022: 0.49%). Consultation regarding major change is a mandatory provision for Australian collective agreements.

# INCLUSION IN THE SUPPLY CHAIN

*Woolworths South Africa acknowledges the privilege and opportunity we have as a large business in the development of small, Black- and Black-women-owned businesses, therefore contributing meaningfully to job creation, access to the mainstream economy, and inclusive economic growth.*

Woolworths' Enterprise and Supplier Development (ESD) Programme gives expression to the intent of the IJL, and aims to stimulate the growth of an inclusive South African economy. At the heart of our ESD Programme is unlocking market opportunities for Black- and Black-women-owned small, medium and micro-enterprises (SMMEs), while providing capital and relevant capacity building to meet Woolworths' procurement expectations, and to grow them to become sustainable businesses.

Woolworths understands the need and the deeper impact creating meaningful access in the mainstream for SMMEs has on the economy. In the context of IJL, offering small businesses a viable procurement opportunity, supported by a compelling business case for long-term growth and tailored support to realise the growth and value of the opportunity is important. Market access is the most meaningful contribution to small enterprises, achieving more diversity in our supplier base and aspiration of inclusive economic growth.

Woolworths' approach to SMME support acknowledges that every SMME is a unique business with dynamics unique to the lead entrepreneur and/or owner and unique to the industry.

For this reason, we offer tailored support in every way possible. Sometimes, this entails innovative means such as facility sharing, cash flow support, or linkages with other enablers such as partnering with established suppliers, SMME financiers or other like-minded partners.

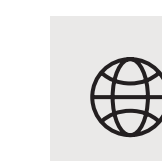
Our procurement and buying teams also offer their skills to support a vision of SMME growth and sustainability. The tailored support is underpinned

by needs-based assessments, gap analysis, ongoing mentoring, and monitoring over time.

Woolworths has a range of beneficiaries within the ESD Programme, all in varying stages of growth and development.

- We contributed over R2.8 billion (2022: R2.9 billion) towards revenues of small and medium enterprises participating in our supplier base
- We contributed R7 billion (2022: R5.9 billion) in revenues from Black- and Black-women-owned suppliers in our supplier base
- The 32 (2022: 34) SMME beneficiaries of our ESD Programme accessed procurement opportunities to the value of R391.7 million (2022: R453.4 million) because of tailor-made support provided by Woolworths and its partners
- 361 (2022: 393) new jobs were created through the market and development support we provided to small and medium Black- and Black-women-owned businesses

After more than 14 years on this journey, Woolworths prides itself in ongoing learnings from the successes and failures of small businesses in different sectors of the economy. We are consolidating these learnings into a future programme that will step up our contribution to inclusive and sustainable economic growth through SMME development in the future.








# SOCIAL DEVELOPMENT

**WHY IS THIS FOCUS AREA IMPORTANT?**

As a responsible corporate citizen, and in line with our commitment to Inclusive Justice, we have a responsibility to play a meaningful role in addressing the economic and societal needs and expectations of the communities in which we operate.

We can only grow and sustain long-term profit in an equitable and inclusive economy that has a sufficiently skilled, educated, thriving, and healthy community.

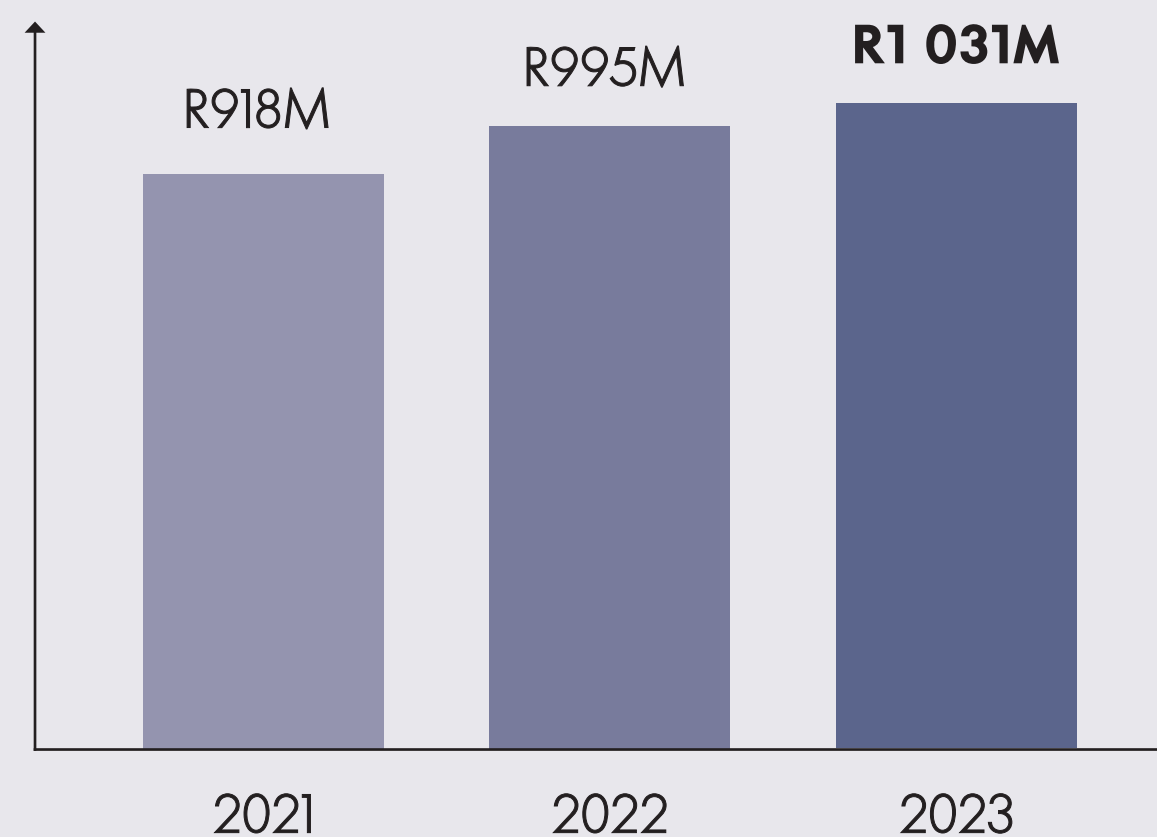
*In this focus area*

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# OVERVIEW

## TOTAL GROUP CORPORATE SOCIAL INVESTMENT CONTRIBUTION



A\$0.7M

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

2022: A\$0.5M 2020: A\$0.3M



R65M

to MySchool

2022: R64M 2021: R66M

R11M

to MyVillage

2022: R10M 2021: R9M

R14M

to MyPlanet

2022: R12M 2021: R13M

## HIGHLIGHTS

- MySchool celebrated 25 years of making a difference
- Over the year, funds raised by Mimco for Our Watch were used for programmes, including leadership programmes, for young migrant and refugee women

*56% of the total tonnage of surplus food distributed by FoodForward SA (FFSA) attributed to Woolworths, equivalent to 48.2 million meals*

## LOWLIGHTS AND CHALLENGES

- Learners cannot register directly on the Woolworths Making the Difference Programme digital platform, only parents and educators. This has limited the uptake and distribution of the platform

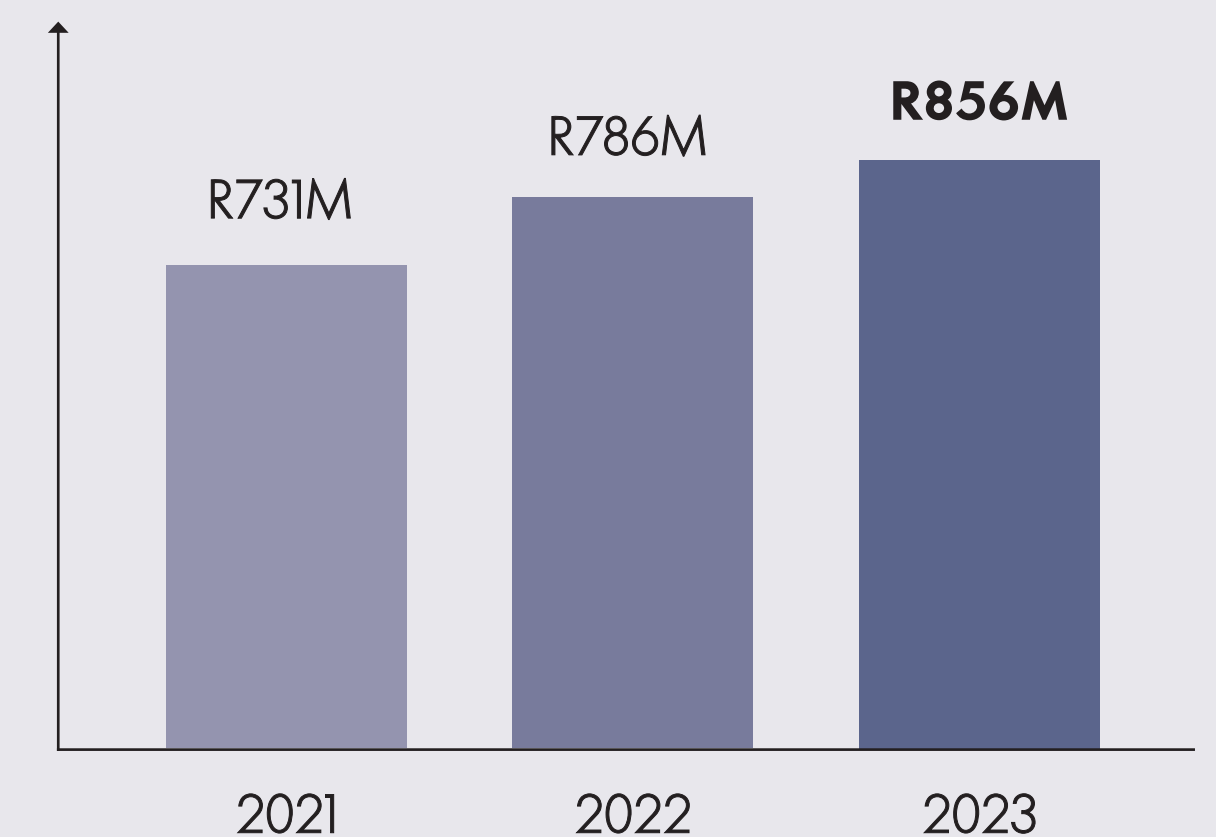
## LOOKING AHEAD

We will continue to support our existing programmes and partnerships, and seek out and drive collaboration with other like-minded stakeholders to create a deeper, meaningful impact.

MORE SPECIFICALLY, WE WILL:

- Continue to incorporate the Inclusive Justice ethos into our strategy and management approach, ensuring a deeper sense of inclusivity in participation and impact
- Focus on supporting causes that drive long-term sustainable change

## RAND VALUE OF SURPLUS FOOD DONATED BY WOOLWORTHS





# EDUCATION

*The focus of Woolworths’ education pillar is the child within education.*

## WOOLWORTHS INTENDS TO CONTRIBUTE TOWARDS GIVING EVERY CHILD:

- Access to quality education
- The right to grow, learn, and flourish in a safe environment
- Dignity, hope, and pride in their commitment to education



## WOOLWORTHS’ SOCIAL DEVELOPMENT PROGRAMMES TO ACHIEVE THIS:


- Making the Difference Programme
- National Education Collaboration Trust
- MySchool MyVillage MyPlanet

## INTENDED OUTCOMES:

- Improved educational outcomes
- Measured upliftment of education
- Improved sense of dignity and pride

## WOOLWORTHS MAKING THE DIFFERENCE PROGRAMME

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

 **SUPPORT:** R1.6 million spent (2022: R1.4 million); 35 445 registrations on digital platform (2022: 4 000); 219 552 learners reached (2022: 121 433)

This programme is one of the ways in which Woolworths uses its expertise in good food, healthy living, wellness, and sustainability to support the upliftment of education and the health and wellbeing of South African children, schools, educators, parents, and households.

Spend, registrations, and learners reached are up due to a revised strategy put in place to support teaching and learning aligned to the curriculum, and providing learning through a defined identification of customer needs.

The programme provides teachers with a suite of online curriculum-aligned educational content in social sciences, life skills, natural sciences, technology, and educational components that aim to cement fundamental theoretical principles learnt in the

classroom. The programme also aims to support the overall wellbeing of schools by providing virtual video experiences on healthy living content to assist them, teachers, and parents with promoting healthier eating choices.

In January 2022, the programme migrated to a digital platform. The digital offering, with both desktop and mobile functionality, has increased the reach, visibility, flexibility, and accessibility of the programme.

### THE PLATFORM INCLUDES:

- Downloadable and printable work packs, including educator and learner booklets and posters
- Engaging videos and tutorials
- Virtual video experiences featuring lessons, games, music, and quizzes
- Healthy living content, including recipe cards and articles with tips for leading a balanced lifestyle

A key challenge faced in the distribution and uptake of content on the digital platform is that due to age

restrictions, only parents and educators are allowed to register online; learners cannot register directly.

Therefore, the programme continues to undertake focused promotions and direct marketing to schools, educators, and parents. We will, in future, also consider a targeted digital media strategy to support both awareness and conversion.

### KEY ACTIVITIES DURING THE YEAR:

- Developed new content on healthy living, the environment, people and communities, and farming, including tutorials, recipe cards, and articles
- Developed resources to support foundation phase educators
- Partnered with the Department of Basic Education on a Teacher’s Day campaign to recognise and reward 45 educators for teaching excellence
- Launched virtual store and supplier tours

Going forward, additional functionality will be added to the platform to support an improved virtual experience.

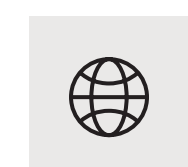
## NATIONAL EDUCATION COLLABORATION TRUST (NECT)

 **PARTNERS:** Government, business, labour, civil society

 **SUPPORT:** R2 million donated annually (R20 million to date); 4 000 schools supported annually

Woolworths’ support of the NECT started when it was founded in 2013. The NECT aims to mobilise national resources to support the government in achieving sustainable and substantial improvement in education, as directed by the National Development Plan.

Ten years on, the NECT has successfully reached 90% of the public schooling system. It has worked towards reducing systemic challenges in the education system related to teacher professionalisation, resourcing, effective leadership, and learner support and wellbeing. Several programmes, such as the NECT’s reading improvement project, have also highlighted the importance of community and parent involvement in being a catalyst for education reform.





# FOOD SECURITY

*Woolworths has worked for many years to create a positive, sustainable impact to alleviate hunger in South Africa. Food security and access to food are fundamental human rights, the absence of which truly highlights inequalities in society. No one should be left behind when it comes to access to nutritious and sufficient food. Our alignment with the UN SDG goal of a #ZEROHUNGER future by 2030 further expresses our commitment to Inclusive Justice through lasting impacts.*

## WOOLWORTHS INTENDS TO:

- Meaningfully contribute to the alleviation of current food insecurity, and reduce food wastage
- Co-create sustainable solutions with food-vulnerable communities
- Create food systems beyond subsistence farming
- Support education efforts that lead and drive sustainable nutrition, and create experiential learning opportunities that promote healthy living



## WOOLWORTHS' SOCIAL DEVELOPMENT PROGRAMMES TO ACHIEVE THIS:

- Surplus food donations, including through FFSA
- Living Soils Community Learning Farm
- Christmas Give campaign #ZEROHUNGER beneficiary organisations

## INTENDED OUTCOMES:

- The creation of food-secure and resilient communities
- Improved sustainable food production processes
- Improved livelihoods or economic inclusion
- Improved health



FoodForward SA sorting surplus produce for donation to beneficiary organisations.

## SURPLUS FOOD DONATIONS



**PARTNERS:** FoodForward SA



**SUPPORT:** R856 million in surplus food donated (2022: R786 million), R1 million in cash donated (2022: R1 million)

To contribute towards alleviating hunger in local communities and reducing food waste to landfills from our operations, we have for many years donated surplus food from stores to needy communities via structured charity organisations.

One of the key organisations we partner with in this regard is FFSA. This non-profit organisation recovers edible surplus food at various stages of the food value chain and redistributes it to communities in need nationwide, reaching 985 000 beneficiaries per day (2022: 875 725). We have committed to fund FFSA for another three years, and will continue to encourage our food suppliers to redirect their surplus to FFSA.

We continued to roll out the FoodShare digital technology platform developed by FFSA – now used by 360 (2022: 287) stores. The platform virtually connects charities to retail stores and food outlets, enabling the regular collection and reporting of surplus food donated.

Surplus food donated increased year-on-year; however, the amount of surplus food as a percentage of our Food sales has remained constant.

FFSA has continued with its SETA-accredited Supply Chain Youth Internship Programme. The internship, targeting unemployed youth, comprises alternating blocks of theoretical and practical training in warehousing, supply chain, and logistics. During FFSA's latest financial year<sup>1</sup>, they onboarded 20 new interns. Three were absorbed into permanent employment at FFSA thereafter. A total of 46 unemployed youth have been trained since the launch of the internship in 2019. Of these, 14 have been permanently employed at FFSA.

***56% of the total tonnage of surplus food distributed by FFSA in its latest financial year<sup>1</sup> was attributed to Woolworths. This is equivalent to 48.2 million meals and 62 717 tonnes of carbon emissions saved.***

<sup>1</sup> FFSA's latest financial year: March 2022 – February 2023.





CHRISTMAS GIVE #ZERHOHUNGER CAMPAIGN



**PARTNERS:** ForAfrika, INMED South Africa, Siyazisiza Trust, Social Change Assistance Trust, Thanda, and Timbali Technology Incubator (and previously Afrika Tikkun)



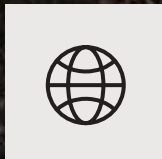
**SUPPORT:** R2.7 million donated (2022: R2.6 million)

Every year, for the Woolworths Christmas Give campaign, customers and employees are invited to donate funds, purchase cause-related products, and swipe their MySchool MyVillage MyPlanet cards to support the campaign. For Christmas 2022, we donated the funds raised from the campaign and a contribution from the Woolworths Trust to seven local organisations. These organisations support women small-scale farmers, youth involved in farming, people with disabilities or community-based gardens, or provide food to Early Childhood Development (ECD) centres. The donation increased slightly year-on-year due to a few more cause-related marketing products linked to the campaign.

*We have made a three-year commitment to six of these organisations to the value of R8.4 million.*

KEY ACTIVITIES DURING THE YEAR

- Developed a clear theory of change, and a monitoring and evaluation plan for the organisations
- INMED: All 30 beneficiaries successfully established their food production units, with a group of youth in Bultfontein in the Free State opting for a collaborative approach to expand production and generate more revenue
- ForAfrika: Supported 431 ECD centre children with an average total of 135 family members through the ECD gardens
- SCAT: Provided nutritious produce to 253 households and an estimated 428 community members from the community gardens
- Thanda: Increased the number of household gardeners from 281 to 477, exceeding the target of 400. Forty-five in-depth training sessions were held and 2 309 community members were supported, empowering the overall community in their farming endeavours
- Siyazisiza: Trained 30 young people and 254 small-scale farmers in sustainable agricultural practices
- Timbali Technology Incubator: Supported 20 women farmers to improve their farming practices in the Nkomazi district. Read more in the case study that follows



LIVING SOILS COMMUNITY LEARNING FARM



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



**SUPPORT:** 16 internships created (2022: 10), 6 926 kg of produce harvested (2022: 6 462 kg), produce donated annually to support 12 at-risk households and 200 children

In 2019, Woolworths partnered with Spier Wine Farm and the Sustainability Institute to launch a community learning farm near Stellenbosch. The objective is to create a self-sustaining community learning farm that showcases the production of nutritious food using sustainable farming methods, incorporating training and development for young and emerging farmers and the broader community. The two aims of the farm are developing long-term food security in the local community and reducing youth unemployment.

The number of interns increased year-on-year due to the team being better equipped with resources and infrastructure, including being able to pay stipends for more interns.

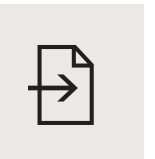
Work is being undertaken to improve the internship learning journey, leveraging the expertise of Woolworths' teams. In addition to existing theoretical and experiential learning and field trips, in the future, interns will be:

- Trained in the development of power skills, such as critical thinking, planning, teamwork, self-awareness, and digital literacy
- Provided with career guidance, including career profiling and how to promote or self-market

Marketing and selling the farm's produce continues to be a challenge. This is due to get more attention in the coming year. In addition, looking ahead, the focus will be to:

- Assist future Black women farmers with entry and access to the farming sector through a dedicated skills development programme
- Transform the farming sector by building inclusive and integrated stakeholder networks
- Create targeted placement plans to support employment after the internship

Other initiatives we are involved in to improve food security are the Woolworths Making the Difference Programme and Farming for the Future.





## CASE STUDY

**WORKING IN PARTNERSHIP TO  
ADVANCE FOOD SECURITY, WOMEN'S  
EMPOWERMENT AND ECONOMIC  
INCLUSION**

Timbali Technology Incubator (Timbali), one of the Woolworths Christmas Give campaign beneficiaries, connects small-scale farmers to viable markets, allowing them to grow into independent businesses. The programme focuses on women, providing them with skills, access to markets, and loan financing that create means for measurable increases in their yields, revenue, and hectares under production. The farmers sell their produce to the local community market and informal traders – supporting a local food system.

**THE WOOLWORTHS DONATION ASSISTED  
TIMBALI TO:**

- Identify and support 20 women farmers to improve their farming practices in the Nkomazi district in Mpumalanga
- Deploy extension officers to the 20 farms. They conducted 846 visits, and provided valuable skills transfer and mentorship
- Assist 11 farmers in obtaining interest-free loans

These efforts resulted in the farmers increasing their sales by an average of 22.5% in the last quarter of the 2022 calendar year. Fifty jobs were sustained as a result.

In the next year, Timbali will build on its existing services and add another five new farmers from Nkomazi and Elukwatini in Mpumalanga.

***We are proud to partner with  
an organisation that respects  
and empowers women farmers,  
allowing them to thrive and  
build strong livelihoods.***



Zodwa Magagula, one of the farmers supported by Timbali Technology Incubator (a Christmas Give Campaign beneficiary).




# COMMUNITY RESILIENCE

*We aim to contribute to the improvement of the physical and mental health of communities.*

## MIMCO OUR WATCH

 **PARTNER:** Our Watch

 **SUPPORT:** A\$179 293 donated (2022: A\$145 426)

In line with Mimco's commitment to inclusivity, diversity, and gender equality, Mimco partners with Our Watch annually. Our Watch is a non-profit organisation that drives nationwide change in the structures, norms, and practices that lead to violence against women and children.

For the first time since the Covid-19 pandemic, we hosted a panel discussion at our head office on International Women's Day (IWD). The topic of discussion was Women in the Workplace and Gender Equality.




Panel discussion on IWD on Women in the Workplace and Gender Equality, at Country Road Group head office.

Mimco donated all profits from IWD to Our Watch. Over the years, funds have been used to finance a variety of programmes, including leadership programmes for young migrant and refugee women. The purpose is to empower them to promote their voice and become community leaders. The programmes also encourage the young women to create and implement inspiring community projects. The amount donated is up year-on-year due to being able to host an in-person event, and as a result of additional promotional and media support.

We are working on the next steps for our Our Watch partnership, including how we can support them throughout the year, not just on IWD.

## WITCHERY WHITE SHIRT CAMPAIGN

 **PARTNER:** Ovarian Cancer Research Foundation

 **SUPPORT:** A\$677 832 donated (2022: A\$537 772)

Witchery runs an annual White Shirt Campaign to raise awareness and vital funds for the Ovarian Cancer Research Foundation (OCRF) to support the development of an early detection test for ovarian cancer. Witchery donates 100% of the gross proceeds from the sale of every white shirt to the OCRF.

Witchery collaborated with renowned Australian fashion designer, Michael Lo Sordo, on this year's shirt design. The amount donated from this year's campaign exceeded last year's due to increased shirt availability.

*The OCRF and Witchery have funded one of the world's leading early detection projects – the Active Ratio Test<sup>2</sup>. The Active Ratio Test entered clinical trials in 2018 and has since progressed into expanded clinical trials.*

<sup>2</sup> A test for early ovarian cancer and pre-cancerous lesions.

## COUNTRY ROAD AND REDKITE

 **PARTNER:** Redkite

 **SUPPORT:** Donated 800 (2022: 860) Redkite Red Bags

Redkite is an Australian charity that supports children and young people diagnosed with cancer, as well as their families.

Each year, Country Road produces and donates Redkite Red Bags to give to families when their child is diagnosed. These bags are full of practical items such as toiletries, reusable coffee cups, and vital information about support services, and include a teddy bear to cuddle.

In addition, A\$2 is donated to Redkite from every embroidered Country Road product within Australia. Funds are also raised through the sale of Redkite face masks.

## POLITIX MOVEMBER

 **PARTNER:** Movember

 **SUPPORT:** Donated A\$120 000 (2022: A\$100 000)

Politix partnered with Movember for the fifth year in a row. A\$10 from the sale of every blazer and formal jacket during November was donated to Movember. The amount donated is up due to changing the product used in the campaign to formal jackets and blazers, alongside an increased demand for formal tailoring throughout the November eventing season.

Customers were also offered the option of donating to Movember at the till, and employees were also encouraged to donate to the Movember campaign.

We have renewed our partnership agreement with Movember for another two years.





# EMPLOYEE COMMUNITY INVOLVEMENT

*We encourage our employees to get involved in their communities to foster a culture of community involvement, give deeper meaning to our Inclusive Justice ethos, and extend the Group's social development reach.*

## EMPLOYEES CAN:

- Participate in company-organised volunteering days
- Raise funds for a charity, and the company will match the funds they raise

## SOME OF THE KEY ACTIVITIES DURING THE YEAR:

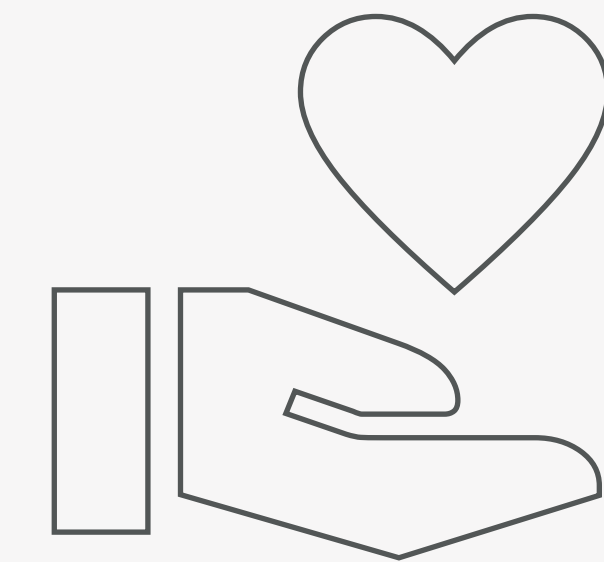
- For World Food Day, Woolworths employees spent time with our Christmas Give #ZEROHUNGER partners. They helped in the gardens, learnt about food gardening, and gave back to the local community
- Witchery employees volunteered at Fitted for Work's Conscious Closet store in Richmond every Thursday in September. The Conscious Closet is Fitted for Work's pre-loved clothing and accessories store. The store donates 100% of its sales to Fitted for Work, which aims to help women who are jobseekers
- Woolworths Lusaka donated 24 school bags, 15 mattresses, 15 sets of bedding, and 15 blankets to an international humanitarian aid organisation
- For Mandela Day, Woolworths supported 67 employee-nominated charities and non-fee-paying schools with a donation of R6 000. For the first time since the Covid-19 pandemic, employee teams also volunteered in person at their nominated charities



Woolworths employees volunteering at INMED, one of the Christmas Give beneficiaries, on World Food Day.

# DISASTER RELIEF

*Woolworths continues to support Gift of the Givers with disaster relief when the government has declared a national or provincial disaster.*



## FEBRUARY 2023

R100 000 plus blankets and school shoes donated to assist those affected by flooding in multiple South African provinces

## JUNE 2023

R100 000 of five-litre bottles of still water donated to assist the Hammanskraal community affected by the cholera outbreak

R100 000 donated for the purchase of warm blankets for those affected by cold weather and flooding



# CUSTOMER INVOLVEMENT

*Building connections with our customers and communities is crucial for sustained business success.  
We aim to make giving back easy, trusted, and sustainable for our customers and partners.*

## MYSCHOOL MYVILLAGE MYPLANET (MYSCHOOL)

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

 **SUPPORT:** R90 million donated (2022: R86 million)

MySchool is a long-standing, multi-partner loyalty programme aimed primarily at fundraising for education but also at charities that support local communities, animals, and the environment. MySchool leverages the national footprint of Woolworths and its other retail partners, enabling customers to use their shopping and loyalty cards to support schools and other charities.

8 474 causes (2022: 8 481) are being supported by 1.3 million customers (2022: 1.3 million) and 544 partner stores (2022: 566) through the programme. The causes supported include 7 073 schools (2022: 7 133), 1 112 charities that support people and their communities (2022: 1 068), and 289 charities that support animal- and environment-related causes (2022: 280).

### KEY ACTIVITIES DURING THE YEAR

- Donated R450 000 to the Woolworths Christmas Give #ZEROHUNGER campaign
- Collaborated with GROW Educare Centres and Breadline Africa to build five new Educare Centres
- Upgraded two ECD centres, supporting 90 children and five female ECD practitioners. We employed 20 local contractors to upgrade three classrooms with

verandas, pour flush toilets, water tanks, and educational resources

- Constructed a Grade R and Grade 1 classroom at Greensleeves Place of Safety Trust that serves over 60 students, aged four to six, from severely impoverished communities
- Continued supporting the School Leadership Forum, aimed at developing school leaders, and equipping them with knowledge and skills that empower them to perform their demanding roles. We are coaching 150 educators twice a month, resulting in a positive influence on 3 650 learners
- Awarded 82 teaching bursaries and internships and 10 data science and data engineering learnerships to youth from previously disadvantaged communities
- In partnership with Operation Smile, provided cleft lip surgery for 30 patients and supported the training of five local doctors
- Donated R500 000 to the Animal Anti-Cruelty League, an organisation that cares for animals in impoverished local communities, to assist with staff training and hospital equipment
- Funded anti-rhino-poaching training for 22 instructors and rangers

*In September, MySchool celebrated 25 years of making an impact.*



*MySchool received the Award for Best Loyalty Programme of the Year (for the fourth year in a row) and Best Community or Environmental Initiative of the Year (for the third year running) at the 2022 SA Loyalty Awards.*

## CAUSE-RELATED MARKETING

Our cause-related marketing initiatives create awareness and raise funds for important conservation- and sustainability-related issues. Through the sale of certain products, funds are collected and donated to nominated organisations.



Woolworths raised R6.9 million (2022: R6.5 million) for charities and NGOs by selling cause-related bags and bracelets.







# HEALTH AND WELLNESS

## WHY IS THIS FOCUS AREA IMPORTANT?

We need to create a supportive working environment that enables employees to thrive. A strong focus on employee wellbeing is also integral to our Inclusive Justice Initiative.

As a food retailer, we should inspire our customers to make healthy choices by providing a wide range of healthy food options.

### *In this focus area*

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EMPLOYEE WELLBEING AND HEALTH	40
OUR GOOD FOOD JOURNEY	44
PRODUCT SAFETY AND INTEGRITY	46



# OVERVIEW



## 100%

of all Woolworths' private-label food (including pet food) has been GMO-free since 30 June 2019

*Woolworths' employees accessed training on the updated Sexual Harassment Policy over 30 000 times*

# ZERO

employee fatalities across the Group

Implemented a digitally enabled Employee Assistance Programme (EAP) model for Woolworths employees. This greatly improved access to information, education, and direct one-on-one support for employees to manage mental health and other matters affecting them. The service is available in multiple South African languages and is also open to employees' immediate family members.

# 9

Employee Health Practitioners

## HIGHLIGHTS

*The Woolworths Staying Strong Programme received the HR Excellence Award at the 66<sup>th</sup> Institute of People Management (IPM) Convention. The award recognised our efforts to empower our people and provide added support through our employee wellness services*

- Woolworths launched a 'Food for Thought' podcast series aimed at engaging customers on topics such as veganism, dieting, and packaging

## LOOKING AHEAD

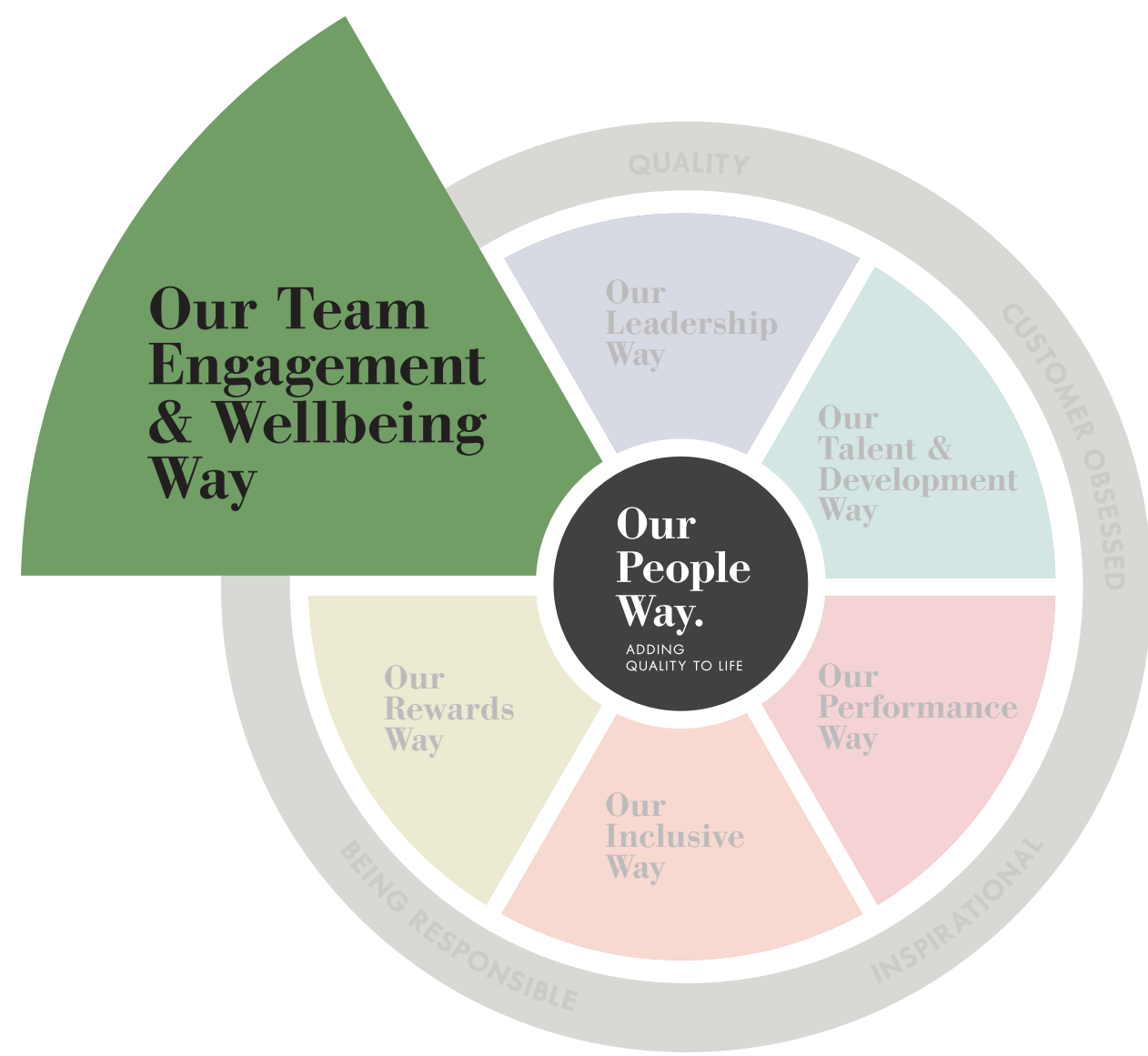
Health and wellness of our employees and our customers will continue to be a priority focus for us.

## LOWLIGHTS AND CHALLENGES

- The socio-economic conditions in South Africa have seen an increase in mental illness, and gender-based violence and femicide
- Impending South African regulatory restrictions on the use of meat-like naming conventions for plant-based products resulted in lost sales from products removed from the shelf and increased costs for amending packaging and labelling
- Woolworths initiated three product recalls after routine tests detected cross-contamination of milk proteins



# EMPLOYEE WELLBEING AND HEALTH



## ***Our promise: We prioritise the wellbeing of our employees***

### HOW

- Wellbeing is prioritised
- Access to information, benefits, and services that support wellbeing
- The environment contributes to wellbeing

Employee health and wellbeing is one of the six strategic levers of our People Value Proposition (PVP). We tailor our wellbeing initiatives to the specific needs and requirements of the two geographies where we trade. Initiatives are also informed by the IJI main themes of economic inclusion, women's empowerment and gender equality, and empowerment. More detail about our PVP and IJI can be found in the People chapter.

### SOUTH AFRICAN CONTEXT

#### ***Our wellbeing way is an important component of our PVP.***

Its inclusion in the PVP shows our commitment to employees to provide a fair and comprehensive PVP. Therefore, the wellness strategy addresses many aspects that contribute to employee wellbeing.

As a result of and driven by the socio-economic inequities and challenges that exist for most South African citizens, our Woolworths wellbeing programmes provide meaningful support to every aspect of our employees' lives. We must provide more than the typical approach of focusing only on health and safety. Therefore, we have developed our strategy to assist and support employees in managing their wellbeing. These include counselling services on financial and legal matters, mental health, economic inclusion, and women's empowerment.

We offer education and training programmes that focus on wellbeing. Wellness services and standard health and safety operating procedures are available at all stores, distribution centres, and head office.

We continue to monitor the usage of wellness services and the success of our programmes. These are continually refined based on the feedback from our employees to keep them relevant to the changing conditions. The programmes' data enabled us to identify employees at high risk, from a wellness perspective, and allowed us to provide them with focused assistance.

Our latest annual pulse survey included questions relating to wellbeing and work stress. The feedback will give us a dipstick measurement of the success of our wellbeing programmes.

We provide wellness screening at stores and distribution centres. We also hosted a Wellness Day in the head office, with more planned for the future.

### CASE STUDY

#### **WOOLWORTHS STAYING STRONG**

Woolworths developed the Staying Strong programme to create an opportunity to refresh and reboot after facing Covid-19 challenges. We implemented this programme with the assistance of two strategic partners. Participants received a set of tools to help them identify and cope with life's challenges, and to assist in 'stress proofing' their lifestyles.

We provided employees with a workbook and toolkit that encouraged weekly conversations between leaders and their teams regarding various aspects of wellbeing. Leaders improved their leadership skills, and their teams greatly appreciated the extra support and care.

Over 30 000 employees participated in the programme.

As a testament to the programme, Woolworths was recognised at South Africa's 66<sup>th</sup> IPM Convention. We received the HR Excellence Award for our efforts to empower our people and provide added support through our employee wellness services.

All new employees attend the Staying Strong training. Refresher toolkits are provided to leaders to empower them as part of employee wellbeing.



AUSTRALIAN CONTEXT

Australia and New Zealand are recognised as highly developed economies. Developed economies are experiencing a phenomenon of ‘quiet quitting’ – completing one’s minimum work requirements without going above and beyond or bringing work home after hours. Productivity is generally dropping due to working-from-home fatigue and a more hybrid way of working.

Therefore, Country Road Group’s wellbeing strategy and focus areas are different from Woolworths’.

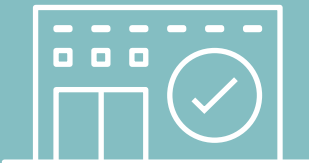
One of the Australian government’s national focus areas is mental health and psychological wellbeing – driven by the National Mental Health and Suicide Plan. This has informed Country Road Group’s wellbeing vision.

Country Road Group’s wellbeing vision is ‘to foster a wellbeing culture that supports and empowers people to thrive’.

Country Road Group has taken a more holistic and integrated approach to their wellbeing programme, with the following pillars:




HEALTHY LIFESTYLE



HEALTHY WORKPLACE



HEALTHY RELATIONSHIPS



WELLBEING INSIGHTS

Our wellbeing pillars are geared towards supporting ‘thriving vs surviving’. The following focus areas support these four pillars:

MENTAL FITNESS	Implement mental health wellbeing training for managers to increase capability and support for the teams	Ensure leaders and managers across all levels provide health and wellbeing support as part of their everyday practices with themselves and their teams
COMMUNICATION	Provide clear and consistent communication to raise awareness of wellbeing and the available support	Provide proactive intervention and services that empower our people to manage their health and wellbeing
HEALTHY ROUTINES	Implement, communicate, and action a calendar of activities and events that includes a holistic approach to wellbeing	Support the calendar by providing teams with services such as EAP, and learning and development to support our health and wellbeing framework

*Country Road Group’s wellbeing vision is ‘to foster a wellbeing culture that supports and empowers people to thrive’.*

CASE STUDY

ADDRESSING MENTAL HEALTH IN COUNTRY ROAD GROUP

ANNUALLY IN AUSTRALIA:\*

- 2 900 people take their lives
- 45 000 will attempt to take their lives

R U OK? DAY

R U OK? is a harm-prevention charity in Australia that encourages people to stay connected and have conversations which might help others through difficult times. R U OK? Day is a dedicated day in September, with national communication and initiatives generally supported by corporates and other community organisations.

Country Road Group actively supports this national day of action. It is linked to the theme of mental fitness. Country Road Group continually evolves their activation initiatives and calls to action. We have tools and a training module to support team members to connect with their colleagues and start a conversation meaningfully.

\* Source: Australia Bureau of Statistics.

HELPING COUNTRY ROAD GROUP EMPLOYEES TO MANAGE THE SEPARATION OF DAVID JONES

After the announcement of the sale of David Jones, Country Road Group ran a 28-day self-care challenge with all team members linked with the separation of the businesses to assist in managing the existing uncertainty.



GENDER-BASED VIOLENCE AND FEMICIDE (GBVF)



*1 in 5 women in South Africa is subjected to some form of GBVF. 67% of Woolworths’ employees are women.*

GBVF is a scourge on South African society – mainly driven by challenging socio-economic conditions. Some commentary describes it as being South Africa’s second pandemic. Levels of gender-based violence are increasing, with the LGBTQIA+ community increasingly being targeted as the most marginalised, particularly in the African Black population.

Woolworths’ wellness data shows that an average of 20 employees contact our counselling line regarding sexual harassment and abuse every month. The feedback indicates that most of the counselling relates primarily to experiences outside of work.

As a responsible corporate citizen, we are responsible for actively managing the prevention of GBVF with our employees. The Group has zero tolerance for sexual harassment in the workplace.

We recently updated our Statement on Harassment, and the Sexual Harassment Policy was revised and significantly updated, making it more relevant to the changing environment. Incorporating the recently released Code of Good Practice on Harassment in the Workplace, issued by the Department of Labour, into our policy will further entrench the legal responsibility of employers to report instances of GBVF.

Training on the revised Sexual Harassment Policy has been conducted for all Woolworths employees. Specific in-person leadership training was run nationally, particularly in stores and distribution centres, as 84% of our employees work in these areas. Tools to detect, manage, and be sensitive to harassment issues were provided to the leadership, ensuring they are well equipped and committed to preventing harassment. Detailed training material is easily accessible to all employees using our MyWoolies App. More than 30 000 instances have been logged by employees accessing the training through the App.

Employee relations support is provided to staff and management to all types of harassment to ensure that fair and decisive action is taken when necessary. Independent reporting lines are available for reporting sexual harassment, and trauma counselling is provided in cases of sexual assault.

Up to now, reporting and managing harassment cases has been manual. A digital tool will be implemented next year to improve access to these cases and to report on them more correctly.

Engagement with our employees on the Sexual Harassment Policy is ongoing during the year. It is also aligned with external public discourse on GBVF during ‘16 days of activism’ in November/ December, culminating on South Africa’s Human Rights Day.

While disappointing that these cases do occur, at Woolworths, there were 9 cases of dismissal due to sexual harassment, down from 14 in the previous year.



UN WOMEN’S EMPOWERMENT

As a signatory to the United Nations Women’s Empowerment Principles, we have identified gaps where we can improve our policies regarding women’s rights. Addressing the gaps will provide us with a good understanding of how we take our gender equality policies and programmes to the next level. Implementation will commence next year.



EMPLOYEE ASSISTANCE PROGRAMME

Our EAP is a work-based programme designed to help our employees identify and resolve personal concerns that may or may not impact productivity or work performance.

These concerns include but are not limited to health, marital, family, financial, alcohol, drug, legal, emotional, social or work-stress problems that may adversely affect their job performance, productivity or safety.

Woolworths successfully trialled and implemented a digitally enabled EAP model. Partnering with Company Wellness Solutions, employees have several options to access the service, including a toll-free service, WhatsApp, web, and a dedicated app. This has greatly improved access to information, education, and direct one-on-one support for employees in managing mental health and other matters that affect them. Support is available in multiple South African languages, and the service is also available to the direct family of the employee, improving accessibility.

Going forward, we will enhance the digital model to provide individually focused wellbeing services.

WE PARTNER WITH A NETWORK OF SPECIALISED SERVICE PROVIDERS TO ASSIST OUR EMPLOYEES, PROVIDING THE FOLLOWING HEALTH AND WELLBEING PROGRAMMES:

- EAP
- Mental health programme
- Flu season vaccinations
- Basic primary health services and advice
- Monitoring of chronic illnesses
- Wellness screening, including voluntary HIV testing



*9 Employee Health Practitioners (2022: 18)*





EMPLOYEE FOR EMPLOYEE FUND (E4E)

E4E was set up to provide specific, once-off or short-term support to staff-level employees during unforeseen circumstances or emergencies. It is primarily funded and driven by employee contributions and fundraising activities.

Eligible employees are those who do not have any other support mechanism to turn to, and are experiencing financial difficulties because of the Covid-19 pandemic, natural disasters, and other unforeseen events.

To date, 102 employees across the Group have applied successfully to the fund for support. Assistance has been sought for various reasons, including the increased cost of living, Covid-19, and natural disasters such as flooding.



PANIC BUTTON

Woolworths is currently trialling a panic button where a Woolworths employee can alert support services in cases of potential or actual harassment or assault, mainly in transit to and from work, where many of these cases occur.

WORKPLACE INJURIES

Legislative requirements may differ depending on the countries in which we trade. However, the overarching principles applied across the Group are ones of prevention and adherence to health and safety guidelines.

In South Africa, most of our employees work either in our stores or at our distribution centres. Our stores, distribution centres and head office buildings are designed in accordance with stringent health and safety guidelines. Operating procedures support and reinforce adherence to these guidelines.

We appoint health and safety representatives in each area of our operations. They are supported by Health and Safety Committees comprising employees across the different departments within the location.

The Group has had zero reported fatalities in the last five years.

We include health and safety procedures in Wthe employee induction programme, and conduct ad hoc training on new procedures when necessary.

Rotational, internal audits assess our stores’ and distribution centres’ compliance with operational health and safety procedures. This ensures that risks are being managed appropriately. Any non-compliance is subject to management remediation within a specific period. This year, 178 audits were conducted.

WEARING TECHNOLOGY TO REDUCE INJURIES

Manual handling injuries<sup>1</sup> are the most common at Country Road Group’s Omni-channel Fulfilment Centre (OFC). To try to address this, we rolled out a project to understand manual handling movement within the OFC. The project gathered over 1 000 hours of manual handling data from various distribution centre zones to assist with improvements. We will introduce a new project with similar technology focusing on hand movement, and the steps to reduce repetitive strain injuries within the business.

DEALING WITH PERVASIVE CONTAGIOUS AND VIRAL DISEASES

COVID-19

The immediate impact of Covid-19 has very much subsided; it is now generally treated as part of ‘normal’ contagious diseases. The Woolworths Covid-19 helpline for our employees was closed in April 2022 due to a significant drop in utilisation. Support is now managed through our EAP and as part of the usual Sick Leave Policy. Our Covid-19 Policy remains in force and can be activated if an outbreak occurs again.

TUBERCULOSIS (TB) AND HIV/AIDS

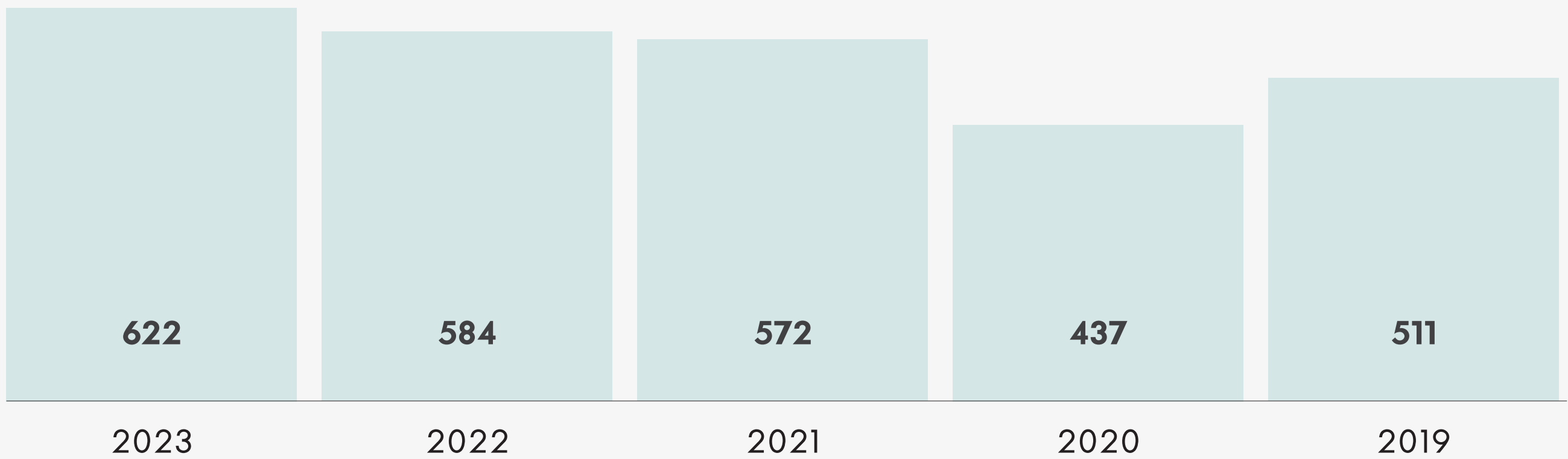
TB is one of the leading causes of death in South Africa. While there has been a steady decline in HIV infections, South Africa remains one of the countries with high infection levels. TB combined with HIV poses greater health risks.

To address some of the challenges of HIV/Aids and TB, Woolworths has adopted a Company-wide HIV/ Aids and TB Policy. Regarding employees living with HIV and Aids, we treat the disease no differently than any other life-threatening or chronic disease. We provide a supportive environment that minimises the impact of the disease on both the employee and our business.

HIV-positive employees receive treatment via Woolworths’ clinical management programme – the HIV Your Life Programme. Employees who do not have access to medical aid are eligible for all employee benefits.

The Occupational Health Practitioners team monitors chronic illnesses and, where appropriate, evaluates and assists employees in applying for either temporary or permanent disability benefits through our insurers.

NUMBER OF DAYS OF LOST TIME WORKED (GROUP)



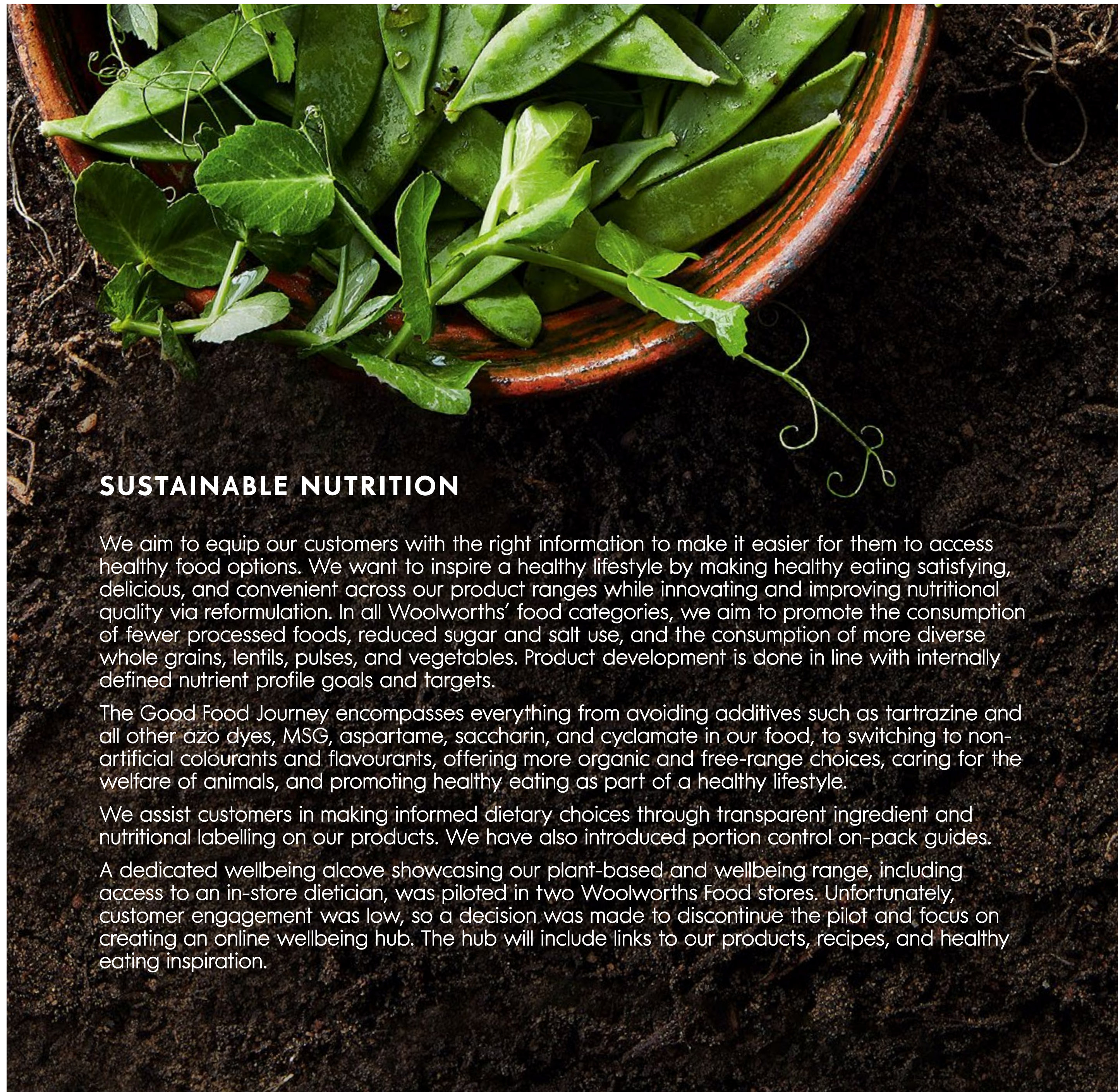
<sup>1</sup> Manual handling covers a wide range of activities, including lifting, pushing, pulling, holding, restraining, throwing, and carrying.





# OUR GOOD FOOD JOURNEY

*The Good Food Journey is the name we have given to Woolworths' ongoing commitment to offering our customers food that is better for them, better for the environment, and better for the people who produce it.*



## SUSTAINABLE NUTRITION

We aim to equip our customers with the right information to make it easier for them to access healthy food options. We want to inspire a healthy lifestyle by making healthy eating satisfying, delicious, and convenient across our product ranges while innovating and improving nutritional quality via reformulation. In all Woolworths' food categories, we aim to promote the consumption of fewer processed foods, reduced sugar and salt use, and the consumption of more diverse whole grains, lentils, pulses, and vegetables. Product development is done in line with internally defined nutrient profile goals and targets.

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

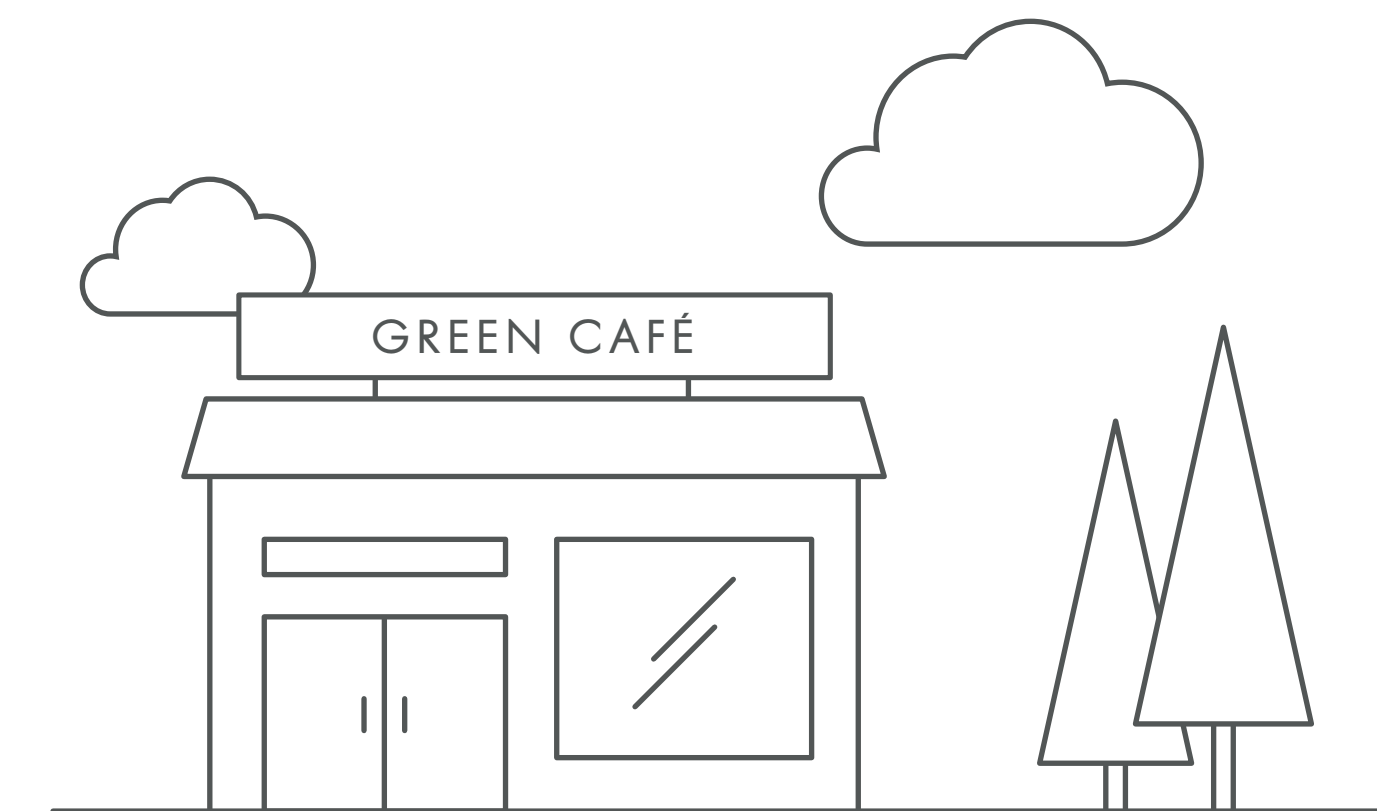
We assist customers in making informed dietary choices through transparent ingredient and nutritional labelling on our products. We have also introduced portion control on-pack guides.

A dedicated wellbeing alcove showcasing our plant-based and wellbeing range, including access to an in-store dietician, was piloted in two Woolworths Food stores. Unfortunately, customer engagement was low, so a decision was made to discontinue the pilot and focus on creating an online wellbeing hub. The hub will include links to our products, recipes, and healthy eating inspiration.

## STAFF TRAINING ON NUTRITION

Woolworths Food continues to conduct compulsory nutrition training as part of its induction, skills development, and refresher training programme for all Food employees.

The training includes coverage of the context of population-related nutrition challenges and interventions, our nutrition and wellbeing strategies, and an overview of responsible marketing of processed food and drinks.



## WCAFÉS GREEN PROGRAMME

The WCafés green programme was designed as a grading tool to set out key goals and drive continuous year-on-year improvement in terms of the following principles: responsible sourcing, healthy food options, packaging and food waste, ethics and people, and the impact on the environment.

We are reviewing this programme, and any changes will be subsequently rolled out.

## PLANT-FORWARD DIETS

Woolworths has integrated plant-forward diets into our brand values and nutrition guidelines. We want to continue to develop plant-based options as part of our goal to encourage sustainable nutrition.

Our plant-based innovation continues to grow across all categories (bakery, deli, protein, prepared, frozen, Christmas, dairy alternatives). Woolworths' plant-based food range, PlantLove, covers all kinds of lifestyle choices, including dairy alternatives, drinks, snacks, and desserts, dairy-free cheeses, vegan mayonnaise, and vegan and vegetarian ready-made meals and meal accompaniments. We also inspire our customers through recipe solutions that include plant-based kitchen staples such as whole grains, legumes, nuts and seeds, and everyday vegetables.

In partnership with the Humane Society International/Africa, we have also developed a plant-based eating guide for customers.

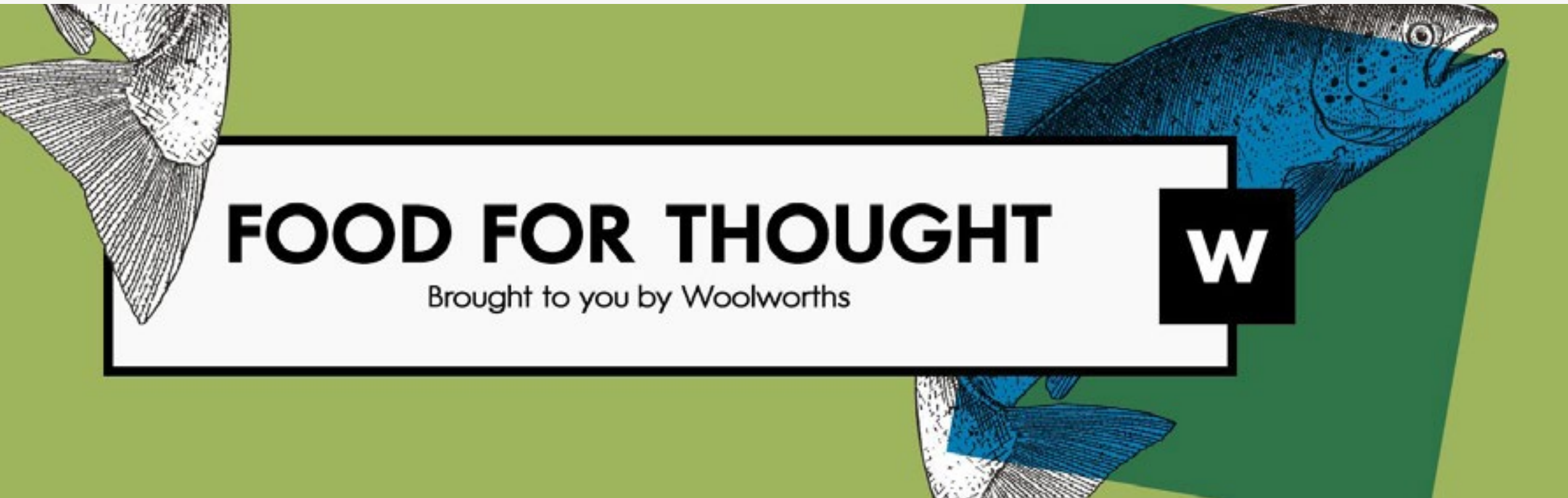
A key challenge has been the impending South African regulatory restrictions on using meat-like naming conventions for plant-based products. This resulted in us removing selected products from the shelf, leading to lost sales. It also required packaging and labelling changes, thereby increasing the cost of these products.

***In March 2023, abillion, a sustainability movement driven by product reviews, awarded Woolworths the third most-loved vegan brand globally.***

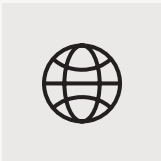


FOOD FOR THOUGHT

*Woolworths Food launched a ‘Food for Thought’ podcast series. It aimed to engage customers on the food landscape and what they consume, and discuss, debate, demystify, and debunk food and its culture.*



- TOPICS COVERED INCLUDED:
- The great milk debate – is plant-based milk better for your health and the planet than dairy?
  - Can veganism help save the planet?
  - What will we eat in 50 years?
  - Why does all my food come in plastic?
  - What is health at every size – demystifying healthy eating?
  - Sustainable seafood – reality or myth?



VITALITY HEALTHYFOOD™

Woolworths’ ongoing partnership with the Discovery Vitality HealthyFood™ Programme incentivises and rewards customers for making healthy food purchasing decisions, and avoiding food linked to dietary practices that cause non-communicable diseases such as diabetes, high cholesterol, and high blood pressure.

Customers who have linked their Woolworths loyalty cards to Vitality can receive up to 25% cashback when they purchase Vitality HealthyFood™-linked products.



INDUSTRY ENGAGEMENT

Woolworths is a member of the Consumer Goods Council of South Africa Healthy Food and Food Safety Initiative working groups.

One of the main aims of these groups is to provide a platform for engagement between members, policymakers, and other relevant stakeholders.

RESPONSIBLE MARKETING AND ADVERTISING

Although not a member, Woolworths adheres to the prescripts of the Advertising Regulatory Board (ARB) Code of Advertising Practice.

FOOD

The South African Department of Health published draft regulations relating to the advertising of foodstuffs, which require front-of-pack warning labels on packaged foods high in added sugar, salt and/or saturated fat, and which contain artificial sweeteners. Several restrictions on health-related claims are also included in the draft regulations. The date these regulations will take effect is still to be announced.

Woolworths will ensure adherence to the regulations once they are finalised.

ALCOHOLIC BEVERAGES

In addition to our alcoholic beverage range, we continue to offer a dealcoholised range of wines. All our wines include a nutrition profile and drinking guidelines.

In acknowledgement of the potentially harmful effects of alcohol on public health and gender-based violence, Woolworths is a member of the Association for Alcohol Responsibility and Education (AWARE), a non-profit organisation registered with the South African Department of Social Development that focuses on preventing the negative consequences of alcohol abuse.

- At present, Woolworths does not have a formal statement on the responsible use of alcohol, but abides by:
- The South African Liquor Brand Owners Association (SALBA) codes
  - AWARE’s Code of Commercial Communications, which sets out guidelines for the marketing of alcohol products in a socially responsible manner

As per the regulations relating to wine, it is also mandatory to include warnings on all wine labels, which we conform to. We also include similar warning messages as part of our marketing where relevant.



# PRODUCT SAFETY AND INTEGRITY

*We are committed to maintaining the highest possible levels of product safety throughout the business. Mechanisms are in place to ensure that consumers are offered products that have undergone thorough testing and rigid process control to make them as safe as possible.*

## CLOTHING SAFETY

A Safety Manual is provided to all Woolworths clothing manufacturers that sets out our safety policy and specific requirements for ensuring customer safety throughout the manufacturing, processing, and finishing of our products.

Country Road Group suppliers have access to a portal with product safety and performance testing guidelines.

### CHILD SAFETY

Country Road Group collaborated with retail peers to publish safety standards and guidelines for the design and development of apparel, accessories, and footwear intended for young children. The requirements are captured within the Country Road Group’s Children’s Apparel Safety Standard.

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

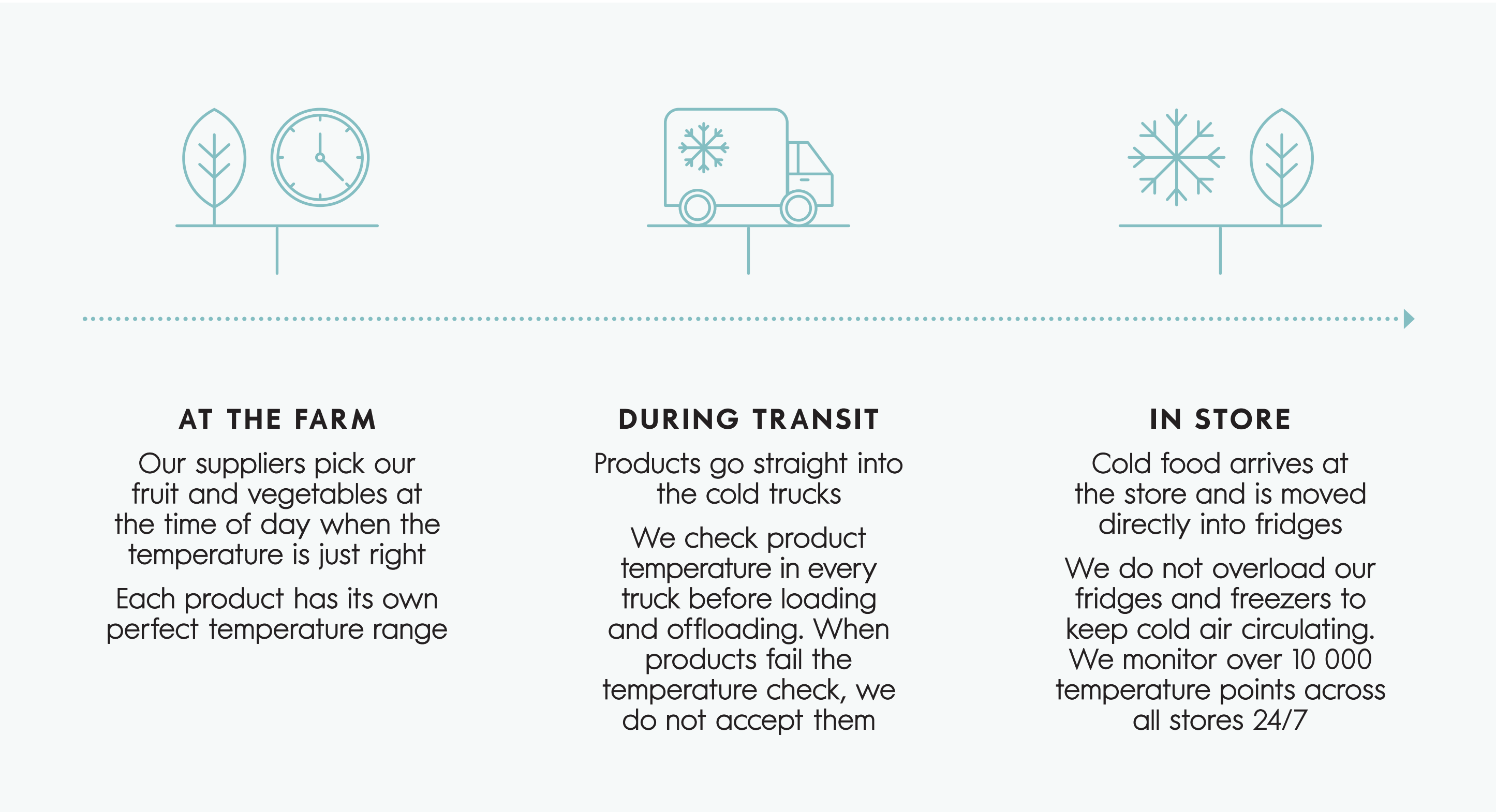
- WE DO OUR UTMOST TO ENSURE THAT OUR BABY AND CHILDREN’S CLOTHING IS SAFE VIA PRACTICES SUCH AS:
- Running all clothing through metal detectors before it leaves a factory to ensure there are no pins or needles left in the product
  - Putting a bar tack behind all draw cords of children’s clothing to ensure they cannot be pulled out
  - Placing a protective flap over zippers of baby rompers to avoid skin getting caught by the zipper
  - Putting anti-slip silicone prints on baby socks to prevent slipping
  - Designing selected school items with fabric that has built-in UV protection
  - Putting reflective strips on school bags, rain jackets, and shoes to make children more visible

## FOOD SAFETY

All Woolworths food production supplier sites producing private-label food must adhere to our strict hygiene, food, and housekeeping code of practice.

All Woolworths’ food labels contain detailed information on ingredients, nutritional values, and allergens.

As the safety of numerous food products depends on optimal storage temperatures being maintained, Woolworths takes great care to maintain a strict cold chain. The cold chain is the entire process – from the producer, via the Woolworths’ distribution system and Woolworths stores, to our customers. The correct temperature must be maintained throughout this process. If the cold chain is broken (with temperatures exceeding the specified range), it drastically shortens product life and could cause temperature-sensitive products to potentially become harmful.



## PRODUCT RECALLS

Woolworths has a robust product recall process, whereby products posing a safety risk are removed from the shelf within two hours of the respective executive being made aware of the risk.

Through routine quality tests, Woolworths discovered a fault in a production line, which resulted in cross-contamination of milk protein between Chicken Viennas and Chicken and Cheese Viennas.

In response, we recalled three products in May 2023:

- Smoked Chicken Viennas
- Cocktail Chicken Viennas
- Halaal Smoked Chicken Viennas

Also in May 2023, a Woolworths customer circulated a video on social media of what appeared to be a mouse inside a packet of chicken at one of our stores. The store immediately underwent a forensic deep clean and was closed early to allow for a thorough investigation. Actions arising from the investigation are now formalised and will be applied in all stores to try to prevent another incident of this nature.

Country Road Group also has robust internal processes to assess product safety risks and to initiate a product recall when warranted.

There were no product recalls for Country Road Group this year.

*All factories manufacturing products for Woolworths are audited independently by various inspection services, and are visited regularly by Woolworths technical teams to ensure the highest standards are maintained.*



# ETHICAL AND FAIR

*We care how our products are made, and are committed to a fully transparent, traceable, and ethical supply chain.*

SUPPORTING  
SUSTAINABLE  
COTTON  
MADE IN SOUTH AFRICA  
(SII)

## *Focus areas in this pillar*

ETHICAL SOURCING	48
SUSTAINABLE FARMING	62

## *Related UN SDGs*

1 NO POVERTY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



15 LIFE ON LAND






# ETHICAL SOURCING

## WHY IS THIS FOCUS AREA IMPORTANT?

The diverse and often complex supply chains involved in producing our products can have significant human rights and environmental risks and impacts. Our ethical sourcing programmes allow us to mitigate these risks and impacts where necessary, and positively influence them where possible.

### *In this focus area*

STRATEGY & MANAGEMENT APPROACH	
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TRANSPARENCY AND TRACEABILITY	50
HUMAN RIGHTS AND ETHICS	52
RESPONSIBLE SOURCING	57
MATERIAL INNOVATION	60



# OVERVIEW

## PERFORMANCE SUMMARY: VISION 2025+ GOALS

Have a fully transparent, traceable, and ethical supply chain by 2025	
2023	WSA FBH tier 2 supplier list mapped but not yet published
2022	WSA FBH tier 1 supplier list mapped and published <sup>1</sup>
BASELINE	<ul style="list-style-type: none"><li>• CRG tier 1 supplier list published<sup>1</sup></li><li>• WSA no supplier lists published</li></ul>
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

Develop a roadmap by 2022 for achieving a living wage for all workers across our supply chain	
2023	Roadmap developed
2022	Roadmap in development
BASELINE	No roadmap in place
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

Responsibly source all key commodities from traceable sources by 2025	
% of commodities responsibly sourced	Refer to details in the Responsible Sourcing section that follows
BASELINE	Refer to 2020 GBJ Report
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

% of commodities responsibly sourced and traceable	Refer to details in the Responsible Sourcing section that follows
BASELINE	0%
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

<sup>1</sup> Coverage of tier 1 suppliers: WSA FBH: 56%; CRG: 100%.

## HIGHLIGHTS

- The Group became a foundation member of the Ethical Trading Initiative
- Country Road Group was ranked in the top 20% of brands assessed in the 2022 Baptist World Aid Ethical Fashion Report
- Woolworths was ranked in the top category, ‘Leading’, in Textile Exchange’s Corporate Fibre and Materials Benchmark
- 100% of Woolworths palm oil, cocoa, cotton, and timber is responsibly sourced

*Woolworths was the top-ranked South African fashion retailer in the 2023 Fashion Transparency Index*

## LOOKING AHEAD

In line with our Vision 2025+ strategy, we will continue to focus on transparency, traceability, and responsible sourcing.

### WE AIM TO:

- Publish the Woolworths FBH tier 2 supplier list
- Continue developing our strategies and approach for going beyond social and ethical compliance audits to identify and manage risks in our supply chain
- Continue working on commodity roadmaps for traceability to facilitate the publication of the Group’s full supply chain in future

## LOWLIGHTS AND CHALLENGES

- Loadshedding, global supply chain disruptions, extreme weather events, and the war in Ukraine, have, in certain instances, caused delays, impacted our ability to source commodities or resulted in steep price increases
- A social and ethical compliance audit noted an instance of a Country Road Group supplier paying recruitment fees. This was immediately addressed. Due to persistent audit findings that remained un-remediated over two years, we terminated our relationship with the supplier.
- Multi-tier supply chains make the traceability of our key commodities back to source challenging



PROGRESS KEY



NOT YET STARTED



BEHIND



ON TRACK



AHEAD / ACHIEVED



# TRANSPARENCY AND TRACEABILITY

## SUPPLY CHAIN TRANSPARENCY

In line with our Vision 2025+ strategy, work is continuing across the Group to develop improved traceability processes and tools to increase the transparency of our supply chain. When we trace where a product has come from, we can support better working conditions and reduced environmental impact.

**TO DATE, WE HAVE PUBLISHED OUR TIER 1 SUPPLIERS AS FOLLOWS:**

- 2019: COUNTRY ROAD GROUP<sup>1</sup>
- 2022: WOOLWORTHS FBH PRIVATE-LABEL PRODUCTS<sup>1</sup>

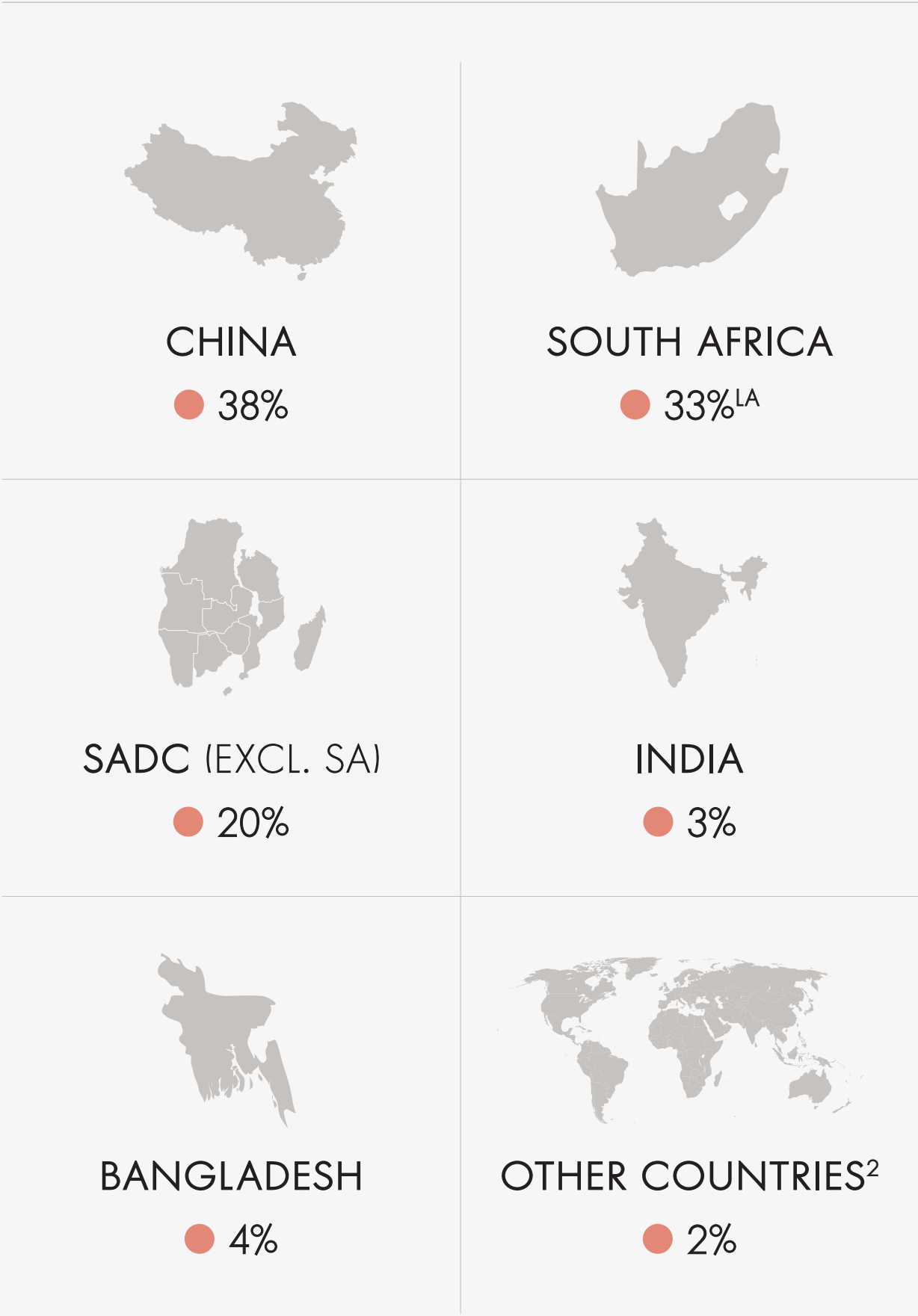
Woolworths FBH has mapped its tier 2 suppliers and will publish them in the second half of the 2023 calendar year. Woolworths Food is working on a roadmap for publishing key commodities’ supply chains, and is rolling out a digital platform to facilitate this process.

Country Road Group has commenced the rollout of a new supply chain management tool. The aim is to improve data management, traceability, and transparency. The tool will enable us to track supplier information, manage social and ethical compliance audits, track factory information, and store factory-level sustainability certification documentation. This will assist in enhancing the relationships with our suppliers, particularly once the supplier portal is activated.

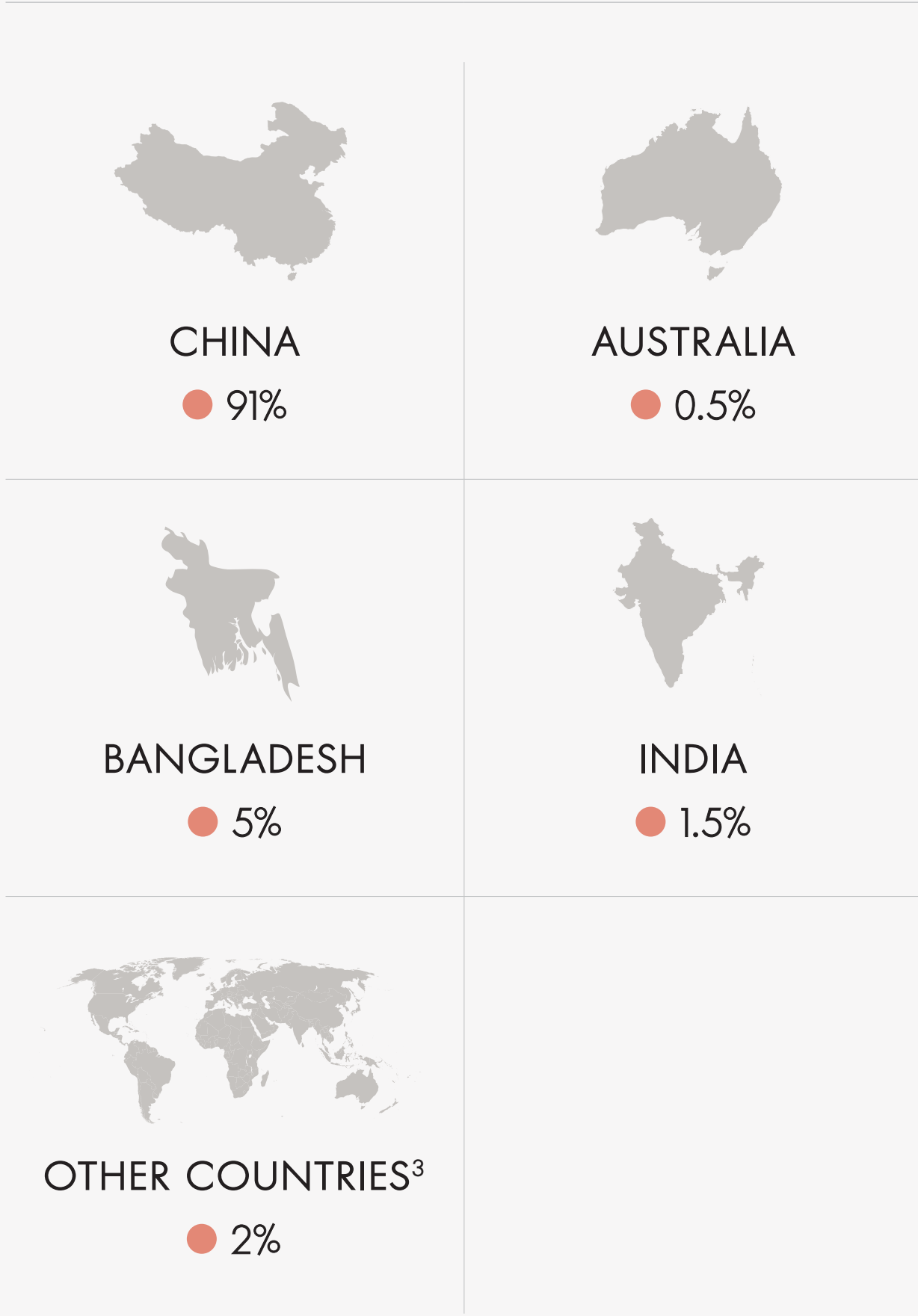
<sup>1</sup> Coverage of tier 1 suppliers: WSA FBH: 56%; CRG 100%.

## TIER 1 SUPPLIERS BY REGION

WOOLWORTHS FBH



COUNTRY ROAD GROUP



● | % sourced based on units (GRN)\*

\* GRN units: Units ordered and received.

<sup>2</sup> Other countries include Pakistan, Portugal, Italy, Slovakia, Czech Republic, Macedonia, Netherlands, Vietnam, Thailand, Sri Lanka, Turkey and Belgium. For each of these other countries we have eight or less suppliers therein, and they each supply less than 1% of our product (GRN).

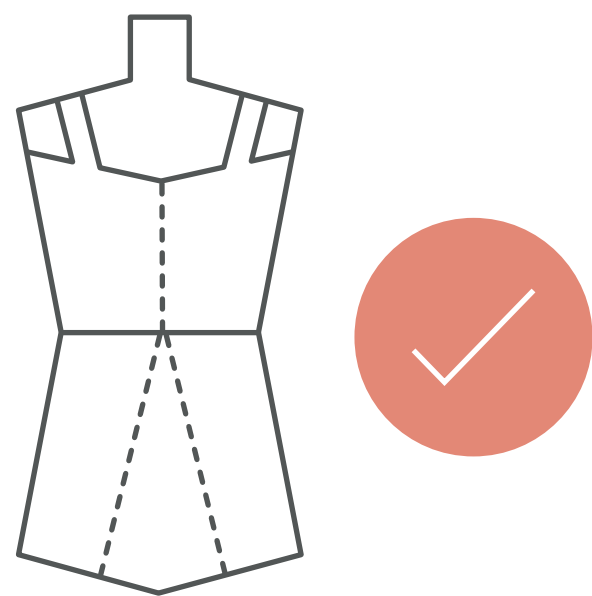
<sup>3</sup> Other countries include Vietnam, Thailand, Portugal, Sri Lanka, Taiwan, Spain, Slovakia and South Africa. For each of these other countries we have four or less suppliers therein, and they each supply less than 0.4% of our product (GRN).





FIBRE TRACEABILITY

Country Road continues to work with Oritain<sup>4</sup> to scientifically prove the origin and traceability of Australian-grown cotton and wool fibres in selected products.



*Woolworths scored the highest of any South African fashion retailer in the 2023 Fashion Transparency Index. Our ranking against global peers, however, indicated that more work is needed to improve our ethical sourcing programmes and disclosures.*

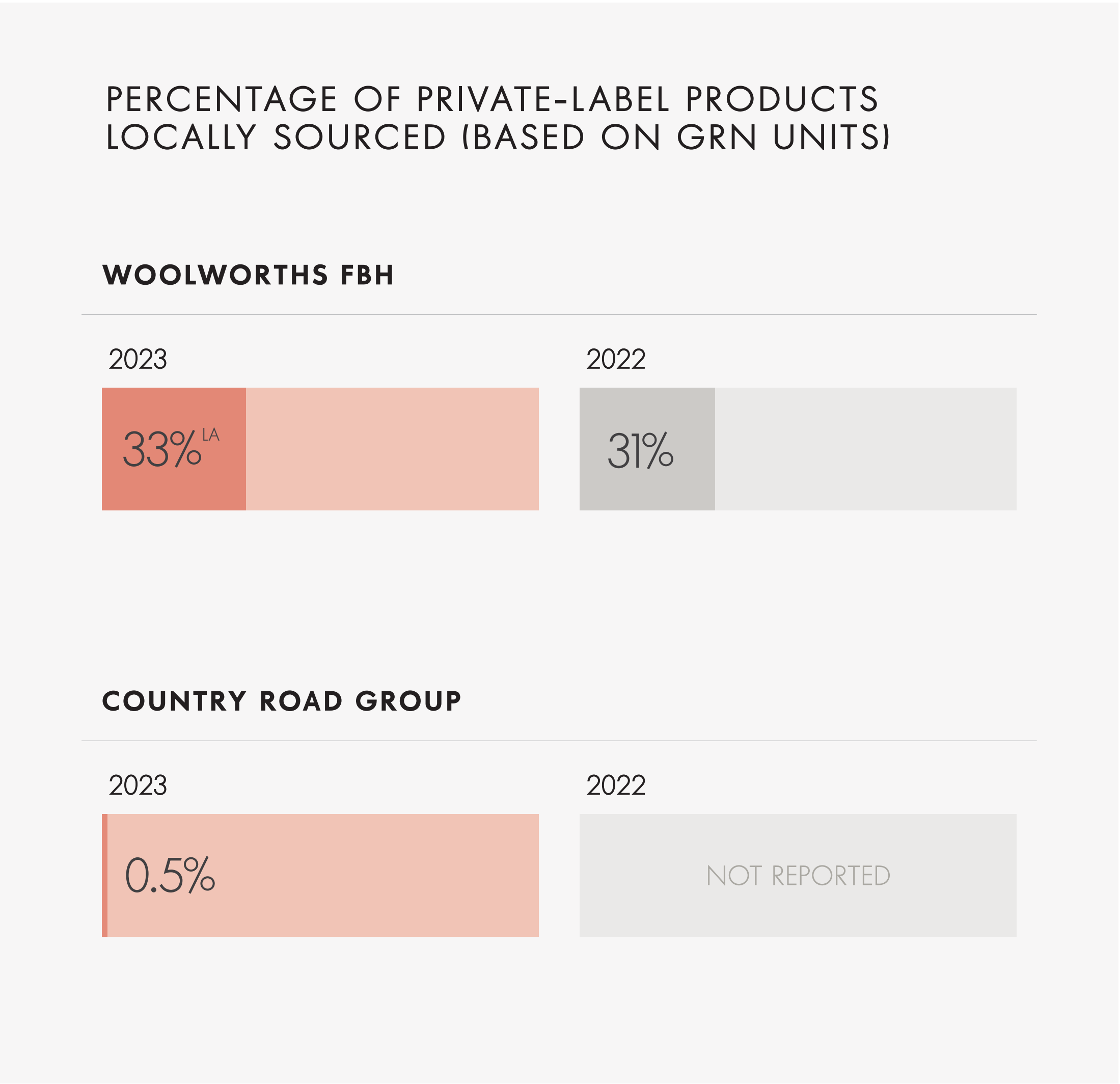
<sup>4</sup> Oritain takes a scientific approach to traceability by verifying where the fibres in each garment originate based on the ‘origin fingerprint’ of the fibres. Mother Nature embeds all things with a unique code based on where in the world they are produced. This code is created by the exact geochemistry of the product’s environment: some environments are nutrient-rich, some are poor; some are high in elements, some are low. These differences are what Oritain measures, using the results to create the origin fingerprint, which can then be used to scientifically verify where a product originated.

LOVE LOCAL

The increase in the percentage of our private-label products locally sourced reflects our continued focus on supporting local suppliers.

Woolworths’ approach to increasing the percentage of products locally sourced includes financial support such as favourable payment terms, technical support in creating capabilities, and fulfilling volume commitments.

There are several challenges in this area as well. Loadshedding, in particular, has negatively impacted many South African suppliers’ productivity, and their input and manufacturing costs. This is particularly the case for our smaller suppliers.



*Country Road in South Africa was proud to partner with the 2022 Twyg Sustainable Fashion Awards for the third consecutive year. The partnership aims to nurture local South African talent and support innovative approaches to fashion design.*

*Country Road awarded the winner of the Changemaker category, Cleo Droomer of Droomer, with a cash prize of R100 000. The Changemaker Award recognises designers who embrace responsible and circular design practices.*

*Country Road in Australia offered a 12-month mentorship to the National Indigenous Fashion Awards winner in the Fashion Design category for the third year in a row.*

*Denni Franciso won this award for a second year, enabling her to continue and expand her journey with the brand. Country Road supported her Independent First Nations event, helping her commission six artworks from First Nations artists for the event.*





# HUMAN RIGHTS AND ETHICS

## SUPPLIER CODES OF CONDUCT

All WHL Group suppliers and service providers, whatever their location, are bound by our Supplier Codes of Conduct (codes), all of which are aligned with the International Labour Organisation's conventions concerning ethical trade and the Ethical Trading Initiative Base Code.

The codes outline our requirements for human rights, labour practices, health and safety standards, environmental stewardship, animal welfare, and our zero tolerance for bribery and corruption. The codes are supplemented by several supporting policies and position statements.

Our social and ethical compliance audits monitor suppliers' compliance with our codes.

## DUE DILIGENCE ON NEW SUPPLIERS

We conduct due diligence before accepting any new suppliers to identify and mitigate risks. The nature and extent of due diligence depends on risk, including:

- Whether suppliers and their factories are local or international
- The nature of the supplier
- Whether they are known to us
- The nature of the industry in which they operate

In addition, before any orders are placed, suppliers to the Group must sign supplier agreements, which include acceptance of our Supplier Codes of Conduct, and submit a social and ethical compliance audit – or, for low-risk or small suppliers, a self-assessment questionnaire.

## SOCIAL AND ETHICAL COMPLIANCE AUDITS

The Group operating companies have developed their own social and ethical compliance audit protocols and programmes to ensure suppliers meet our requirements and Supplier Codes of Conduct (codes). These programmes include protocols related to audit approach, frequency, and grading.

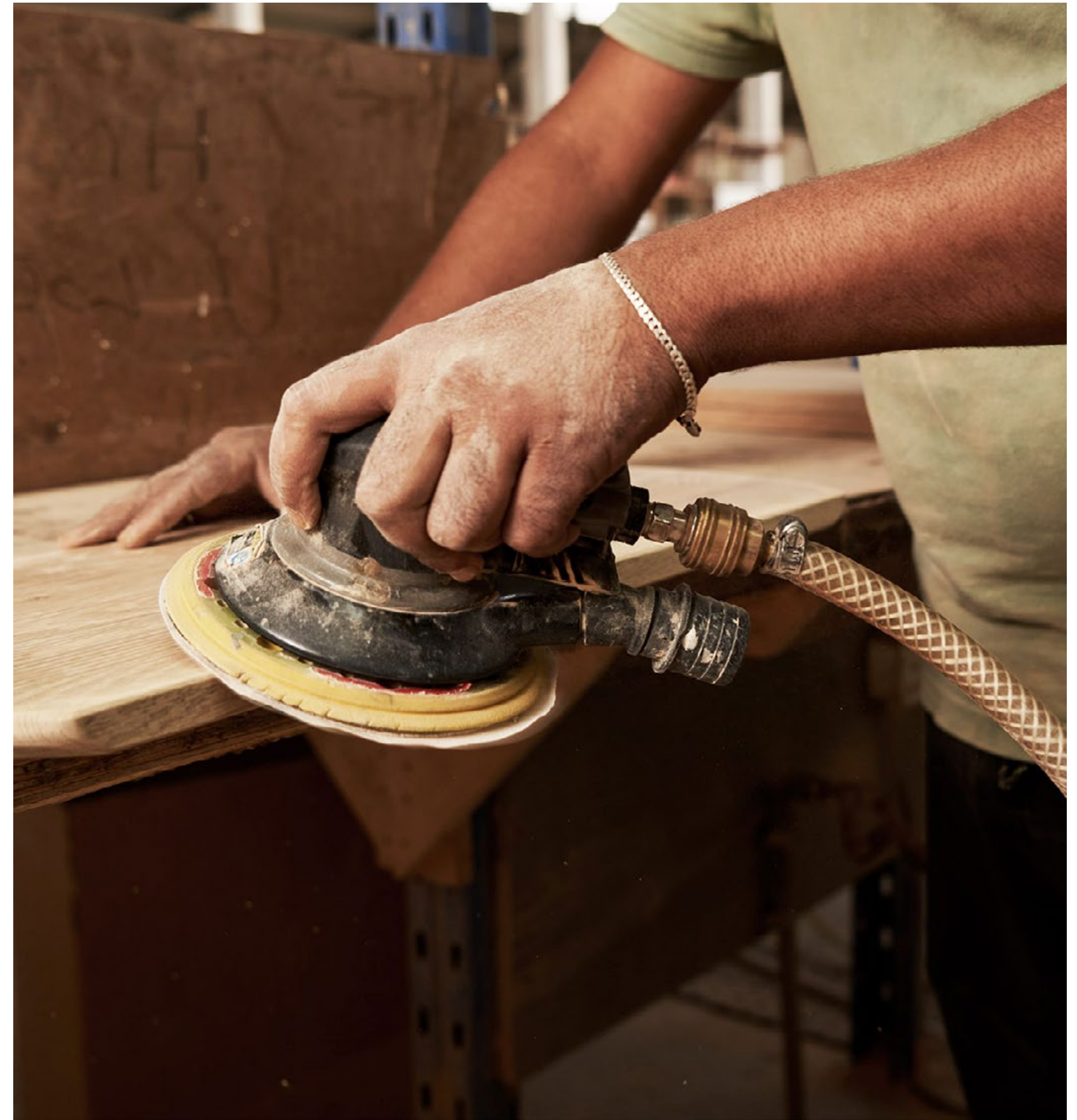
For both Woolworths Food and FBH, suppliers are incentivised to perform well on the audits, as the number and classification of findings drive audit frequency – more findings equate to more regular audits.

All suppliers' factories undergo regular audits against the codes. These audits are conducted by independent auditors commissioned by the Group operating companies. Alternatively, suppliers need to supply audit reports from an approved list of independent auditors or complete and submit a self-assessment.

There is an expectation that branded suppliers have their own policies and systems in place to ensure that their supply chains comply with our codes. This also applies to all primary suppliers and those from whom they source, i.e. our secondary suppliers. This is set out in our contractual arrangements with them.

The Group has been encouraging suppliers to sign up for the SEDEX platform to enhance consistency across the Group. SEDEX is a global platform that helps companies manage ethical supply chain risk and streamline the challenges of engaging with multi-tier supply chains by providing a single platform for ethical audit report storage, enabling performance transparency, greater efficiency, and consistency.

A Group-wide process is underway to convert our supply base, where relevant, from our existing social and ethical compliance audit protocol to SMETA, SEDEX's ethical audit methodology. SMETA audits suppliers' performance against labour, health and safety, environment, and business ethics.





SOCIAL AND ETHICAL AUDITS 2023								
	Percentage of supplier sites on SEDEX	Number of supplier sites audited	Percentage of supplier sites audited	Percentage of supplier sites meeting social and ethical compliance requirements (TARGET: 100%)	Number of business-critical audit findings	Percentage of audits announced	Percentage of audits unannounced	Percentage of audits where workers interviewed
WOOLWORTHS FOOD	65%	77	22%	56% <sup>LA</sup>	0	100%	0%	100%
WOOLWORTHS FBH	37%	252	39%	100% <sup>LA</sup>	0	100%	0%	98%
COUNTRY ROAD GROUP	96%	137	55%	98% <sup>LA</sup>	6	39%	5%	100%

CATEGORY OF AUDIT FINDINGS	ENVIRONMENTAL ISSUES	HEALTH & SAFETY ISSUES	LABOUR, ETHICS, HUMAN RIGHTS ISSUES
WOOLWORTHS FOOD	9	131	60
WOOLWORTHS FBH	73	803	460
COUNTRY ROAD GROUP	Findings’ categorisations not yet recorded		

FINDINGS (COMMON AND REPEATED FINDINGS)	
<b>LABOUR PRACTICES</b> , such as:  Excessive overtime, invalid or expired work permits, non-statutory deductions without employers’ approval, workers paid below minimum wage, undue threats of dismissal, social insurance not provided	<b>HEALTH AND SAFETY PRACTICES</b> , such as:  Lack of fire alarms, fire drills or fire-fighting equipment, emergency exit doors blocked or locked, lack of or inconsistent use of safety equipment and personal protective equipment
REMEDIAL ACTION	
<b>BUSINESS-CRITICAL FINDINGS:</b>  Any business-critical findings arising from the audits, such as systemic instances of payment below minimum wage or forced or child labour and modern slavery practices, are escalated to senior management within the Group, and our suppliers are requested to correct them immediately.	<b>OTHER FINDINGS:</b>  For other findings, the buying teams work with our suppliers to assist them in aligning with the requirements within a stipulated timeframe, and conduct follow-ups to ensure corrective actions have been taken.  This could include ensuring that policies and procedures are updated, investing in proper equipment or adequate employee and factory management training.

*Audit results and findings are summarised and reported quarterly to internal audit and the WHL Board Risk, Information and Technology Committee.*

While we aim to continue working with our suppliers to resolve all audit findings, we reserve the right to suspend or discontinue our trading relationship with them if we do not see corrective actions being taken, particularly regarding business-critical findings.

During the year, after robust consultation and engagement, we exited our relationship with one supplier due to the non-resolution of a business-critical finding.

Certain findings, such as invalid or expired work permits, are common national or international issues, and our suppliers continue to engage with governments to address these.

We established a continuous improvement programme to assist Woolworths Food suppliers in improving their social and ethical audit compliance results. This programme includes mandatory training for suppliers due for an audit. It also includes mandatory site support visits to assess gaps and audit preparedness.

Additionally, we will launch an Ethical Risk Mitigation Framework. It will set out a structured consequence management approach to continued non-conformance by suppliers to social and ethical audit requirements.

During the year, Woolworths FBH received a report from an NGO of perceived transgressions at one of our suppliers. The alleged transgressions included recruitment fee payment, intimidation and threats, abusive living conditions, inadequate response to grievances, abuse of vulnerability, deportation, deception, and poor food quality.

In response, we conducted two unannounced SMETA audits and additional worker interviews. Based on these independent investigations, the reported perceived transgressions appeared to be inaccurate, and the quality of food has been improved.

Looking ahead, we aim to develop our human rights due diligence approach further, going beyond audits to measure and identify social and ethical compliance risk factors, including root cause analysis, worker surveys, capacity planning and modelling, relevant supplier surveys, training, and webinars.



## HUMAN RIGHTS DUE DILIGENCE

Woolworths FBH has commenced human rights due diligence audits. Two factories in high-risk areas were identified, and unannounced SMETA audits were conducted using an approved third-party audit company.

The results are being analysed for issues not identified during routine audits to confirm no findings related to human rights and modern slavery. Should findings be uncovered, these will be dealt with as set out in our social and ethical compliance audit process.

Woolworths Food and Country Road Group will also implement specific human rights due diligence procedures in the future.

## RECRUITMENT FEES

The Group does not permit the payment of recruitment fees. Should the social and ethical audits detect payment of recruitment fees, it is raised as a business-critical finding. We will engage with the supplier to rectify immediately.

We identified one instance during the year of a supplier in Thailand paying recruitment fees. We engaged immediately, and the supplier implemented a policy prohibiting payment of recruitment fees. This particular supplier had also had persistent audit findings for nearly two years, which were not being remediated. We thus made the decision to terminate our relationship with this supplier.

## GRIEVANCE MECHANISMS AND REMEDIATION

We maintain internal and external grievance channels for employees and workers in our direct operations and supply chain.

As outlined in our internal grievance and dispute-resolution policies, our employees can raise concerns directly with human resources teams. These policies clearly indicate what issues constitute a grievance, and explain the process for a grievance to be assessed, verified, and remediated.

Employees or workers in the supply chain can raise concerns anonymously through external, third-party-run whistle-blowing hotlines, which are accessible by phone and email. Grievances raised in this manner are investigated confidentially in line with the approach outlined in our whistle-blowing policies.

Many of the Group's social and ethical compliance audits also evaluate suppliers' grievance mechanisms. For Country Road Group, grievances can be raised by workers in the supply chain using an email address listed in the publicly available Supplier Codes of Conduct.

We are committed to providing for or co-operating in remediation where we identify that we have caused, contributed to, or been linked to a grievance raised. Country Road Group has a Grievance Remediation Policy to assist and guide the sourcing teams to assess, escalate, and resolve workers' grievances received.

TO FURTHER IMPROVE THE GRIEVANCE MECHANISM PROCESS, COUNTRY ROAD GROUP:

- Held a webinar for suppliers on understanding and addressing the risk of modern slavery
- Worked with ELEVATE to develop a Workers' Sentiment Survey for a pilot at five key factories selected based on previous audit findings and spend
- Continued piloting a Worker Grievances app, for which a monthly activity report of grievances raised is received and actioned

***Woolworths hosted a two-day Worker Voice for Fishing Crews workshop in Cape Town, in collaboration with the Global Seafood Alliance and Key Traceability. It was attended by industry representatives, both large commercial and small-scale, NGOs, and fisheries associations. The workshop aimed to outline expectations of, and how to practically implement, worker voice and grievance mechanisms for fishing vessel crews.***

## ETHICAL SOURCING TRAINING

Capacity-building, awareness of, and training in ethical-sourcing-related topics, both internally and with our suppliers, are critical to ensuring that we source our products responsibly.



THE FOLLOWING TRAINING WAS CONDUCTED DURING THE YEAR:

- Modern slavery training for the Country Road Group Exco, and all employees, via an e-learning module. The module contains videos, interactive quizzes, and case studies. We collaborated with subject matter experts to develop the content and ensure it was accurate and comprehensive. Looking ahead, we will develop a role-specific training module for those employees working with suppliers and products
- Social and ethical compliance training for Woolworths FBH teams and suppliers
- Training focusing on labour relations, health and safety, management systems, root cause analysis, ethical compliance, and SEDEX for the Woolworths Food team and suppliers. The purpose of the training was to enable suppliers to proactively manage their social and ethical compliance, and improve their audit results





LIVING WAGE

We have developed a roadmap towards enabling a living wage for workers in our supply chain. It includes specific activities we plan to undertake, as well as deliverables, milestones, provisional timelines, and resources. This roadmap will evolve as we progress with our living wage journey. Specific activities across varying timeframes include:

ONGOING			
Identifying credible organisations to partner with on our living wage journey		Started	
Conducting training with internal teams and suppliers		Started	
SHORT TO MEDIUM TERM (1 TO 3 YEARS)		LONG TERM (4 TO 5 YEARS)	
Building up a database of current wages being paid	Started	Engagement with internal and external stakeholders, and finalisation of our approach to enable payment of living wages in our supply chain	Not yet started
Identifying appropriate benchmarks for living wages, taking cognisance of regional variation and being clear on assumptions made. The Global Living Wage Coalition <sup>5</sup> and its Anker Methodology <sup>6</sup> will be used as far as practically possible	Started, very early stages		
Calculating the wage gap and quantifying the impact on product costing	Not yet started		
Updating as necessary, and ensuring wider distribution of our Supplier Codes of Conduct, translated into local languages, directly to workers	Not yet started		
Development of a responsible purchasing practices framework	Not yet started		
Continued rollout of worker voice, and improvement of grievance mechanisms	Started, pilot projects only		
Identifying relevant worker empowerment projects	Started, pilot projects only		

<sup>5</sup> The Global Living Wage Coalition (GLWC) brings together Fairtrade International, GoodWeave International, the Rainforest Alliance, and Social Accountability International, in partnership with the ISEAL Alliance and international living wage experts Dr Richard Anker and Martha Anker. The GLWC’s mission is to see continuous improvement in workers’ wages in the farms, factories, and supply chains participating in their respective certification systems and beyond, and with the long-term goal for workers to be paid a living wage. The GLWC aims to develop living wage benchmark estimates in many countries, based on a single definition and methodology to calculate living wage and as a critical step to enable industries and companies to move towards paying a living wage.

<sup>6</sup> The Anker Methodology is a methodology used to measure a decent but basic standard of living in different countries, and how much workers need to earn to support themselves and their families. This information allows researchers to estimate comparable living wages around the world, and determine gaps between living and prevailing wages, even in countries with limited secondary data.

Source: [globallivingwage.org](http://globallivingwage.org)

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Source: globallivingwage.org



*During the year, the Group became a foundation member of the Ethical Trading Initiative (ETI). The ETI is an alliance of companies, trade unions, and NGOs that work together to collectively promote respect for workers’ rights. It tackles challenges related to ethical trade, such as living wage, modern slavery, workers’ access to grievance mechanisms, and remediation.*



*Country Road was rated ‘Nice’ in Oxfam’s ‘Naughty and Nice List’. ‘Nice’ brands have committed to conducting a wage gap analysis in their supply chain, and the ‘Nicest’ brands have published their results. ‘Naughty’ brands haven’t made a wage gap analysis commitment, and the ‘Naughtiest’ brands have failed to keep up with almost all commitments.*



MODERN SLAVERY

*We recognise that modern slavery does not occur in isolation, and can often be connected to other breaches of human rights.*

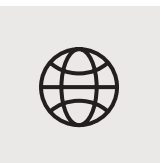
TYPES OF MODERN SLAVERY RISKS IN OUR SUPPLY CHAIN INCLUDE:

- Forced labour
- Bonded labour
- Deceptive recruiting
- Child labour

THESE RISKS ARISE FROM A RANGE OF UNDERLYING FACTORS, INCLUDING:

- The use of migrant or unskilled labour in supply chains where workers are more vulnerable to exploitation
- Unauthorised subcontracting, which could lead to unknown actors involved in the provision of goods or services who may be engaged in modern slavery
- Potential involvement of children in extended supply chains (including in hazardous or harmful work)
- Extreme working conditions such as excessive overtime or lack of rest days
- Underpayment of wages or social insurances

We acknowledge that modern slavery can be challenging to recognise and address. We are committed to implementing practical approaches to identify, assess, and address modern slavery and broader human rights risks.



In accordance with Australia’s Modern Slavery Act (Act), Country Road Group submitted its modern slavery statement, covering the period 1 July 2021 to 30 June 2022

ACTIONS WE TAKE

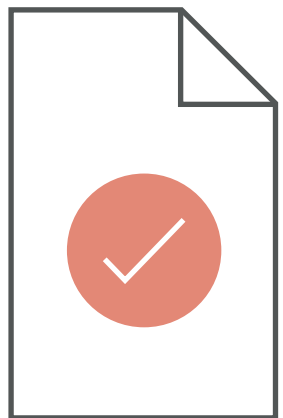
- Mandatory adoption of our Supplier Codes of Conduct by suppliers
- Regular supplier social and ethical compliance audits, and follow-up of remedial actions taken to address findings
- Termination or suspension of supplier relationships where audits reveal business-critical findings that are not remediated
- Capacity-building, training and engagement, internally and with suppliers
- Establishment of internal cross-functional teams regarding modern slavery and living wage to discuss key topics that may affect our business, and to facilitate working together as a Group towards improving conditions for workers in our supply chain
- Establishment of mechanisms to understand worker sentiment on the ground through surveys
- Development of responsible purchasing practice guidelines for buying teams
- Connecting with industry peers, NGOs, and multi-stakeholder initiatives to remain abreast of the ever-changing risk landscape
- Keeping abreast of global news regarding human rights, forced labour, and modern slavery



The WHL Group is a signatory to the UN Global Compact. Being a signatory means committing to operating in ways that, at minimum, meet fundamental human rights, labour, environment, and anti-corruption responsibilities.



The 2022 Baptist World Aid Ethical Fashion Report, Australia’s most prominent and high-profile report on ethical performance, ranked 581 fashion brands on a scale of 0 to 100. Country Road Group scored 53, ranking in the top 20% of brands assessed.



Country Road Group is a signatory to the new International Accord for Health and Safety in the Textile and Garment Industry (new Accord). It replaces the Bangladesh Accord, which officially expired in August 2021. The new Accord intends to protect workers’ safety and improve supply chain conditions. The new Accord will continue supporting the current operations in Bangladesh by continued funding of fire and building safety work.



# RESPONSIBLE SOURCING

*As part of our Vision 2025+ strategy, we have set ourselves a goal – that by 2025, all our key commodities will be responsibly sourced and traceable. Our key commodities are palm oil, cocoa, coffee, soya, seafood, cotton, leather, man-made cellulosic fibres (MMCF), timber, and synthetics.*

- WITH THIS GOAL, WE ARE AIMING TO CONTRIBUTE TO:
- Creating demand for commodities that are produced in ways that responsibly manage environmental impacts such as biodiversity loss, deforestation, land-use change, climate change and water usage, and that are also good for the farmers, suppliers, and their local communities, protecting human rights and enabling good working conditions
  - Providing visibility to our stakeholders of the provenance of our products through the entire supply chain

We are not yet reporting on the percentages of our key commodities that are traceable as we are still identifying solutions and developing roadmaps to enable traceability.

PERCENTAGE OF RESPONSIBLY SOURCED (WSA)	PROGRESS	2023 TARGET	2023 ACTUAL	2022 ACTUAL
PALM OIL	●●●●●	100%	100%	100%
COCOA	●●●●●	100%	100%	100%
COFFEE	●●●●●	65%	75%	92%
COTTON	●●●●●	100%	100%	100%
MMCF	●●●●○	100%	95%	96%
TIMBER	●●●●●	100%	100%	98%
LEATHER	●●●●●	50%	53%	32%
SYNTHETICS	●●●●●	10%	12%	18%



Woolworths was ranked in the top category, ‘Leading’, in Textile Exchange’s Corporate Fibre and Materials benchmark. The benchmark ranked 320 companies in the fashion, textile, and apparel industry on their progress on responsible sourcing. Leading companies are those that are pioneering industry transformation in this regard.



HOW WE MANAGE COMMODITY SOURCING IN FOOD

PALM OIL	COCOA	COFFEE	SOYA
<p>Woolworths is a Roundtable on Sustainable Palm Oil (RSPO) member.</p> <p>Our minimum requirement is mass balance RSPO palm oil, and we are currently achieving that requirement in 100% of our products using palm oil or palm oil derivatives.</p> <p>Work has commenced on supply chain mapping to enable the sourcing of segregated palm oil, which will provide us with full traceability of our palm oil. An initial investigation revealed that segregated palm oil carries a significant cost premium due to a lack of infrastructure and demand in South Africa.</p> <p>We continue to work on creating awareness in the industry and with our customers to support our transition to responsibly sourced and segregated palm oil.</p> <p>For the third consecutive year, we purchased RSPO credits<sup>7</sup> from smallholder farmers, equivalent to 100 tonnes of palm oil, to support the inclusion of smallholder farmers in the mainstream market.</p>	<p>Woolworths aims to use responsibly sourced cocoa, including cocoa certified by Rainforest Alliance, Fairtrade International, Puratos Cacao Trace, and Cocoa Horizon.</p> <p>We are the only major retailer in South Africa to use 100% responsibly sourced cocoa in our core chocolate and sweets lines, and sell it as an ingredient.</p> <p>With our current mass balance cocoa sourcing and knowledge of our suppliers, we can trace cocoa beans back to co-op level. We are working with our suppliers on a supply chain mapping exercise to enable us to source segregated cocoa and cocoa derivatives. This will give us full traceability of our cocoa supply chain back to farm level.</p>	<p>Woolworths is one of the largest coffee retailers in South Africa. Our current approach to coffee is to source organic coffee beans.</p> <p>For our WCafés and coffee carts, we source 100% organic African coffee from Tanzania and Ethiopia, supporting over 80 000 smallholder farmers. Thirty-six percent of the coffee we sell in our retail range comes from these same smallholder farmers.</p> <p>Our coffee is currently traceable to co-op level. We are capturing our tier 1 and 2 coffee suppliers onto a digital platform to improve traceability.</p>	<p>Woolworths is a Round Table on Responsible Soy (RTRS) member, and supports the development of a sustainable soya market in major producing regions through the purchase of RTRS credits.</p> <p>For the sixth consecutive year, Woolworths has purchased 2 700 RTRS credits<sup>8</sup>. We purchase credits from certified growers who meet the RTRS standard for responsible soya production. One credit is equivalent to one tonne of soya. In this way, we are supporting responsible production.</p> <p>Ninety-eight percent of the soya used by Woolworths is used in animal feed by our protein suppliers. We are working on a baseline assessment to understand the quantities and sources of soya used in the animal feed and our products. This will assist in working towards the visibility of our entire soya supply chain.</p>




<sup>7</sup> An RSPO credit is proof that one tonne of certified palm oil was produced by an RSPO-certified company or independent producer, and has entered the global palm oil supply chain. By purchasing credits, buyers encourage the production of certified sustainable palm oil.

<sup>8</sup> RTRS’s certification scheme is widely recognised as the system that promotes responsible production. Certified farms must be approved by auditors and meet the requirements for sustainable production. The RTRS standard sets forth important social and environmental (zero deforestation) requirements, with clear criteria pertaining to human and labour rights. Because of considerable complexity in converting soya used in animal feeds to a responsibly sourced variety, we have started purchasing RTRS credits to promote the uptake and development of the responsible soya industry.

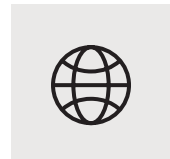




HOW WE MANAGE COMMODITY SOURCING IN FASHION, BEAUTY, AND HOME

COTTON	MMCFs <sup>9</sup>	TIMBER	LEATHER	SYNTHETICS
<p>Cotton is the most-used fibre across our private-label clothing collections.</p> <p>Woolworths and Country Road Group are members of Better Cotton and, in addition, support locally grown, certified organic cotton or recycled cotton.</p> <p>One of the challenges we face regarding the traceability of cotton is that the Better Cotton scheme is a mass balance scheme, making it difficult to trace the cotton back to farm level. We continue to engage with Better Cotton and other organisations to improve the traceability of the supply chain.</p> <p>Woolworths continued to source 100% responsibly sourced cotton.</p> <p>Woolworths’ sourcing of Better Cotton in the 2022 calendar year resulted in the following estimated benefits (as calculated by Better Cotton):</p> <ul style="list-style-type: none"><li>• 4.2M litres of water saved</li><li>• 2 600 kg less pesticides used</li><li>• \$2.1M additional profit made by farmers</li></ul> <p>Woolworths sourced an estimated 8 100 tonnes (2022: 9 400 tonnes) of Better Cotton.</p>	<p>The Group partnered with Canopy and 150 other brands as part of the CanopyStyle Initiative to promote the uptake of responsible sourcing policies among the top 10 global producers (responsible for 70% of global supply).</p> <p>The Group also aims to drive engagement with our suppliers and producers of MMCFs to ensure the production of fabrics does not result in illegal forest degradation or deforestation. We achieve this through our association with Canopy and by sourcing MMCFs that are Forest Stewardship Council (FSC) certified.</p> <p>Full traceability of our MMCFs continues to be a challenge, as FSC certification is cost-prohibitive for many companies in the clothing value chain.</p> <p>Woolworths’ percentage of responsibly sourced MMCFs remained stable. The only remaining challenge is where blends are used. Going forward, we will drive the requirement for suppliers to use responsibly sourced MMCFs in blends as well.</p>	<p>Woolworths is a signatory to the Vancouver Declaration, committing to work towards more sustainable sourcing of forest products and endorsing the FSC as the supplier of choice for the certification of forest products.</p> <p>In line with legislation, Country Road Group strives to design and develop timber and products with timber inputs from legally harvested sources.</p> <p>Full traceability of timber continues to be a challenge, as FSC certification is cost-prohibitive for many companies in the homeware value chain.</p> <div></div> <p><i><b>Woolworths has achieved a milestone of 100% responsibly sourced timber this year.</b></i></p>	<p>The extraordinary complexity of leather sourcing and traceability due to multi-tier supply chains is a global challenge that we, along with many other brands worldwide, seek to solve.</p> <p>The Group is a Leather Working Group (LWG) member, an environmental standard that promotes best practice in chemical management and wastewater treatment. We continue to encourage tanneries we source from to join the LWG.</p> <p>The LWG certification process assesses the ability of leather manufacturers to trace the material back to the slaughterhouse.</p> <p>We are conducting a baseline assessment of all our tanneries to understand their LWG certification levels, i.e. which are being audited against the LWG environmental auditing protocols, and which have a traceability rating (leather that is physically marked and traceable).</p> <p>Woolworths continues to work with its suppliers to increase responsibly sourced leather. This is reflected in the year-on-year increase in the percentage of responsibly sourced leather.</p>	<p>Focusing on petroleum-based synthetics such as polyester and nylon/polyamide, we aim to source recycled synthetics through globally recognised recycling programmes such as the Global Recycle Standard (GRS) and Recycled Claims Standard (RCS).</p> <p>While Woolworths’ percentage of responsibly sourced synthetics has decreased, we continue to work towards increasing the amount of recycled polyester in our ranges. However, we face significant challenges in the premium price associated with recycled polyester and the limited local availability thereof.</p>

<sup>9</sup> MMCFs are fibres derived from wood, such as viscose, rayon, lyocell, tencel, and modal.





SUSTAINABILITY ATTRIBUTES

The Group strives towards 100% of our private-label products having a sustainability attribute. Sustainability attributes are product characteristics that contribute to minimising a product’s social and/or environmental impacts at one or more stages in the value chain.



SUSTAINABILITY ATTRIBUTES ARE TAILORED TO EACH BUSINESS AND COVER SEVERAL MATERIAL ISSUES ACROSS OUR VALUE CHAIN, INCLUDING:

- Energy and climate change
- Waste (including packaging and food waste)
- Water
- Health, nutrition, and wellness
- Enterprise and supplier development
- Sustainable farming and fishing
- Sustainable fibres

There are several more detailed individual attributes underlying each of these material issues. Individual sustainability attributes are outlined in definition and guidance documents to support the business when making sustainability attribute claims for reporting or marketing purposes.

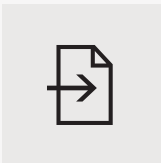
MATERIAL INNOVATION

*One of the Group’s Vision 2025+ goals is for all private-label clothing, beauty, and homeware products to contain at least one renewed, reused or recycled product material input by 2030.*

Across the Group, we continue to drive innovation and sustainability in the product development process and monitor the progress in, and the commercial viability of, alternative, vegan, renewed, reused or recycled fibres. Alternative fibres currently used across the Group include recycled polyester, recycled natural fibres such as wool and cotton, and vegan leather from plant-based sources.



Please refer to the Packaging and Waste chapter for more information on products containing reused or recycled material content.





## CASE STUDY

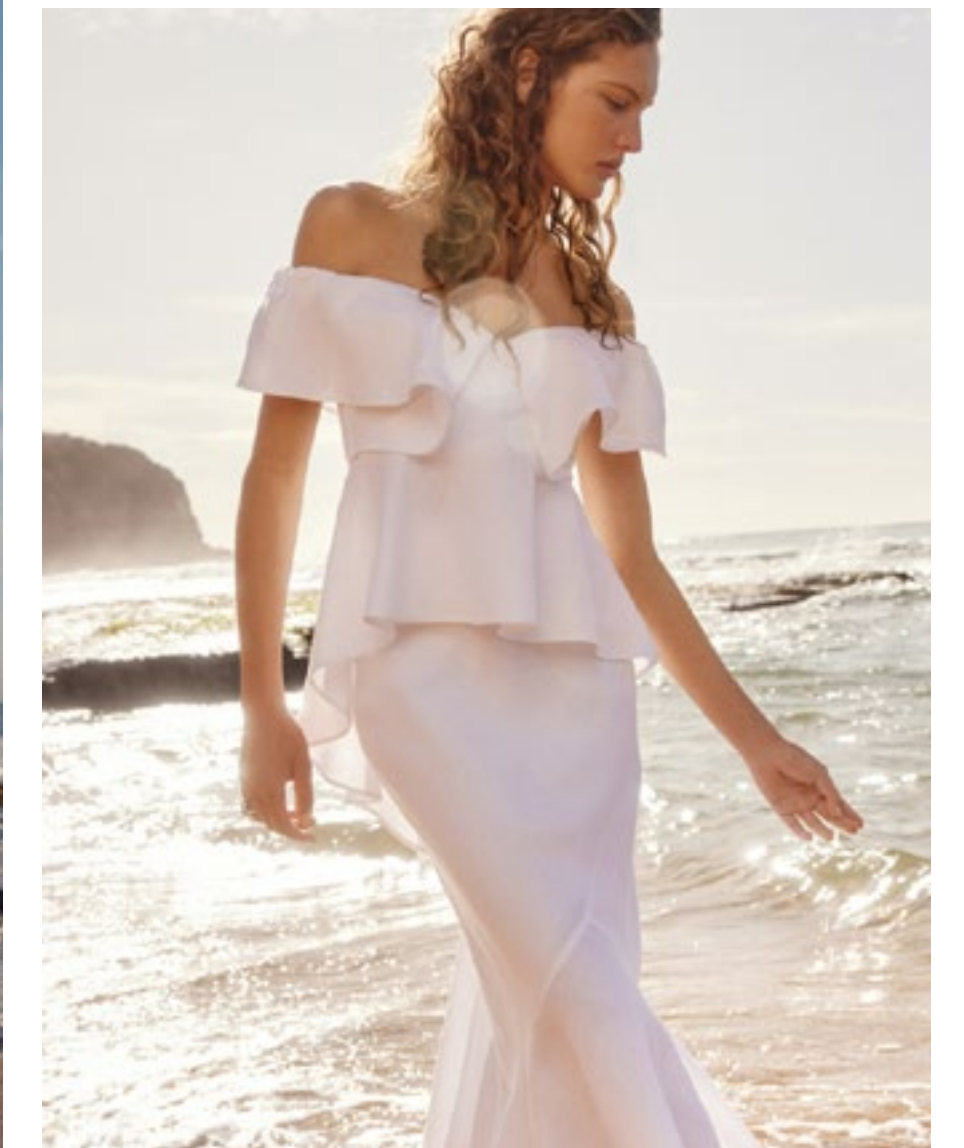
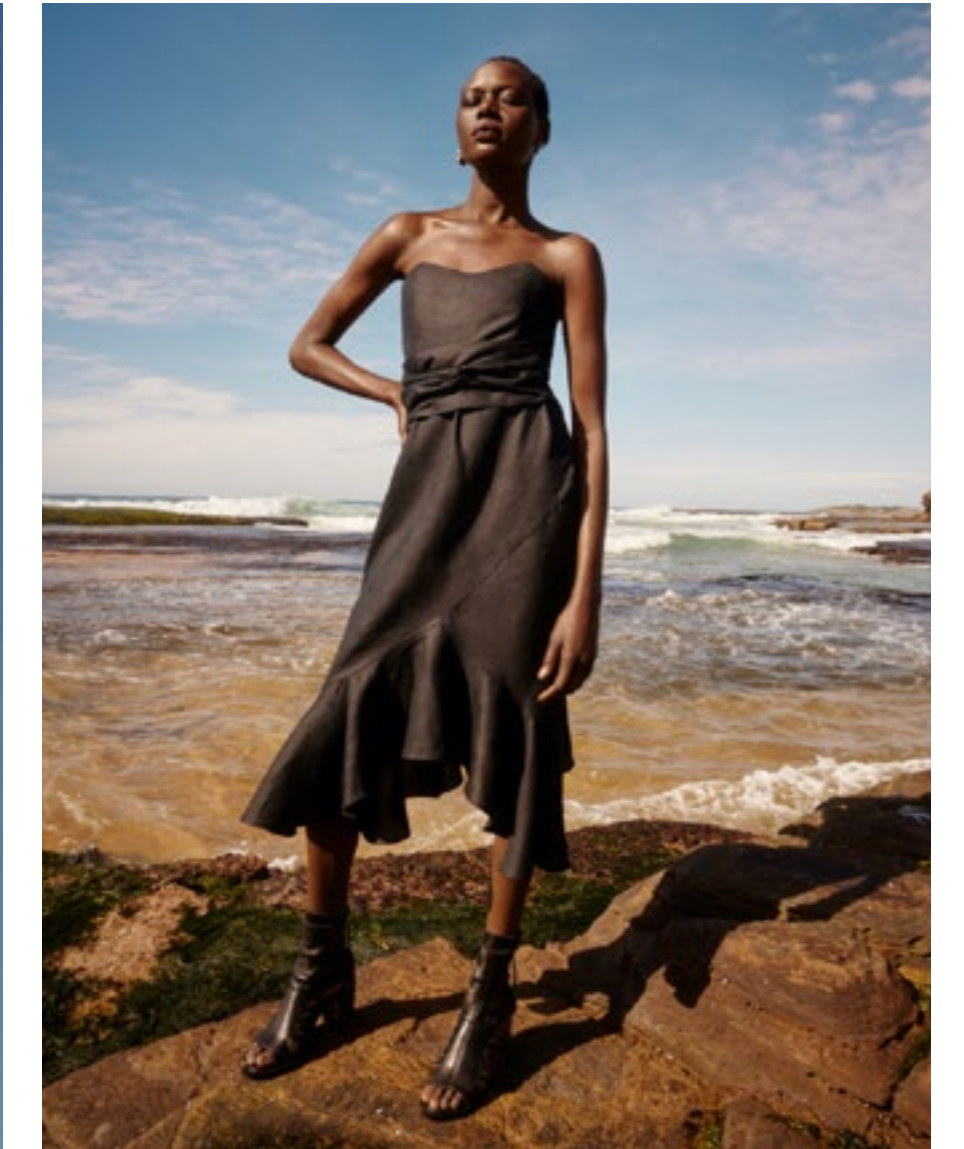
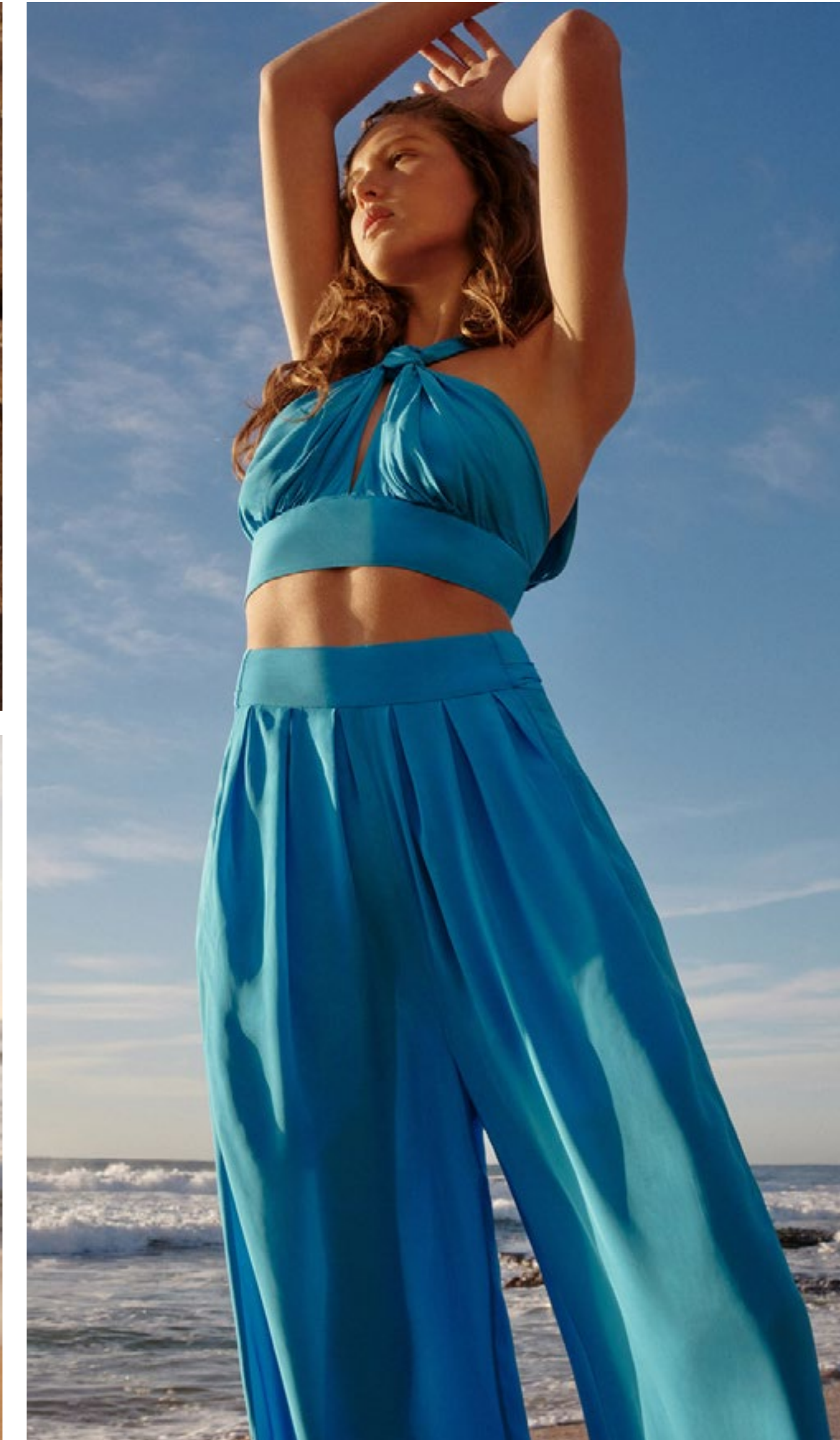
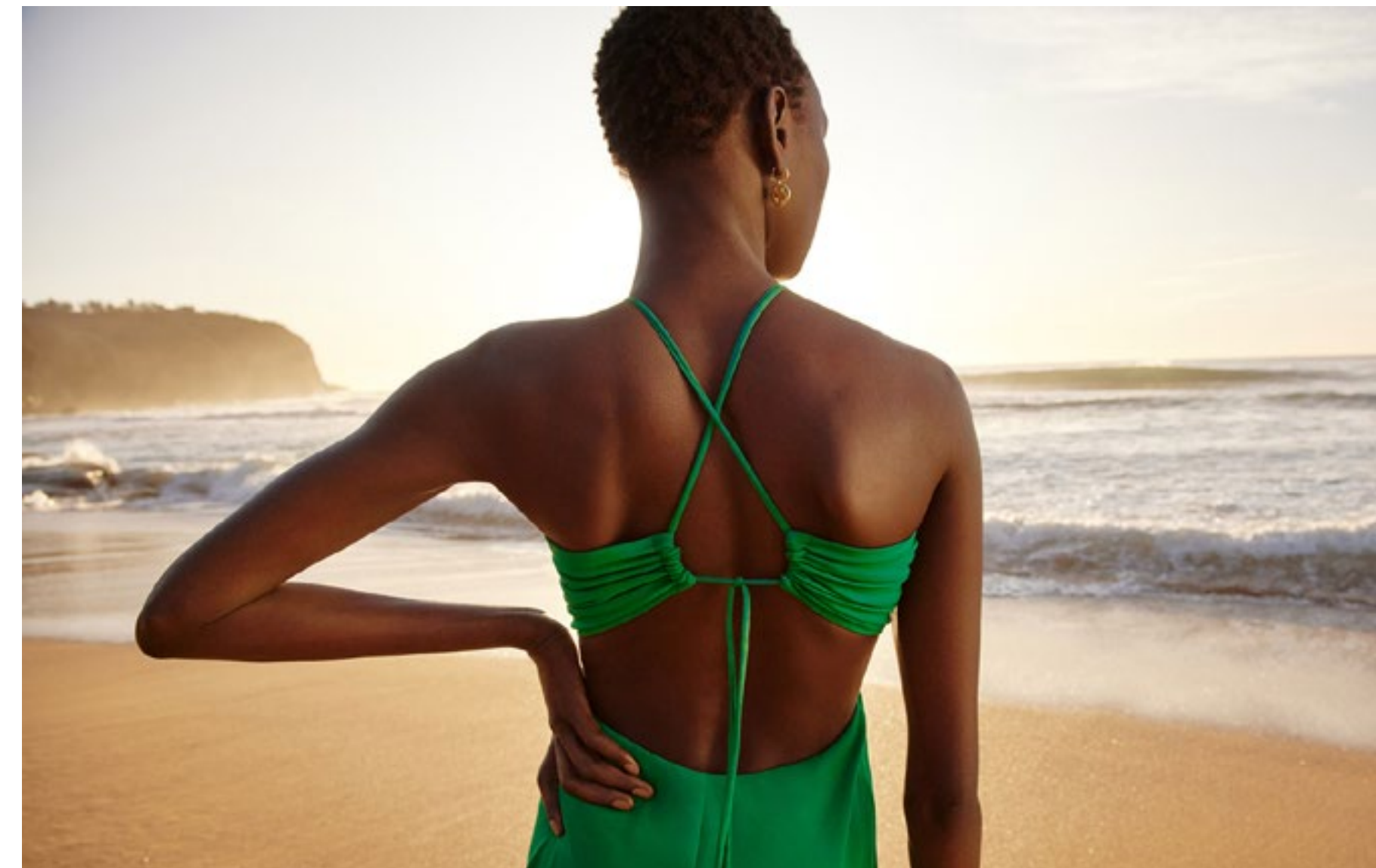
WITCHERY PARTNERING  
WITH KITX

Witchery collaborated with KITX on a capsule collection called 'Towards a sustainable future'. They designed each piece focusing on naturally derived fabrications, including hemp and corozo, and considering the environmental impact of the material details.

Hemp is a fibre derived from the hemp plant. It requires minimal irrigation, and little to no herbicides or pesticides to grow. Corozo is the fruit seed of the Tagua palm.

The collection's cotton labels were printed with soy ink, and all trims, buttons, zippers, tassels, and hangtags were sourced responsibly.

This collaboration demonstrated that hemp meets our clothing quality and performance standards. Therefore, we will include it in our fabric range going forward.



*“Our collaboration was about creating high-frequency-wear pieces with a long-lasting timeless appeal that can be taken from work to dinner to the dance floor. Easy to wear, highly functional, with elastic for ease, and pockets, using materials sourced with consideration for environmental impacts, and the aim to be worn, loved, and passed down.”*

– KIT WILLOW, DESIGNER



# SUSTAINABLE FARMING

## WHY IS THIS FOCUS AREA IMPORTANT?

Nature is declining globally at unprecedented rates, and the extent of species extinction is accelerating. This increasing biodiversity loss is a significant risk to our business, the health and wellness of our customers and employees, and society.

In addition, food systems globally have been affected by climate change and related extreme weather events, soil degradation, and worsening water quality and availability. To address these challenges and enhance the resilience of our supply chain, we need to contribute to creating a more sustainable food system. We do this through our regenerative agriculture programmes, actively managing environmental impacts, and prioritising the welfare and dignity of people and animals in our supply chain.

### *In this focus area*

#### STRATEGY & MANAGEMENT APPROACH



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#### IMPROVING ANIMAL WELFARE STANDARDS

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# OVERVIEW

## PERFORMANCE SUMMARY: VISION 2025+ GOAL

All private-label products to support regenerative farming practices by 2030

### WSA FOOD:

2023	79% of private-label produce, horticulture, wine, and dairy on the Farming for the Future Programme
2022	80%
BASELINE	52% (2019)
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

### WSA FBH, AND CRG:

2023	Researching regenerative farming programmes
2022	
BASELINE	Still to be determined
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

WOOLWORTHS’ SEAFOOD BY VOLUME THAT MEETS OUR WILD-CAUGHT AND AQUACULTURE SUSTAINABILITY COMMITMENTS<sup>1</sup>



2022: **99%** 2021: **98%**

<sup>1</sup> Our commitment is that all our wild-caught seafood and aquaculture species are to be either WWF-SASSI green-listed, caught from MSC or ASC (or equivalent; Woolworths considers GSSI recognised certification as equivalent) certified fisheries and aquaculture operations, or sourced from suppliers who are undertaking credible, time-bound improvement projects.

## HIGHLIGHTS

- We extended Woolworths’ Farming for the Future Programme to our fresh dairy suppliers after our success with the long-life dairy suppliers
- The rollout of cloud-based data collection and reporting platforms for the Farming and Fishing for the Future Programmes commenced
- Country Road Group updated its Animal Welfare Policy
- We brought two additional farms onto the Biodiversity Project with Landcare in Australia



## LOOKING AHEAD

We will continue to refine our sustainable farming and animal welfare programmes to assist us in promoting supply chain resilience and regeneration, and to ensure that our programmes remain in line with best practice.

### MORE SPECIFICALLY, WE WILL:

- Add a further two new farms onto the Biodiversity Project with Landcare
- Onboard additional protein categories onto Farming for the Future
- Continue the rollout of cloud-based management systems for the Farming and Fishing for the Future Programmes
- Finalise the Woolworths Sustainable Seafood Procurement Policy

## LOWLIGHTS AND CHALLENGES

- Flooding affected a few of the Biodiversity Project with Landcare projects, resulting in the need for replanting
- Loadshedding continues to be a massive challenge for all our South African suppliers



# SUSTAINABLE FARMING AND FISHING

*Through our sustainable farming and fishing programmes, and in conjunction with our farmers and suppliers, we aim to contribute towards a more sustainable, resilient, and inclusive food system.*

## REGENERATIVE AGRICULTURE

As part of our Vision 2025+ strategy, we have formally committed to supporting regenerative agriculture practices. We define regenerative agriculture as science-based farming practices that, among other benefits, mitigate climate change by rebuilding soil organic matter and restoring biodiversity, resulting in carbon drawdown and an improved water cycle.

*We consider our Woolworths Farming for the Future Programme as going beyond this definition and thereby qualifying as a regenerative farming programme.*

Regarding raw materials and key commodities used in the Group’s fashion and homeware, we are just starting on the regenerative agriculture journey. We will need to align with best practice as it evolves. We are researching available regenerative farming programmes. We also engage with the programmes and certifications we already partner with or we accept under our responsible commodity-sourcing programmes to understand their approach to incorporating regenerative farming principles. Our initial focus will be cotton, the most-used fibre across our private-label clothing collections. Thereafter, we will look at timber and leather.

## FARMING FOR THE FUTURE

	2023 ACTUAL	2022 ACTUAL
Number of primary suppliers assessed	151	149
Number of secondary suppliers assessed	194	283
Farmers’ pass rate against achieving their annual continuous improvement targets	98.3%	97.8%

The Farming for the Future Programme is Woolworths’ pioneering approach to growing food in a sustainable, regenerative, and harmonious way. The programme is a scientific, data-based approach to farming that aims to manage a farm as part of its broader ecosystem.

The programme aims to enable farmers to produce more food with fewer natural resources. The programme is geared to improve each farm’s resilience, yield, and profitability while enhancing its ecosystem’s capacity over time.

We have made continuous improvements to the programme over the years. We have done this to allow for the changing operating context and changes in sustainable farming best practice, and to challenge farmers to constantly improve their farming practices.

The programme comprises various modules for which data points are measured at a farm level, including data related to:

- Soil health
- Water-use and irrigation efficiency
- Wastewater management
- Crop protection
- Plant health management
- Biodiversity management
- Carbon footprint
- Environmental and agricultural legislation

An independent specialist environmental company assesses these data points for each farm and certifies the related results. Targets are set for each data point for each farm to facilitate continuous improvement over time. We provide a recommended action plan to each farmer upon completion of their assessment to support them in meeting their targets.

The Farming for the Future Programme covers fresh produce, horticulture, wine, long-life dairy, and for the first time this year, fresh dairy. Looking ahead, we aim to onboard more protein categories.

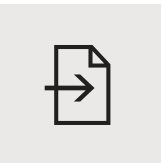
For a primary supplier to meet the criteria to use the Farming for the Future logo on their products, at least 80% of the volume they provide to Woolworths must be sourced from farms that are part of the programme. The remaining percentage must come from farms that are SIZA\* members. Suppliers who do not achieve their continuous improvement targets may not use the Farming for the Future logo on their products.

We commenced the rollout of a cloud-based platform to capture the data points needed for the assessment. Once complete, the platform will save time, allow both Woolworths and the farmers to easily and transparently access data and reports, and show improvements over time. We expect the rollout to take two years.

We continue to work towards quantifying Farming for the Future’s return on investment to support a formalised and robust business case for the programme.

We also continue to engage with banks and insurers to work towards participating farmers obtaining better financing arrangements or lower insurance premiums.

A challenge we continue to experience is the increased cost associated with scaling up the programme and the costs of related assessment and certification. Increased input costs, flooding, civil unrest, ongoing drought, loadshedding, and uncertainty regarding land reform remain difficult for farmers, particularly affecting their capacity for investment in sustainability projects, which often have long-term payback periods.



\* SIZA is the Sustainability Initiative of South Africa, a membership-based, freestanding, non-profit company designed to assist farmers with ethical labour and environmental practice compliance. It is a South African standard – developed, owned, and operated in South Africa, but aligned to global best practice



THE BIODIVERSITY PROJECT WITH LANDCARE AUSTRALIA

SINCE OCTOBER 2020	
AMOUNT DONATED	A\$762 745
NUMBER OF FARMS SUPPORTED	6
HECTARES REPLANTED	62.5

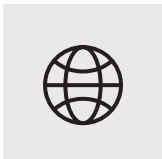
Since 2020, Country Road has partnered with Landcare Australia to support the restoration of Australian farmlands, with a focus on increasing biodiversity in cotton-growing regions. Landcare Australia is a non-profit organisation renowned for their work with communities dedicated to restoring and preserving the natural environment.

Sales from Country Road’s famous Verified Australian Cotton Heritage Sweats have supported the partnership, alongside a corporate contribution, with Country Road committing to a minimum of A\$600 000 over three years.

- LONG TERM AIMS INCLUDE:
- Protecting soil health
  - Creating an enhanced natural habitat for native species, including threatened or endangered animals such as the koala and barking owl
  - Improving water quality across river systems

We are in the process of replanting farm sites impacted by flooding in 2021 and 2022. Our partnership with Landcare contributed to them receiving a A\$1.3 million federal government grant to build on our work and drive further biodiversity improvement in the Namoi Valley, New South Wales, Australia.

We will be renewing our contract with Landcare Australia in the next year, expanding the Biodiversity Project to new cotton-growing regions and strengthening First Nations engagement.



*“An appreciation for the land has always been part of our family. You will not farm very long unless you realise that unless you look after the land, it will not produce and look after you. So, it is what you have to do, you need to do, to be productive as a farmer.”*

– JAMES KAHL, MANAGING DIRECTOR OF KAHL FARMS, ONE OF THE SUPPORTED FARMERS





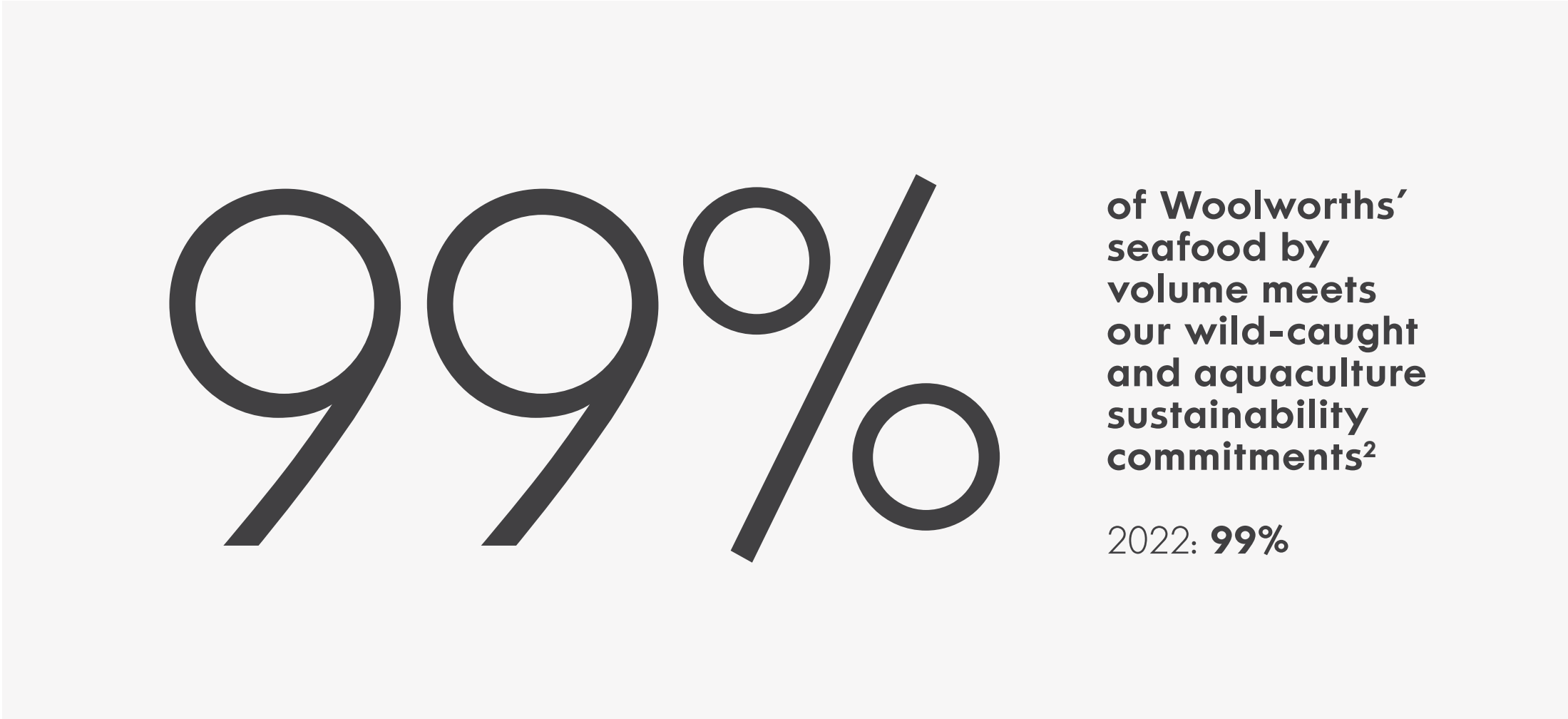
FISHING FOR THE FUTURE

We source seafood from 31 countries, from some of the world’s leading fishery and aquaculture companies, and several small-scale producers.

Fishing for the Future is Woolworths’ programme that aims to ensure we source all our seafood responsibly.

IT HAS THREE PILLARS:

- Responsible sourcing: We want to source seafood in a way that
  - Minimises negative environmental, social, and economic impacts
  - Promotes ethical behaviours throughout our seafood supply chain
  - Ensures the highest standards of fish health and welfare are adhered to
- Responsible consumption: We want to inspire and enable our customers to consume healthy seafood responsibly
- Proactive transparency: We want to have visibility of our entire supply chain



We continued the rollout of new, cloud-based supplier management systems to support our suppliers on their sustainability journeys, and to assist with data collection and reporting, supply chain due diligence, traceability, and transparency.

Looking ahead, we will finalise our updated Seafood Procurement Policy and further roll out the cloud-based supplier management systems.

<sup>2</sup> Our commitment is that all our wild-caught seafood and aquaculture species are to be either WWF-SASSI green-listed, caught from MSC or ASC or equivalent (Woolworths considers GSSI recognised certification as equivalent) certified fisheries and aquaculture operations, or sourced from suppliers who are undertaking credible, time-bound improvement projects.

We work with several NGOs to adopt innovative new technologies, solutions, and thinking around seafood sustainability, and to continuously improve sustainability outcomes across our seafood supply chains.

THESE INCLUDE:

Global Sustainable Seafood Initiative (GSSI)

In 2022, Woolworths became the first African retailer to join GSSI. GSSI aims to ensure confidence in the supply and promotion of certified seafood.

A Woolworths team member is a member of one of their steering committees overseeing the development of a digital marketplace for small-scale seafood producers and buyers.

Global Tuna Alliance (GTA)

Woolworths was the first African retailer to join the GTA. GTA works towards realising harvest strategies for tuna fisheries; avoiding illegal, unreported or unregulated products; and improving traceability, environmental sustainability, and human rights in tuna fisheries.

A Woolworths team member serves on the GTA steering committee.

Community Catch

A Woolworths team member is a member of Community Catch’s Advisory Board, a not-for-profit organisation specifically established to promote the prosperity of small-scale fishing communities, and the sustainability of both global fish stocks and aquatic ecosystems.

North Atlantic Pelagic Advocacy Group (NAPA)

Woolworths joined NAPA, a collective of retailers and supply chain businesses committed to sourcing sustainable Atlantic mackerel and herring.

In advocating for sustainable fishing, as part of NAPA, we called on the North East Atlantic Fisheries Commission coastal states to agree to quotas in line with scientific advice, and implement a long-term science-based management plan for mackerel and herring.

Food Animal Initiative (FAI)

Woolworths works with FAI and our rainbow trout suppliers to improve fish health and welfare outcomes.

Global Seafood Alliance (GSA)

In 2023, Woolworths was the first African retailer to join the GSA, an international non-governmental organisation dedicated to advancing responsible seafood practices through education, advocacy, and third-party assurances.



## CASE STUDY

**WOOLWORTHS FOOD'S PRIMARY SUPPLIER SETS AN APPROVED SCIENCE-BASED NET ZERO TARGET**

Woolworths aims to develop deep and meaningful relationships with key strategic suppliers who share our commitment to caring for the environment. We were delighted when Three Streams, one of Woolworths Food's primary suppliers, set an approved science-based net zero target this year.

Three Streams is a vertically integrated, family-owned fish farmer and seafood processor. It consists of the Three Streams trout hatchery<sup>3</sup> and smokehouse<sup>4</sup> in Franschhoek, in the Western Cape, South Africa, and Katse Fish Farms in Lesotho.

Three Streams' rainbow trout are hatched in the clear spring waters at the foothills of the Franschhoek mountains. Only certified disease-free ova<sup>5</sup> enter the modern hatchery. Once they reach the required size of 40 grams, the live juvenile trout are transported to Katse Fish Farms. This is Three Streams' grow-out farm in the highlands of Lesotho, an area known for its exceptional water quality. Here the trout are grown to a market size of two kilograms or more. The fish are then harvested and transported to the smokehouse in Franschhoek. Here the trout are transformed into a range of Woolworths trout products, from raw fixed-mass trout portions to ready-to-eat cold smoked trout ribbons.

Three Streams bases its aquaculture practices on deep care for the planet, and its commitment to responsible and sustainable fish farming. It demonstrated this commitment this year when it decided to set an approved science-based net zero target for its smokehouse operations:

- Reduce Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 42% by 2030 from a 2021 base year
- Measure and reduce Scope 3 GHG emissions
- Reach net zero<sup>6</sup> by 2050 from a 2021 base year

Three Streams will also set an approved science-based target for the hatchery and Katse Fish Farms soon.

As part of its commitment to sustainability, Three Streams had already transitioned from fossil fuels to renewable energy. While the smokehouse already has 503 kWh solar panels installed, which helped reduce electricity consumption by 33% in the 2023 financial year, it will install another 40 kWh solar panels by the end of February 2024.

Achieving the science-based target will not be without challenges, particularly in the context of increasing loadshedding in South Africa. To ensure further carbon emissions reductions, Three Streams is investigating the following solutions at the smokehouse:

- Battery backup systems to reduce diesel consumption in generators and further optimise solar generation capacity
- Production of biodiesel to operate the generators

Three Streams smokehouse and Katse Fish Farms also participate in the Woolworths Food Animal Initiative (FAI) Animal Welfare Outcome Measures Programme. In 2023, Katse Fish Farms underwent pre-assessment to obtain Global Sustainable Seafood Initiative (GSSI) recognised sustainability certification.

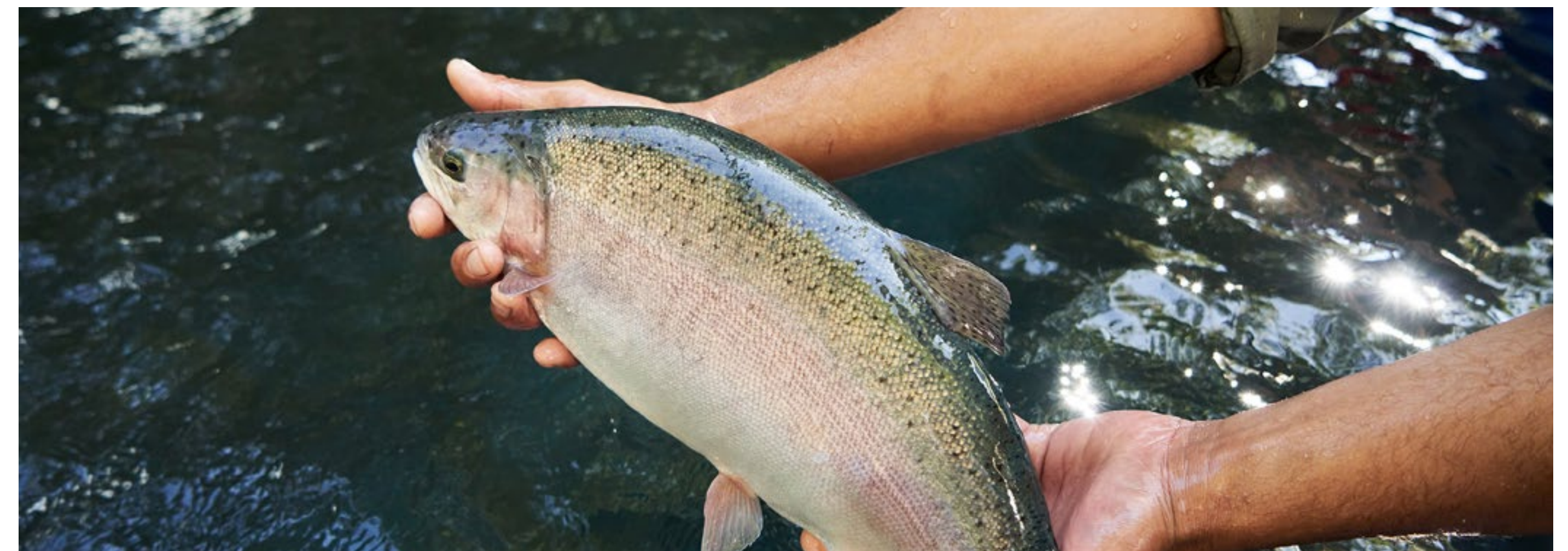
<sup>3</sup> A facility for artificially breeding, hatching, and rearing fishes in their early life stages. <sup>4</sup> A facility where fish is cured with smoke.

<sup>5</sup> An egg cell. <sup>6</sup> Scopes 1, 2 and 3.



***“At Woolworths, we work with our suppliers to continuously improve sustainability outcomes across our seafood value chain. Three Streams smokehouse and Katse Fish Farms are intensive knowledge-based enterprises, operating within strict standards and best management practices frameworks that have truly embedded sustainability into everything they do.”***

**– GERT LE ROUX, WOOLWORTHS AQUACULTURE AND FISHERIES SPECIALIST**





# IMPROVING ANIMAL WELFARE STANDARDS

*We believe it is our ethical obligation to ensure that our suppliers treat the animals in our supply chain respectfully and humanely. This is not only what our customers expect but is also directly linked to the quality of the food we sell.*

We expect our suppliers to adhere to relevant national and international animal welfare standards and legislation. We are committed to continuous improvement, and work with our suppliers to improve animal welfare and minimise potential harm, stress or pain.

In addition, we engage with the retail industry as a member of recognised multi-stakeholder organisations and initiatives to contribute to improving animal welfare standards.

In the unlikely event that we become aware of stocking a product that breaches legislation of our animal welfare policies and standards, we promptly remove this item from the shelf and take the necessary steps to ensure future compliance. There were no instances of this, this year.

*Independent bodies regularly visit, inspect, and audit Woolworths’ suppliers to ensure compliance with our animal welfare requirements.*

Woolworths’ Animal Welfare Policy aligns with the Five Freedoms, and Country Road Group’s updated Animal Welfare Policy aligns with the Five Domains of Animal Welfare. Both aim to ensure that animals have lives worth living, from birth to death. They essentially cover the same five elements:

FIVE FREEDOMS (WSA)	FIVE DOMAINS OF ANIMAL WELFARE (CRG)
1 <b>FREEDOM FROM HUNGER AND THIRST:</b> By ready access to fresh water and diet to maintain health and vigour	1 <b>NUTRITION:</b> Good nutrition with access to the right amount of fresh water and food for their needs and happiness
2 <b>FREEDOM FROM DISCOMFORT:</b> By providing an appropriate environment, including shelter and a comfortable resting area	2 <b>ENVIRONMENT:</b> Good environment by providing appropriate spaces to rest and find shelter
3 <b>FREEDOM FROM PAIN, INJURY OR DISEASE:</b> By prevention or rapid diagnosis and treatment	3 <b>PHYSICAL HEALTH:</b> Good health by attempting to prevent disease or injury, and providing prompt treatment when needed
4 <b>FREEDOM TO EXPRESS NORMAL BEHAVIOUR:</b> By providing sufficient space, proper facilities, and company of the animal’s own kind	4 <b>BEHAVIOURAL INTERACTIONS:</b> Appropriate behaviour by providing space, facilities, company, and opportunity for decision-making
5 <b>FREEDOM FROM FEAR AND DISTRESS:</b> By ensuring conditions and treatment that prevent mental suffering	5 <b>MENTAL STATE:</b> Positive mental experience by giving comfort and positive emotional experiences while trying to eliminate or reduce negative experiences





ANIMAL WELFARE IN FOOD (FOR PRIVATE-LABEL PRODUCTS)

EGGS

100% of Woolworths’ whole eggs and liquid and powdered egg ingredients are free range\*.

*In 2004, Woolworths became the first major South African retailer to stop selling whole eggs from hens kept in cages. We remain the only South African retailer to do so. We engage collaboratively with other retailers on initiatives that enable a shift away from caged systems in South Africa.*

\* Free range means the animals can roam freely, eat a natural diet, and do not receive routine antibiotics or growth stimulants.



*Our Ayrshire dairy has been 100% rBST hormone free since 2002.*

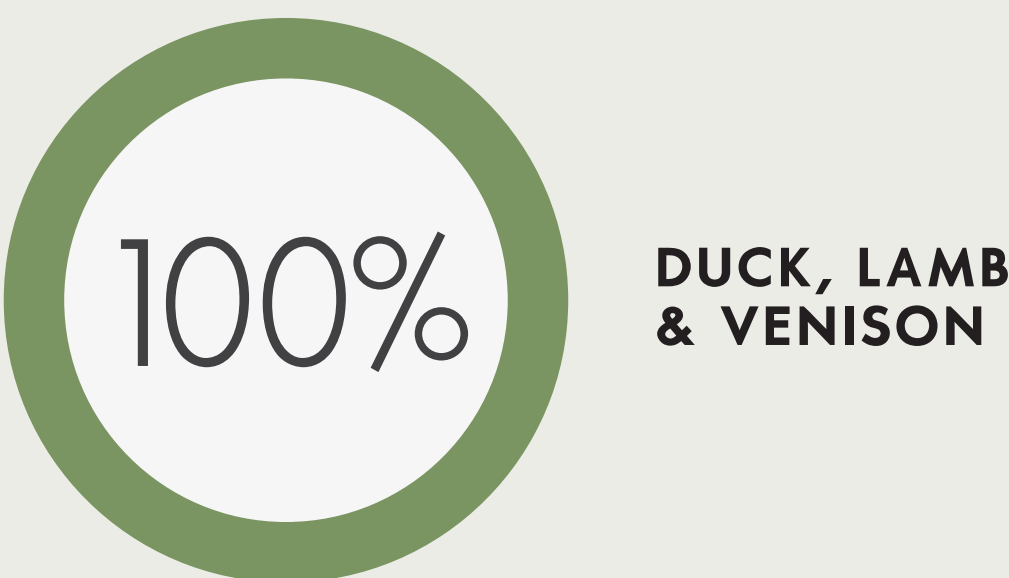


PORK

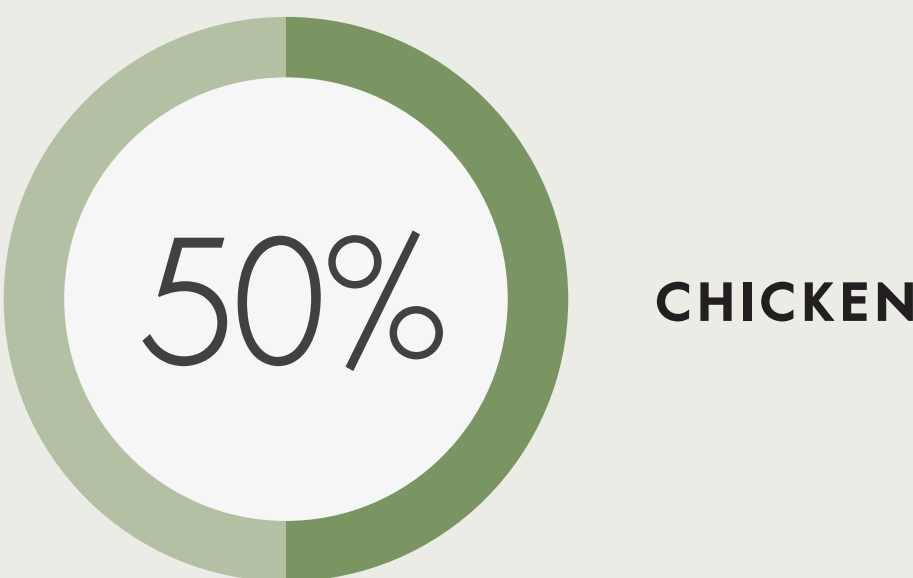
Kinder to Sows pork is used for fresh pork products, pork ribs, and all bacon and gammon lines.

*The Kinder to Sows Programme launched in 2014. The programme aims to source pork from farms that no longer use sow stalls to restrain pregnant sows for prolonged periods, reducing adult sows’ time in gestation crates from 16 weeks to less than one week.*

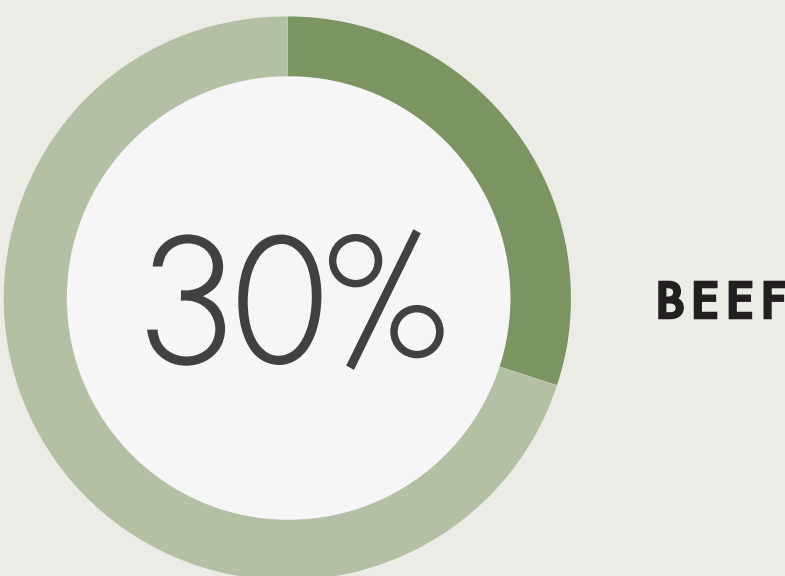
PERCENTAGE OF PRODUCT THAT IS FREE RANGE\*



DUCK, LAMB & VENISON



CHICKEN



BEEF

OUTCOMES-BASED MEASUREMENT PROGRAMME

Woolworths continues to work with the Food Animal Initiative (FAI), an organisation that partners with companies and farmers in building better agricultural programmes, to strengthen our approach to animal welfare, sustainable livestock, and aquaculture farming practices across the supply chain using outcomes-based measures. The outcomes-based measures, which focus on key welfare issues for each species, are collected regularly. They provide objective and quantifiable data on liveability, disease, injury, behaviour, transport, and slaughter.

*To date, we have collected data on the lives and welfare of more than 117 million animals across 17 (2022: 13) farming methods. We will continue to add to this over time.*

This data is tracked and trended, and the results are reported to our suppliers, along with guidance on international best practice, to help drive continuous improvement.

FARMING METHODS CURRENTLY ON OUR OUTCOMES-BASED MEASUREMENT PROGRAMME:

- |                    |                     |
|--------------------|---------------------|
| Free range chicken | Regular milk        |
| Commercial chicken | Ayrshire milk       |
| Free range eggs    | Jersey milk         |
| Organic eggs       | Kinder to Sows pork |
| Free range duck    | Free range lamb     |
| Free range beef    | Rainbow trout       |
| Commercial beef    | Free range venison  |
| Angus beef         | Ostrich             |
| Waygu beef         |                     |





ANTIBIOTICS

Woolworths promotes the responsible use of antibiotics, and is on a journey to reduce their use in our supply chain – particularly the use of shared-class antibiotics, i.e. those critical to human health.

The use of antibiotics in animals in our supply chain is informed by our internal Antimicrobial Guideline, which sets out five principles regarding antibiotics: record, reduce, replace, refine, and remove.

We are currently recording the amount and type of antibiotics used by our suppliers through the outcomes-based programme, with additional suppliers monitored this year.

Pleasingly, the data is showing an overall reduction in antibiotic usage.

SUPPLIER TRAINING

Most of Woolworths’ protein and dairy suppliers have attended training on animal welfare. The training content covers topics such as animal welfare at the farm level and during transport and slaughter. We require that our suppliers undergo this training at least every three years to remain up to date with global best practice.

Woolworths incentivises and rewards suppliers for having an assigned animal welfare officer who has attended this training programme by allocating a sustainability attribute to their products.

ANIMAL WELFARE OFFICER

All Woolworths product technologists working in the protein category are trained animal welfare officers. In addition, there is an animal welfare officer at all our red meat and poultry abattoir suppliers.

ANIMAL WELFARE IN FASHION, BEAUTY AND HOME (FOR PRIVATE-LABEL PRODUCTS)

**ANIMAL TESTING**

100% of Woolworths Fashion, Beauty and Home products not tested on animals, certified by Beauty Without Cruelty

**100%**

of the WBeauty range is vegan

**CASHMERE**

Aim to source responsibly, in line with the Good Cashmere Standard®

**FEATHERS AND DOWN**

No live plucking permitted for products, and aim to source in line with the Responsible Down Standard, Global Traceable Down Standard or Downpass

**No angora products sold since 2014**

**ALPACA**

Aim to source responsibly, in line with the Responsible Alpaca Standard

**No natural fur or farmed fur permitted in products\***

**MOHAIR**

Aim to source responsibly, in line with the Responsible Mohair Standard

**WOOL**

Aim to source non-mulesed, local wool\*\*

**No exotic skins, such as snake, alligator, crocodile, and lizard permitted in products**



No endangered species that appear on the Convention on International Trade in Endangered Species of Wild Fauna and Flora or the IUCN Red List of threatened species permitted in products

*The Group is also increasingly looking towards synthetic alternatives for animal-derived materials, where appropriate, viable, and aligned with our GBJ strategy.*



\* Our definition of fur is aligned with that of the Fur Free Alliance. It includes any fur from animals bred and farmed purely for their skins, such as mink, sable, chinchilla, fox, muskrat, raccoon dog, rabbit, astrakhan, and karakul, but excludes by-products of the meat industry, such as shearling and sheepskin.

\*\* Country Road Group has a responsible wool strategy.



# THRIVING AND RESILIENT

*We care for the environment, and are committed to working towards net zero impact and a just transition to a low carbon economy.*

## *Focus areas in this pillar*

PACKAGING AND WASTE	72
WATER	83
ENERGY AND CLIMATE CHANGE	92

## *Related UN SDGs*





# PACKAGING AND WASTE

Pellets made from recycled plastic

## WHY IS THIS FOCUS AREA IMPORTANT?

A significant amount of product and packaging produced globally ends up in landfill, is incinerated, or leaks back into the environment. This is a waste of precious natural resources and a source of pollution.

We aim to reduce waste sent to landfills across our value chain, minimise the use of non-renewable resources, and drive a market for recycled materials by using them in our operations, packaging, and products. We also encourage the recycling, reuse, repair or repurposing of our products and packaging. We reduce the negative environmental impacts of landfilled products and packaging through this.

### *In this focus area*

STRATEGY & MANAGEMENT APPROACH 	
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ZERO PACKAGING WASTE TO LANDFILL	74
WASTE REDUCTION IN DIRECT OPERATIONS	77
ADDRESSING SURPLUS PRODUCT	81
CIRCULAR FASHION AND HOMEWARE	82



# OVERVIEW

## PERFORMANCE SUMMARY: VISION 2025+ GOALS

All our packaging will be reusable or recyclable by 2022	
2023	WSA Food: 98% WSA FBH: 50%*
2022	WSA Food: 98% WSA FBH: Baseline in progress
BASELINE	Not established before reporting commenced
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

All our private-label products can be reused, repaired, resold or recycled by 2025	
2023, 2022	Work underway
BASELINE	Still to be determined
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

Halve food loss and waste in our own operations and across our top 30 suppliers by 2030	
2023	2.7% food waste to landfill
2022	2.3% food waste to landfill
BASELINE	2022 (2% food waste to landfill)
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

All our private-label clothing, beauty, and home products to contain at least one renewed, reused or recycled product material input by 2030	
2023, 2022	Work underway
BASELINE	Still to be determined
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

\* Estimated baseline.

## HIGHLIGHTS



100%

of Woolworths Food stores are now plastic-shopping-bag-free

- Bring-a-Bag-Take-a-Bag stands for bag sharing were rolled out to all Woolworths Food stores
- Country Road Group’s Omni-channel Fulfilment Centre (OFC) introduced polystyrene waste recycling
- Woolworths donated R33.2 million in surplus clothing to Taking Care of Business
- Country Road Group collaborated with two small Australian businesses to create homeware items made entirely out of recycled waste plastic

## LOWLIGHTS AND CHALLENGES

- The cost and shortage of new recyclable materials constrain the Group’s ability to shift to fully recyclable packaging more quickly
- Limited recycling technology and infrastructure restrict how much packaging gets recycled. The recycling industry needs more investment to address this challenge
- The collapse of the REDCycle soft plastics recycling programme in Australia resulted in Country Road Group’s soft plastic packaging being classified as not recyclable

## LOOKING AHEAD

- The Group aims to reduce plastic use in packaging further and increase the use of post-consumer recycled plastic content
- Woolworths FBH will complete the phase-out of single-use plastic shopping bags
- Paper bag and cardboard box sizes for Woolworths Dash and FBH Online deliveries, respectively, will be optimised to reduce the amount of packaging used
- The rollout of the Woolworths take-back initiative for low-cost reusable bags will be completed



# ZERO PACKAGING WASTE TO LANDFILL

*We have committed to ensuring that all our packaging is reusable or recyclable. Our goal is to minimise or, where possible, eliminate the environmental impact of our packaging by adopting circular design and reuse.*

	2023	2022
TOTAL PACKAGING		
Woolworths Food	NR	15 717 tonnes*
Woolworths FBH	NR	4 231 tonnes*
PERCENTAGE OF PACKAGING THAT IS REUSABLE OR RECYCLABLE		
Woolworths Food	98%	98%
Woolworths FBH	50%**	Baseline in progress



## ON-PACK RECYCLING LABELS

We continue to ensure that all our packaging has on-pack recycling labels showing what is recyclable and what is not.

By clarifying this information for customers, we hope more waste will be recycled, less contamination will occur in recycling streams, and there will be more investments in recycling infrastructure.

## OUR ZERO PACKAGING WASTE TO LANDFILL JOURNEY

More sustainable packaging helps us reduce our environmental impact, and ensure that we meet customer demand for more sustainable and eco-friendly packaging and products.

Packaging protects our products, ensuring quality and safety for our customers. It also reduces food spoilage, resulting in less food waste. We work continuously to understand how to balance meeting this need with reducing the amount of packaging we use.

We do this by driving packaging innovation and revisiting our product and packaging design processes to increase recyclability, increase the use of recycled content, and remove unnecessary packaging from our value chain.

We also actively engage with the packaging industry to determine the most appropriate applications to ensure an increase in the effective rates of recycling.

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

Making these packaging shifts often requires our suppliers to learn to work with new materials. Sometimes, it also means acquiring new machinery or retrofitting existing machinery. However, product quality must never be compromised, or food waste increased.

The cost and shortage of new recyclable materials sometimes constrains our ability to shift to fully recyclable packaging more quickly. In addition, limited recycling technology and infrastructure has an effect on how much packaging gets recycled.

Loadshedding in South Africa has hampered recycling efforts, resulting in more waste being sent to landfill.

Looking forward, we aim to reduce our plastic use in packaging further, and increase the use of post-consumer recycled plastic.

## EXTENDED PRODUCER RESPONSIBILITY

Woolworths continues to comply with the Extended Producer Responsibility (EPR) regulations in South Africa, which aim to ensure that we collectively address better management of post-consumer packaging waste, improve the collection of recyclables, and enhance overall recycling rates.

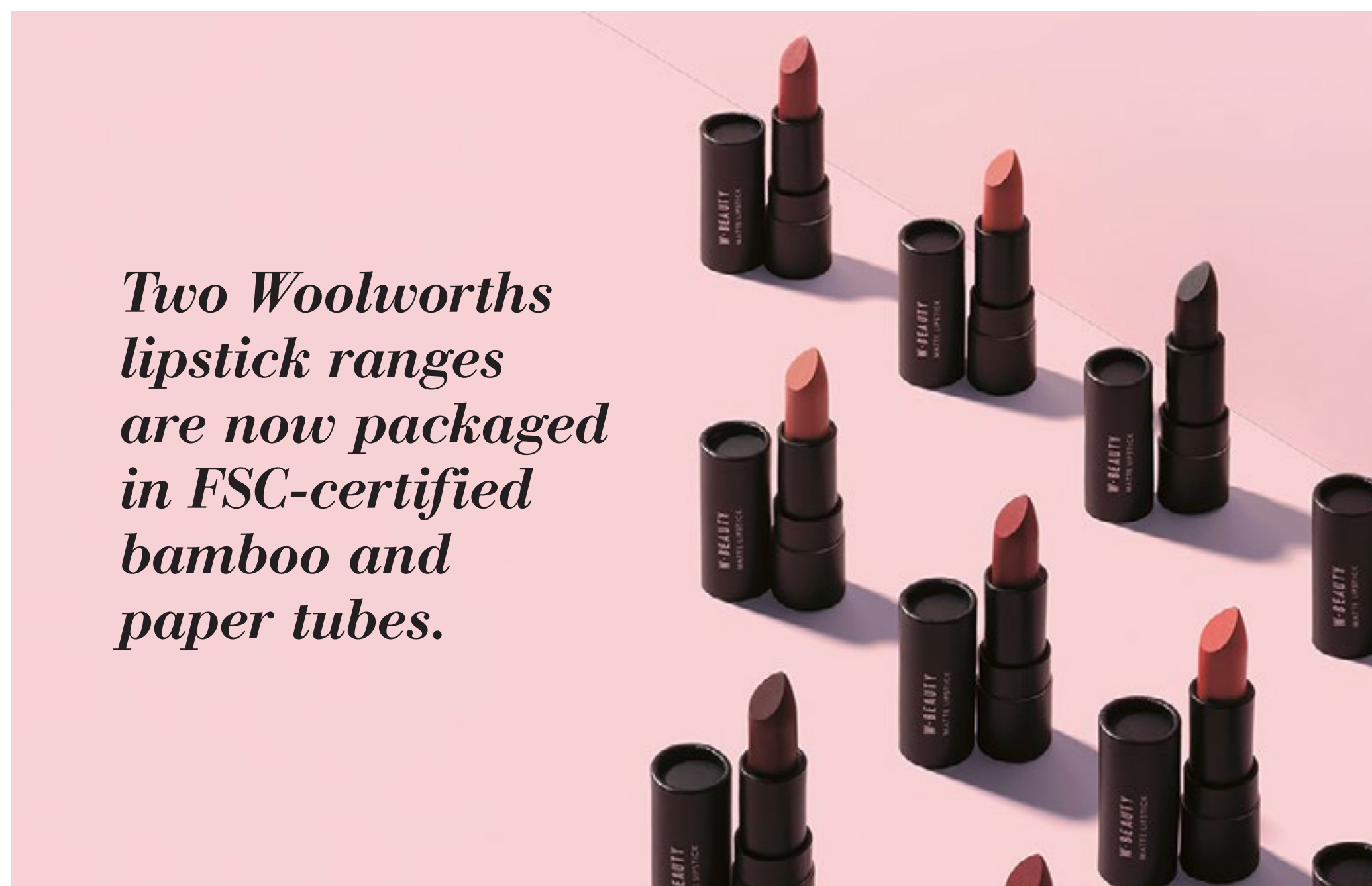
We have joined all the relevant Producer Responsibility Organisations (PROs) and pay the necessary EPR fees.

NR: Not yet publicly reported.

\* Calendar year.

\*\* Estimated baseline.



PRIMARY PACKAGING<sup>1</sup> INNOVATIONS INTRODUCED THIS YEAR

## INDUSTRY MEMBERSHIPS AND ASSOCIATIONS

*Country Road Group continues to participate in government and industry developments regarding packaging sustainability through its membership in the Australian Packaging Covenant Organisation (APCO).*

*Woolworths is a founding member of the South African Plastics Pact (SAPP), a collaborative initiative that aims to create a circular economy for plastic packaging.*

<sup>1</sup>Primary packaging is packaging in direct contact with the product itself.



SINGLE-USE PLASTIC SHOPPING BAG PHASE-OUT

We are committed to phasing out unnecessary single-use plastic, including single-use plastic bags. While we do offer alternatives, our primary focus is to encourage customers to use their reusable bags.

39M

Number of reusable bags sold in 2023 by Woolworths Food  
(change since 2022: 36%<sup>1A</sup>)<sup>2</sup>

Woolworths Food	<ul style="list-style-type: none"><li>• All stores are plastic-shopping-bag-free, a key milestone achieved in October 2022</li><li>• Reusable bag alternatives are offered:<ul style="list-style-type: none"><li>- Low-cost bag, consisting of a minimum of 70% post-consumer PET plastic waste*</li><li>- Colourful fabric bags made from 85% post-consumer recycled PET plastic waste*</li><li>- Cause-related marketing bags</li></ul></li><li>• 109 stores also offer a locally made, reusable produce mesh bag as a sustainable alternative to the thin plastic barrier bag traditionally used for loose fruit and vegetables</li></ul>
Woolworths FBH	<ul style="list-style-type: none"><li>• Plastic shopping bags are being phased out and replaced with a fully recyclable FSC-certified paper bag made from recycled content</li><li>• 184 stores are plastic-shopping-bag-free</li><li>• The phase-out is expected to be completed by the end of 2024</li></ul>
Woolworths Online	<ul style="list-style-type: none"><li>• Woolworths Food deliveries are delivered in plastic shopping bags. We continue to explore more sustainable options that are also commercially viable</li><li>• Woolworths FBH deliveries are delivered in either:<ul style="list-style-type: none"><li>- Plastic flyer bags</li><li>- Recyclable cardboard boxes, with 100% recycled and recyclable paper void fill, and fully recyclable hologram stickers on the accompanying dispatch documentation</li></ul></li></ul> <p>We are working to optimise the different cardboard box sizes to cater for different delivery sizes, to reduce cardboard consumption per order. We are also working to find a sustainable and viable replacement for the plastic flyer bags</p>
Woolworths Click & Collect	<ul style="list-style-type: none"><li>• Plastic shopping bags are used for Food</li><li>• Paper bags, cardboard boxes or plastic flyer bags are used for FBH</li></ul> <p>Where plastic is used, we continue to explore more sustainable options that are also commercially viable</p>
Woolies Dash**	<ul style="list-style-type: none"><li>• The delivery bags are fully recyclable FSC-certified paper bags made from recycled content</li><li>• We will be introducing an additional, smaller paper bag to complement the existing large-size paper bag to reduce the amount of paper used for smaller deliveries</li></ul>
Country Road Group	<ul style="list-style-type: none"><li>• All stores are plastic-shopping-bag-free. Paper bags are offered</li></ul>

BRING-A-BAG-TAKE-A-BAG

In 2022, we trialled Bring-a-Bag-Take-a-Bag stands in Woolworths Food stores. The stands enabled customers to drop off their extra reusable bags in stores where other customers could use them, minimising the need for customers to buy new bags at the till. After a successful trial, we rolled out the stands to all Food stores.

The stands are made from plastic that would otherwise end up at landfill, such as yoghurt tubs, toothpaste tubes, and chip packets. They are produced by a black-owned local supplier who is part of Woolworths’ ESD Programme.

WOOLWORTHS REUSABLE BAGS TAKE-BACK

To provide customers with an option to recycle our low-cost reusable bags once they have reached end-of-life while also establishing a circular and sustainable system, we have a reusable bags take-back initiative at all Woolworths Food stores. This will be rolled out to all stores during 2024. The bags collected are recycled into a substrate used in pet bed mattresses.


COLLAPSE OF REDCYCLE

REDCycle and its associated soft plastics recycling programme collapsed in November 2022 after it was revealed they had been stockpiling the soft plastic waste collected instead of sending it for recycling. They dealt with the vast majority of post-consumer soft plastic recycling in Australia.

It was through the availability of this programme that Country Road Group’s soft plastic packaging was considered recyclable historically. Due to this collapse, we have decided to reclassify Country Road Group’s soft plastic packaging as non-recyclable.

ELLEN MACARTHUR FOUNDATION (EMF) NEW PLASTICS ECONOMY GLOBAL COMMITMENT (COMMITMENT)

As a signatory to the EMF Commitment, the Group submits a report annually on our packaging data. Details of the tonnes of packaging used can be found in the submission.



\* Made from recovered plastic bottles, and manufactured by local Black-owned suppliers, part of Woolworths Enterprise and Supplier Development (ESD) Programme.

\*\* Woolies Dash, available at selected stores, is Woolworths’ same-day delivery service that caters for customers within a five-kilometre radius

<sup>2</sup> The increase is due to the continued phase-out of single-use plastic shopping bags, and the resulting increased sale of reusable bags.





# WASTE REDUCTION IN DIRECT OPERATIONS

## HEAD OFFICE

Waste at our head offices in South Africa and Australia is collected and sorted and, where possible, sent for recycling.

An online system tracks Woolworths head office’s waste streams on a ‘real-time’ basis and identifies where challenges exist. Waste is collected from recycling bins strategically placed around the building to encourage staff to sort at the source.

Pleasingly, even though employees have increasingly returned to the office post-Covid-19, the percentage of waste sent to landfill has remained constant. Once our offices are back to full capacity in the second half of 2023, we will commence employee engagement and education on the importance of using the recycling bins correctly.

### NON-HAZARDOUS WASTE (TONNES)

	2023	2022	PERCENTAGE
WOOLWORTHS			
RECYCLED	71	32	60%
LANDFILL	47	47	40%
TOTAL	118	79	100%



## STORES

### SECONDARY AND TERTIARY PACKAGING<sup>3</sup>

Most of Woolworths stores’ waste, including secondary and tertiary packaging, is returned via reverse logistics to our distribution centres for sorting and recycling. The shopping centres’ waste collection processes dispose of wet waste from stores.

### HANGER RECYCLING

Country Road, Trenery, and Woolworths collect hangers from stores for reuse and recycling.

Woolworths’ hangers are made from a minimum of 50% recycled material. Used hangers are collected from all Woolworths stores using reverse logistics processes, and returned to our distribution centres. Hangerman then collects them from the distribution centres, refurbishes or recycles them if damaged, and returns them to suppliers for reuse.

Previously, Hangerman did the collection from stores directly. However, using our reverse logistics approach has enabled us to increase the number of hangers recovered for reuse and recycling.

Woolworths is also working to consolidate and reduce the number of hanger types to enable wider and easier reuse in stores.

	2023	2022
AVERAGE HANGER REUSE RATE – COUNTRY ROAD	47%	40%
AVERAGE HANGER REUSE RATE – TRENERY	45%	13%
WOOLWORTHS FBH HANGERS REUSED	8.6 million	10.1 million

<sup>3</sup> Secondary packaging is packaging used to collate individual units for storage or display on shelves. Tertiary packaging is packaging used for the protection, handling, and transport of a series of units.





COFFEE CUP AND GROUNDS RECYCLING

Woolworths collects disposable coffee cups from stores and head office using our reverse logistics processes, returning them to distribution centres. They are then collected and processed by a third-party recycler.

Coffee grounds from coffee carts and WCafés are sent to organic waste recyclers for use in compost and mushroom farming. These grounds are also available to customers on request for use in their home composting.

STORE DESIGN

The Woolworths store design team has developed a sustainability checklist that aims to ensure that materials used in-store come from sustainable sources, are manufactured more sustainably, and/or can be upcycled or recycled.

DISTRIBUTION CENTRES

Our distribution centres manage waste from several sources – transit packaging, waste generated at stores which is returned via reverse logistics, and waste generated on-site.

In the Western Cape, limited landfill site availability prompted our Cape Town distribution centres to:

- Redirect non-recyclable waste to a facility that turns this waste into bricks for low-cost housing
- Redirect wet waste to composting. Bokashi is added to the wet waste that an external waste service provider collects to break it down into a dry mixture that can be used as compost. The waste service provider sells this compost to landscapers and businesses, and donates a portion to community gardeners

We continue to reuse imported cartons and cartons returned from stores until they become unusable. We have a carton bailing machine in various Group distribution centres, where cartons at end-of-life are bailed and sent for recycling.

Country Road Group’s Omni-channel Fulfilment Centre (OFC) introduced polystyrene waste recycling, and cling wrap continues to be separated and recycled.

	2023	2022
WOOLWORTHS		
WASTE RECYCLED	7 807 tonnes	7 631 tonnes
WASTE TO LANDFILL	306 tonnes	1 044 tonnes
TOTAL	8 113 tonnes	8 675 tonnes
NON-RECYCLABLE WASTE CONVERTED INTO BRICKS	7 tonnes	216 tonnes
WET WASTE CONVERTED TO COMPOST	98 tonnes	116 tonnes
WASTE REBATE RECEIVED FOR RECYCLING	R7.2 million	R8.7 million
COUNTRY ROAD GROUP		
WASTE RECYCLED	230 tonnes	218 tonnes
WASTE TO LANDFILL	33 tonnes	40 tonnes
TOTAL	263 tonnes	258 tonnes



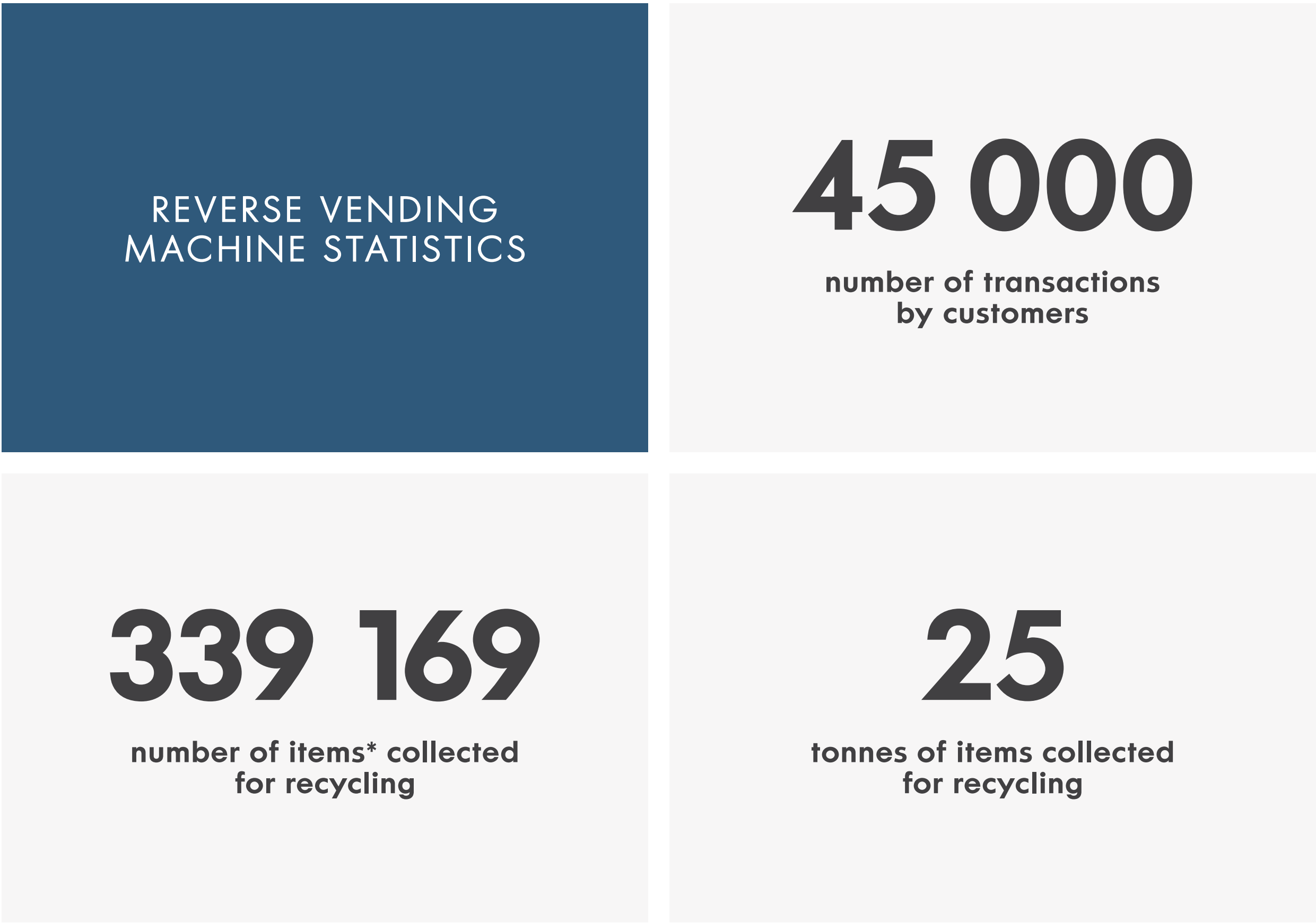
CUSTOMER RECYCLING

Customers are important to our circularity vision. As the end-users of our products, what they do with products at the end of their lifespan is important.

WE HAVE VARIOUS CUSTOMER TAKE-BACK INITIATIVES AT OUR FACILITIES, INCLUDING:

- Clothing collection facilities at 25 Woolworths stores, where customers can drop off pre-loved clothing, which we then donate to Taking Care of Business (previously called the Clothing Bank)
- Battery and lightbulb collection facilities at all Woolworths stores
- Eight reverse vending machines (RVMs) at selected stores nationwide and the Woolworths head office in Cape Town

We also encourage customers to reuse or recycle the recycled cardboard boxes and paper bags used for Woolworths FBH and Dash deliveries.



FOOD WASTE

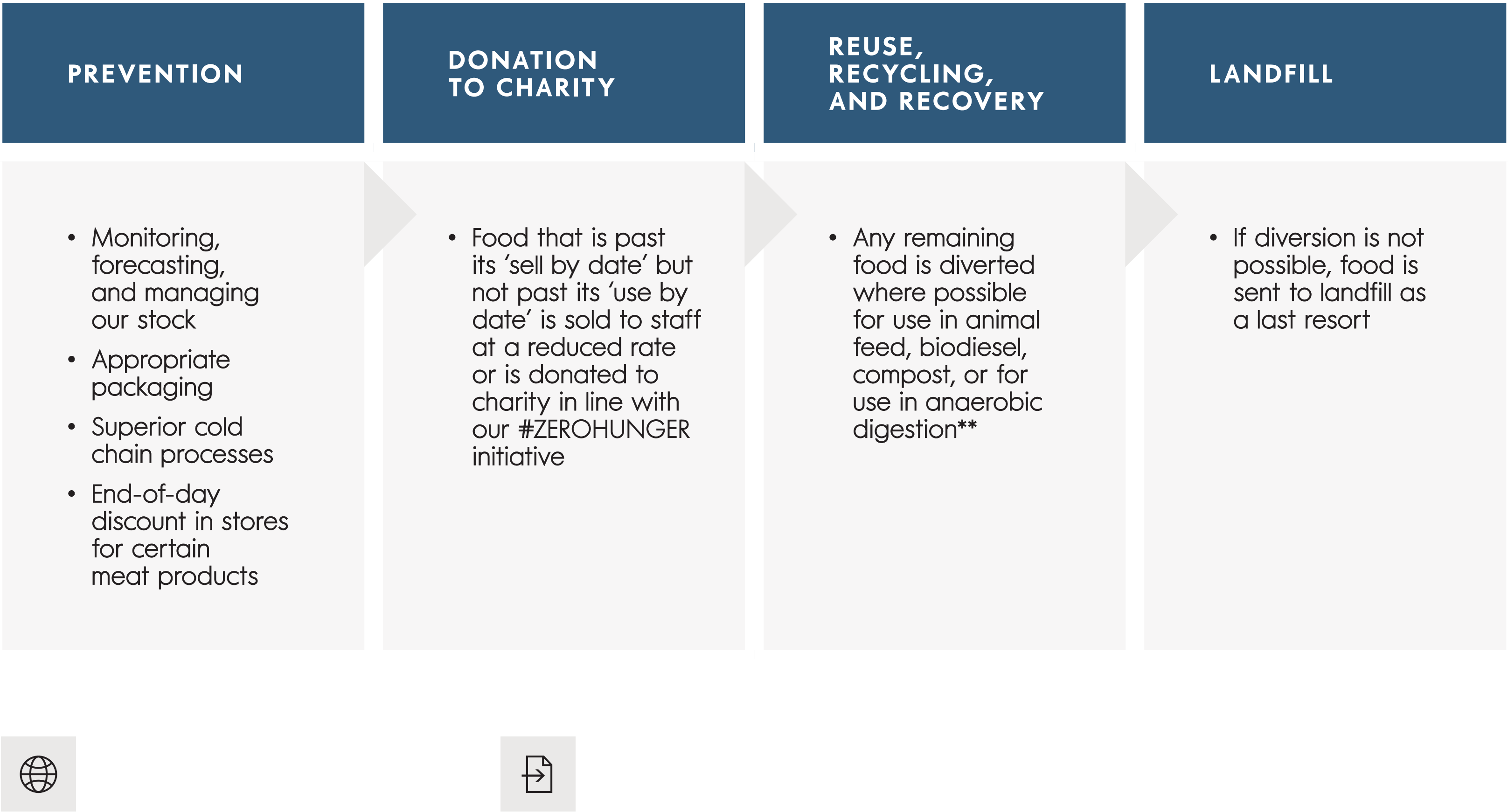
Woolworths is one of the founding members of the SA Food Loss and Waste Voluntary Agreement (Voluntary Agreement). This is a voluntary food waste initiative led by the Consumer Goods Council of South Africa (CGCSA) and the Department of Trade, Industry and Competition (DTIC), and co-funded by the South Africa-European Union Dialogue Facility (SA-EU DF).

Woolworths also participates in the Friend of Champions network that brings together like-minded businesses to work towards Sustainable Development Goal 12.3 to halve food loss and waste. As part of this network, we are required to quantify food loss and waste, and monitor progress against the goal.

*We have committed to a 50% reduction in edible food waste going to landfill by 2030, and this goal has been incorporated into our Vision 2025+ strategy.*

DIRECT OPERATIONS

To reduce food loss and waste in Woolworths’ operations, we have adopted the following approach:



\* Glass, plastic and long-life milk boxes.    \*\* Anaerobic digestion is a sequence of processes by which microorganisms break down biodegradable material in the absence of oxygen. The process is used to manage waste or to produce fuels.



DESTINATION OF FOOD WASTE

	2022 <sup>1</sup> TOTAL (TONNES)	2021 <sup>1</sup> TOTAL (TONNES)
CHARITY	11 325	15 020
LANDFILL*	356	398
ANIMAL FEED	465	396
COMPOST*	112	104
ANAEROBIC DIGESTION*	595	991
BIODIESEL*	210	170
EFFLUENT*	63	48
TOTAL SURPLUS FOOD REDISTRIBUTED TO ALL DESTINATIONS	12 927	17 127
TOTAL FOOD LOSS AND WASTE (SUM OF*)	1 335	1 711
FOOD LOSS AND WASTE SENT TO LANDFILL AS A PERCENTAGE OF ALL SURPLUS FOOD REDISTRIBUTED	2.7%	2.3%

We have quantified Woolworths’ different food waste streams using the World Resources Institute (WRI) Food Loss and Waste Protocol (Protocol). Our calculations take various estimates and assumptions into account, but we are working to improve the accuracy of the data over time. The percentage of food loss and waste to landfill has increased slightly. This is mostly due to an improvement in the accuracy and completeness of our data collection process.

SUPPLY CHAIN

The Food and Agriculture Organisation estimates that about 95% of food waste in the retail sector can be attributed to agriculture, production, processing, packaging, and distribution of products. This all happens before the products reach our stores or consumers. It is for this reason that, with regard to food waste, Woolworths is investing most of its efforts at the supplier level.

As part of our commitment to the Voluntary Agreement and in line with our Vision 2025+ goals, we have engaged our suppliers to commit to it themselves. 52 (2022: 30) Woolworths suppliers have signed up. Most core signatories that have signed up to the Voluntary Agreement are Woolworths suppliers, a fact that we are very proud of.

80%

of signatories to the Voluntary Agreement are Woolworths suppliers

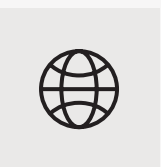
Suppliers who have signed up will be required to use the WRI Protocol to quantify and report their food loss and waste data, and demonstrate progress towards halving their food loss and waste.

CUSTOMERS

Woolworths is working to increase communication with customers on reducing food waste in their homes. An example is on International Food Waste Day in September, an annual customer communications campaign focused on food security and food waste is held.

THE CAMPAIGN AIMS TO:

- Educate our customers on why food waste is an important issue to address
- Provide general tips on how to avoid food wastage at home
- Explains our ‘sell by’ and ‘use by’ dates on products so customers better understand when our food can or should not be consumed



<sup>1</sup> Calendar year.



# ADDRESSING SURPLUS PRODUCT

*Manufacturing the products we sell requires extraction of natural resources, the use of energy, and chemicals. Therefore, surplus product destruction means that all these resources are wasted, and the destruction process negatively impacts the environment. Taking a circular approach allows us to redirect surplus products away from any form of destruction, and prevents these negative environmental impacts.*

## SURPLUS CLOTHING

Textile waste sent to landfill releases harmful chemicals into the soil, polluting our ecosystems. To reduce the amount of surplus clothing\* going to landfill, our Group companies collect and distribute clothing through four partner organisations: Taking Care of Business\*\* (Woolworths), Red Cross Fashion Trade (Country Road), and Fitted For Work<sup>1</sup> and Dressed for Success<sup>2</sup> (Witchery).

	2023	2022
VALUE OF CLOTHING DONATED TO TAKING CARE OF BUSINESS	R33.2 million	R78.2 million
VALUE OF CLOTHING SOLD TO MYRUNWAY	R8 million	R5 million
VALUE OF CLOTHING DONATED TO RED CROSS	A\$280 901***	A\$231 579
NUMBER OF GARMENTS DONATED TO RED CROSS	41 615	23 157
VALUE OF CLOTHING DONATED TO FITTED FOR WORK	A\$285 632	-
VALUE OF CLOTHING DONATED TO DRESS FOR SUCCESS	A\$100 000	A\$16 638

Woolworths historically donated surplus clothing from stores and garments donated by customers to Taking Care of Business. In the past year, we also sold surplus clothing to MyRunway, an online discount reseller of local and international brands.

Country Road customers can donate their pre-loved clothes to the Red Cross, which supports humanitarian work in Australia and New Zealand. Fashion Trade is an initiative in which Country Road rewards customers with a A\$10 Country Road voucher when they donate their pre-loved items in-store, helping the community and saving clothes from landfill. This programme keeps wearable garments in use, and raises much-needed funds for the Red Cross.

Witchery donates aged stock (over two years old) twice yearly to two non-profit organisations: Fitted For Work Australia and Dressed for Success New Zealand.

## SURPLUS FOOD

More information on our surplus food donation can be found in the Food Waste and Social Development sections.

\* Surplus clothing is clothing that either has not been sold, was returned by customers because of defects, or was damaged while in transit.

\*\* Taking Care of Business, previously the Clothing Bank, aims to empower unemployed women from disadvantaged areas in South Africa through a programme of life skills, and financial and career development to start sustainable clothing micro-businesses.

\*\*\* Approximately.

<sup>1</sup> Fitted For Work Australia is dedicated to helping women experiencing disadvantage to regain their confidence, and secure and maintain employment.

<sup>2</sup> Dressed for Success New Zealand aims to empower women to achieve economic independence by providing a network of support, professional attire, and the development tools to help women thrive in work and in life.





# CIRCULAR FASHION AND HOMEWARE

***Our Vision 2025+ circularity targets have proven difficult to progress due to a lack of technology, infrastructure, and overall standards and definitions in the fibre reuse and recycling industry.***

HOWEVER, WE CONTINUE TO:

- Remain abreast of global trends, initiatives, and pilots underway
- Investigate and trial the use or renewed, reused or recycled substrates where commercially viable
- Conduct training on designing for circularity with relevant teams

**Country Road continued with its Towards Circularity collection, which includes products made using 30% recycled cotton fibres sourced from its production runs, and includes sweat tops, pants, and T-shirts. Unlike regular recycled yarns, this pioneering process means we use leftover Country Road fabrics to create new garments.**



***Country Road collaborated with its men's denim manufacturer, Saitex, to create a set of coasters and placemats out of Stelapop®, a new recyclable material. Stelapop® is a wood alternative made using 65% denim offcuts and seconds from the production of jeans.***

## CIRCULAR ECONOMY INNOVATIONS

Country Road has collaborated with two small Australian businesses to create homeware items made entirely out of recycled waste plastic:

PARTNER: Precious Plastics Melbourne

PRODUCT: Two dish types and a small tray, known as the Rooks range

MATERIAL: Recycled plastic bottle caps

***61.25 kg of plastic diverted from landfill in creating the Rooks range***



PARTNER: Transmutation

PRODUCT: Serving ware, known as the Robe range

MATERIAL: Recycled plastic bread tags

***141 kg of recycled plastic used to create the Robe range***



**Woolworths uses fibre from 100% recycled plastic bottles to make hollow-fibre duvets, pillow inners, and puffer jackets.**

Witchery has a 'wear and care' guide on its website. It advises customers on how to wash and care for their garments to extend wearability and lifespan, and also how to reduce some of the environmental impacts from wear and care.

**GlamCorner<sup>3</sup> continues to offer selected Country Road, MIMCO, Trenery and Witchery products for resale or rental.**



<sup>3</sup> GlamCorner is Australia's leading online rental service, where customers can purchase a monthly subscription to rent designer clothes.





# WATER

**WHY IS THIS FOCUS AREA IMPORTANT?**

The Group operates in areas where water stress remains a risk for the business and communities. Reports show that two-thirds of the world’s population may face water shortages by 2025.

Water is essential to our operations. It is vital for agriculture and manufacturing, the health and hygiene of our employees and our communities, and keeping our facilities operational.

*In this focus area*

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# OVERVIEW

## PERFORMANCE SUMMARY: VISION 2025+ GOAL

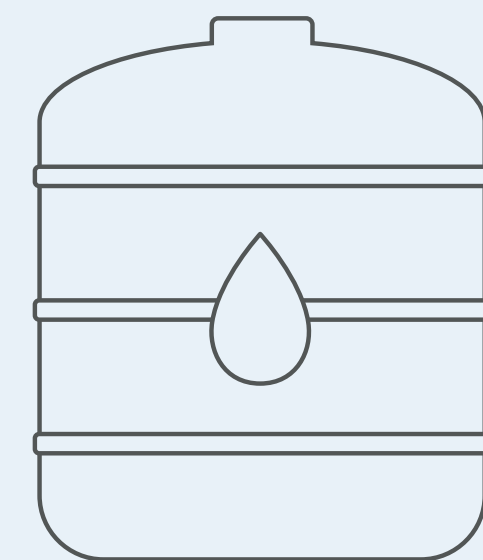
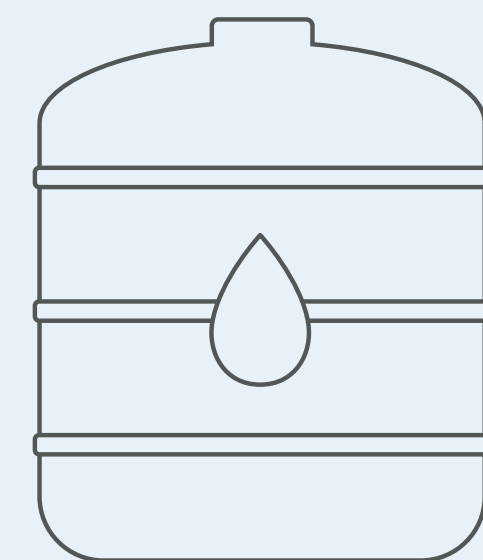
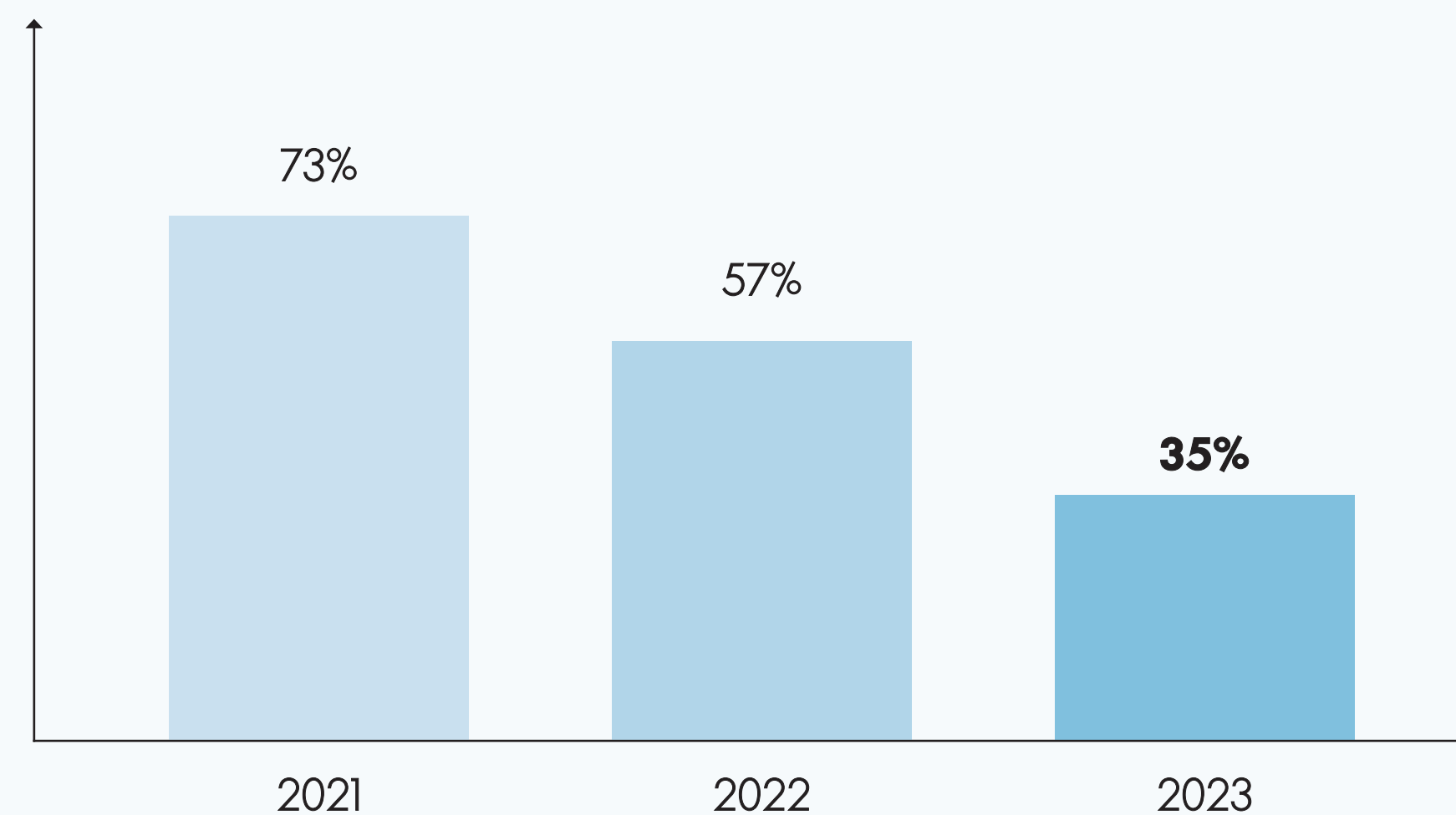
Work with our suppliers and partners to create net positive water impact in water-stressed basins in our value chain by 2050

We are working with the UN Global Compact CEO Water Mandate’s water resilience coalition to unpack how this context-based goal will be defined, measured, and monitored

PROGRESS



PERCENTAGE OF RELATIVE WATER CONSUMPTION SHIFTED TO GROUNDWATER IN WOOLWORTHS’ HEAD OFFICE



Since its inception in 2018, the Woolies Water Fund has donated

172

water tanks to schools. These have facilitated the supply of and capacity to store more than 1 million litres of water from rainwater harvesting. This will provide these schools and communities with ongoing access to water.

## HIGHLIGHTS

97%\*

of Woolworths Fashion, Beauty and Home products are free from hazardous chemicals

2022: 97%\* 2021: 70%

- Woolworths and WWF-SA have entered into a new five-year strategic partnership agreement. Water stewardship will continue to be a key pillar of this partnership

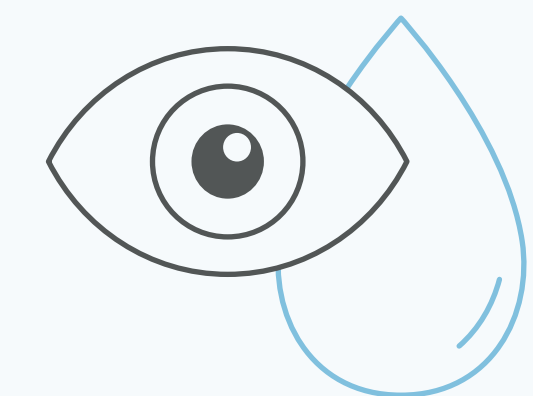
## LOWLIGHTS AND CHALLENGES

- Loadshedding resulted in water pump failures at certain distribution centres. This negatively impacted recycled water measurement and usage
- Measuring and reporting supply chain water usage remains challenging

## LOOKING AHEAD

WE WILL CONTINUE TO:

- Focus on improving our water efficiency, and reducing our reliance on municipal water in our direct operations
- Work with suppliers and other water users in the catchments where we operate and source our products to improve water resilience
- Install water tanks in additional schools through the Woolies Water Fund



81%

of Woolworths’ facilities are monitored on a real-time basis

2022: 83% 2021: 83%

PROGRESS KEY



NOT YET STARTED



BEHIND



ON TRACK



AHEAD / ACHIEVED

\*Excludes footwear and slippers, accessories, home hards, and beauty.



# WATER EFFICIENCY IN OUR OPERATIONS

*Water plays a critical role in keeping our business operational.*

*With many of our operations located in water-constrained areas, we need to reduce our dependency on municipal water.  
We do this by increasing our water usage efficiency, and using greywater, rainwater or recycled water where possible.*

## DIRECT OPERATIONS

We have implemented numerous water-efficiency initiatives across our direct operations.

SOME OF THESE INCLUDE:

- Installation of rainwater tanks
- Water recycling
- Use of groundwater where possible
- Installation of air-cooled refrigeration and air-conditioning systems
- Dual-flush toilets
- Timer taps on basins

We have also installed online water meters in Woolworths’ direct operations, providing us with real-time water-usage data, and helping to detect leaks, reduce water usage, and prevent potential loss or damage. The percentage of operations with online water meters decreased slightly due to the opening of smaller-format stores in which the installation of online meters is not commercially viable.

Water usage in our Country Road Group direct operations is minimal, and is not yet proactively monitored and reported. We are looking at addressing this in future.

WOOLWORTHS	2023 TARGET	2023 ACTUAL	2022 ACTUAL
Percentage of direct operations with online water meters, facilitating real-time monitoring	N/A	81%	83%
Percentage of relative water consumption shifted to groundwater at head office	75%	35%	57%
Water consumption intensity at distribution centres (kl/m²)	0.25 kl/m²	1.12 kl/m²*	0.35 kl/m²
WATER CONSUMPTION (KILOLITRES)			
Head office	N/A	17 004 <sup>LA</sup>	10 109
Distribution centres	N/A	196 566 <sup>LA</sup>	167 212
South African stores	N/A	439 809 <sup>LA</sup>	438 468
Total	N/A	653 379	615 789

\* Intensity increased due to loss of borehole pumps as a result of loadshedding, and damages to the sprinkler system (at Midrand distribution centre).



## HEAD OFFICE

An underground water supply, purified on-site, is used as greywater for some of the Woolworths head office's daily consumption needs. The shift to greywater consumption decreased due to the system being offline for two months for repairs, and metering faults resulting in inconsistent measurement of water.

We continue to investigate solutions for increasing the percentage of greywater used to reduce dependence on municipal water.

## STORES

Water consumption at stores, which is the bulk of Woolworths' water usage, has stayed flat thanks to the focus on sharing best practices in stores and attending to leaks.

In South Africa, the persistent multi-year drought presented an opportunity to amend store specifications to standardise the installation of backup water tanks for stores in high-risk areas across the country. We later decided to stop the rollout and decommission these tanks to reduce unnecessary maintenance costs and free up time for operations teams to focus on other projects. If needed, the existing tanks will be recommissioned. We install new backup water tanks on a case-by-case basis and only when required.

We continue to raise awareness and share best practices with stores' teams on water efficiency through regular training sessions.

## DISTRIBUTION CENTRES

Water consumption intensity at our distribution centres has increased due to the loss of borehole pumps as a result of loadshedding, and damage to a section of the sprinkler system.

Our distribution centres focus on increasing rainwater and recycled water use to reduce reliance on fresh water.

We have installed rainwater harvesting technology at some South African distribution centres. Country Road Group has 100 000-litre rainwater tanks at its Omni-channel Fulfilment Centre in Melbourne. We use the collected rainwater in cold water taps, hose taps, irrigation, and urinals.

Our reverse osmosis system, installed at Racecourse Gardens distribution centre in Cape Town, undergoes regular maintenance. We use the reverse osmosis system for the purification of borehole water.

We continue to explore ways to increase the use of recycled water, particularly in our Woolworths Food distribution centre tray washing process. Worsening loadshedding has caused multiple water pump failures, particularly in the Midrand distribution centre. This has adversely affected our ability to use and accurately measure recycled water.





# WATER EFFICIENCY IN OUR SUPPLY CHAIN

*Our suppliers' operations rely heavily on the availability and quality of water. Therefore, we continue to expand our focus beyond our direct operations. Working with our suppliers is critical in building water resilience in our supply chain.*

*Climate change can impact water quality and availability through changes in the water cycle. This will ultimately impact growing our food products, sourcing key commodities, and the product manufacturing process.*

## CONTEXT-BASED WATER TARGETS AND COLLECTIVE ACTION

*Through the United Nations Global Compact CEO Water Mandate (CEO Water Mandate), we have become a participant in a pilot project for setting context-based targets for water.*

*Having a context-based water target allows us to customise our approach to addressing water challenges in the regions where we operate and source from based on the types of challenges they present. This will enable us to mitigate long-term water risks as we continue to address water challenges.*

## WOOLWORTHS' FARMING FOR THE FUTURE WATER FOOTPRINT INDEX, AND FACTORIES OF THE FUTURE

Programmes such as Farming for the Future and Factories of the Future are well established within the Woolworths Food supply chain. They enable us to engage with our suppliers on water usage and wastewater management. Farmers involved have seen the benefits of implementing the recommendations made following programme assessments, including increased water efficiency and improved wastewater management.

Farming for the Future has a Water Footprint Index (WFI) that tracks and assesses progress of 116 parameters year-on-year. These include water-usage efficiency, wastewater, alien vegetation, and soil quality. Through the WFI, we work with farmers to decrease their water footprint over time, and determine if there are any water-related risks to the supply of products.

FARMERS ARE FACING CHALLENGES REGARDING WATER ON TWO FRONTS:

- Wastewater management: This is a complex issue requiring investment, an issue which we will continue to focus on
- Loadshedding: Loadshedding had a negative impact on the scientific approach of our farmers towards irrigation scheduling. Most farmers were forced to irrigate according to the loadshedding schedule to save their crops. This, in turn, negatively affected their water use efficiency when compared to previous years

Through the Woolworths' Factories of the Future Programme, we understand how our processing factories manage water usage. We also collect their water usage data.





WATER STEWARDSHIP WITH FOOD SUPPLIERS

Our water stewardship programme, established in 2013, covers two catchments in South Africa. Our strategic partnership with WWF-SA has been integral in maintaining the momentum of this programme. After a short delay, we have renewed this partnership for another five years. The Alliance for Water Stewardship has also supported this partnership by providing a standard and tools to address water-related risks in the supply chain.

Looking ahead, we will continue to work with the WWF-SA and multiple other stakeholders, such as local communities, farmers, water bodies, and non-governmental organisations, to progress on our journey to achieve water security in our catchments.

THE UPPER BREEDE RIVER CATCHMENT WATER STEWARDSHIP PROGRAMME

The Upper Breede River catchment water stewardship programme was the first to be established as part of our ongoing partnership with WWF-SA.

The focus is on collective action to address major water issues in the area, mainly affecting the Ceres region of the Western Cape. In the Ceres region, issues of groundwater, coupled with recurring drought, are increasingly becoming a problem for farmers. Groundwater is used as emergency water in this area, and farmers depend on this resource for irrigation during droughts due to the shortage of surface water. Many farmers in the area have installed boreholes, and the risk of depleting this resource is high because the extraction rate remains undetermined.

Woolworths, the Titus Irrigation Board, the Breede-Gouritz Catchment Management Agency (BGCMA), the LandCare Programme, and WWF-SA commissioned a study to understand groundwater at the Breede River source. The Upper Breede River catchment water stewardship programme has pioneered water stewardship in South African agriculture. At a local scale, it has created a more resilient Upper Breede River catchment area. However, it is difficult to quantify the achievements, as they are non-tangible, such as awareness raising, changing of mindsets, and relationship building. The project has contributed towards the testing and development of various water stewardship initiatives in the Breede area, South Africa, and internationally. The learnings from this project will be invaluable for other catchment areas to implement.

In the rural areas of the Witzenberg Municipality – Prince Alfred Hamlet and Nduli townships, outside Ceres – community volunteers have formed the ‘Witzenberg Water Savers’. This has been an important step in building a bottom-up initiative to empower rural-urban residents to tackle water quality issues in the place where they live. The Water Savers conduct door-to-door awareness campaigns to speak to residents about the importance of water conservation. Woolworths’ support of this initiative was to support the WWF-SA, who led engagement with other water users in the catchment area to enable the initiative.

THE CROCODILE AND SABIE CATCHMENT

In 2019, we expanded our engagement to the water-scarce Sabie and Crocodile catchment area in the Mpumalanga province of South Africa. This area is strategically important for sourcing our citrus fruit and nuts. The key concern stemming from the engagements relates to the catchment’s water quality.

We funded a study through WWF-SA to assess the faecal pollution and food production water quality risks in the two catchment areas. The study aimed to understand the health risks and economic implications that faecal pollution poses to the irrigated agriculture sector in the area. Evidenced by high levels of E. coli downstream of the study areas, results showed increased faecal pollution, which impacts water quality.



However, there are tangible opportunities to continue stewardship work with affected parties in the area to mitigate the risks. Farmers in the catchment areas mitigate some of the risks through targeted farming practices such as:

- Using groundwater
- Pre-treating irrigation water
- Washing the crop post-harvest
- Using buffer crops to avoid contamination of the commercial crops

We are working with our farmers to influence other farmers in the catchment area to implement processes to ensure the food they are producing is safe. Multi-sector and multi-stakeholder collaboration are critical to improve water quality in this area. We are optimistic that this case study will serve as a blueprint for other catchments as we expand the programme.

WATER STEWARDSHIP IN TEXTILE FACTORIES

We promote water stewardship in the textile value chain through our responsible sourcing programmes for key commodities:

COMMODITY	RESPONSIBLE SOURCING CERTIFICATION SCHEME THAT INCLUDES PRINCIPLES OF WATER STEWARDSHIP
 COTTON	<b>BETTER COTTON:</b> Promotion of less water usage and fewer chemicals
 LEATHER	<b>LEATHER WORKING GROUP:</b> Promotion of best practices in chemical management and wastewater treatment
 MAN-MADE CELLULOSIC FIBRES	<b>CANOPY:</b> Promotion of water recycling and reduction of wastewater





## REHABILITATING WATER CATCHMENTS

Invasive alien plant species are not native to the ecosystems they invade. They spread rapidly and consume all the resources – such as water – from endemic species. Their proliferation is possible because they do not have any natural enemies in the areas they invade, making them more competitive for resources. WWF-SA reports that a single large invasive alien plant can use up to 1 000 litres of water a day – more than plants that occur naturally in the same environment use. Droughts and other water-related risks have recently threatened the sustainability of South Africa’s water catchment areas. Allowing invasive alien plants to flourish only exacerbates the problem.

As part of our work to meet the CEO Water Mandate commitments, Woolworths has been working with WWF-SA and other partners to aid the restoration and protection of South Africa’s water resources by clearing invasive alien plants in the Boland and Grootwinterhoek water source area.

Rehabilitating water catchments involves clearing alien vegetation to restore the pristine nature of each catchment. Rehabilitation is necessary to ensure the catchments thrive once again, and can sustain the ecosystem services they provide.

### HIGHLIGHTS OF THE INITIATIVE

- 5 383 hectares, including 88 kilometres of riverbanks, cleared of invasive plants and maintained in a healthy state
- This has resulted in 811 900 m<sup>3</sup> of water being released back into the environment annually
- Over R23 million has been raised for restoration
- 120 farmers have committed to stewardship contracts
- More than 150 people have been employed – equating to 28 000 days of employment

Over the years, the Upper Breede-Gouritz catchment area in the Western Cape has been a major focus. A local co-ordinator, working with a team of 150 people, was employed to manage the rehabilitation of this area. An indirect benefit of clearing alien vegetation is its positive effect on the fight against runaway veld fires and the availability of water in this area.

## DETOX – ELIMINATION OF HAZARDOUS CHEMICALS

There are many hidden chemicals used in the manufacture of textiles that can not only have a harmful impact on water resources, but also pose a danger to consumers and the environment.

As part of our detox strategy, Woolworths has committed to eliminating 11 key priority chemicals from our clothing supply chain. Using the Bluesign®<sup>1</sup> and Oeko-Tex® Standard 100 for due diligence and testing, we aim to ensure the chemicals used in our products are not harmful to the environment and meet our detox commitments.

Additionally, we are updating our Environmental and Chemical Policy to include a restricted substances list.

***Woolworths has eliminated hazardous chemicals from 97%\* (2022: 97%, against a 2023 target of 70%) of our products.***

All Country Road Group manufacturers must abide by the Environmental Code of Practice (ECoP) for the dyeing, printing, and finishing of supplied merchandise. The ECoP aims to ensure that, within existing technology, no dye or chemical used in the production of garments, fabrics, leather, and/or textile-related products presents an unacceptable health or environmental risk during manufacturing, use or disposal. It also contains a restricted substances list.

<sup>1</sup> Bluesign® is a sustainability standard for the use of healthy and safe chemicals.

\* Excludes footwear and slippers, accessories, home hards, and beauty.





## CASE STUDY

**PARTNERING WITH SAITEX FOR MORE SUSTAINABLE DENIM JEANS**

In making Country Road men's jeans, we have partnered with an industry-leading manufacturer that is revolutionising how denim is made.

Saitex, in Vietnam, is a denim manufacturer focused on supporting environmental and social change. From spinning the raw cotton fibre to weaving the denim and constructing the garment, every step of production is completed in-house at Saitex.

Saitex drives innovation at key stages of production to address the significant environmental impacts associated with making denim, including water consumption, energy use, and waste:

- Saitex was the first denim laundry in the world to become Bluesign® accredited
- The denim is washed using a closed-loop system that recycles approximately 98% of the water through an on-site treatment plant, reducing the need for fresh water
- The denim is dyed using the innovative Smart-Indigo™,<sup>2</sup> dyeing technology, which reduces harmful chemical use, carbon emissions, and energy use
- The mill sources energy from renewables. There are 15 000 solar panels on the mill's roof
- The sewing factory is silver LEED<sup>3</sup> certified, meaning that the factory is designed to reduce water and energy use, waste, and carbon emissions
- Rather than relying on tumble drying, which is energy-intensive, jeans are air-dried for up to 80% of the drying process

Saitex also offers training and employment for marginalised groups and people with disabilities. The training programme aims to create pathways into the fashion industry by allowing participants to progress into permanent positions on Saitex's sewing lines.



<sup>2</sup> Smart-Indigo™: A process in which electricity is used to dye denim instead of harmful chemicals, and where the only waste by-product is oxygen.

<sup>3</sup> LEED: Leadership in Energy and Environmental Design, a green building certification programme.





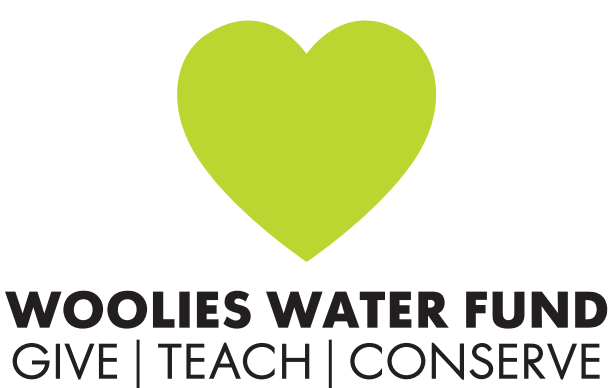
# WATER STEWARDSHIP IN OUR COMMUNITIES

*According to UNICEF, one in five children globally does not have enough water to meet their everyday needs. This is because more than 1.42 billion people, including 450 million children, live in areas of high, or extremely high, water vulnerability.*

*Although there is progress in making clean water accessible, we believe there are opportunities to ensure that basics such as access to clean water and sanitation do not keep children out of school.*

## WOOLIES WATER FUND

In 2018, Woolworths established the Woolies Water Fund (Fund) in partnership with MySchool. The Fund aims to transform communities and schools by improving access to safe water and sanitation, and ensuring the conservation of this precious resource in support of healthier and more sustainable livelihoods. The Fund does this by installing water tanks with filtration systems and handwashing stations at schools in impoverished communities.



Money is raised for the Fund through MySchool, and from selling Woolworths-branded water bottles or canned water. Schools have remained operational where we have installed water tanks, even during water-shedding periods. We aim to complete 20 installations annually. The Western Cape region is expected to undergo a substantial decrease in rainfall over the next few years. As such, our focus in the short term will be on this region.

*“Our school is a safer environment because of your invaluable contribution.”*

– ALPHA PRIMARY SCHOOL, PORT ELIZABETH

*“Our learners can now drink water when there are water cut-offs, wash hands, clean food containers, etc, at the handwashing station. The filtration of the water makes it safe to use in the kitchen for cooking purposes.”*

– ARCADIA SECONDARY SCHOOL, PORT ELIZABETH

We also work on water stewardship in our communities through our Making the Difference Programme, which aims to educate children on the importance of water conservation, sanitation, and good hygiene.

### SINCE INCEPTION IN 2018

R7.3M  
donated to schools

100  
schools have received  
water storage tanks  
(1 million litres under storage)

600  
handwashing stations built  
at schools

172  
rainwater storage tanks  
donated to schools





# ENERGY AND CLIMATE CHANGE

**WHY IS THIS FOCUS AREA  
IMPORTANT?**

Our commitment to reducing our carbon footprint, working with suppliers to do the same, and driving greater energy efficiency is one of the ways we aim to mitigate the risk of climate change to our business, direct operations, and value chain.

In recognition of our collective responsibility, we are committed to contributing to the global efforts of limiting global temperature increases to 1.5 °C above pre-industrial levels. While climate change poses a great risk to our business, it also allows us to innovate as we adapt to a rapidly changing environment.

*In this focus area*

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# OVERVIEW

## PERFORMANCE SUMMARY: VISION 2025+ GOALS

Achieve net zero carbon impact by 2040	
Achieve net zero carbon Scope 1 and 2 emissions by 2040, with 50% reduction by 2030; and work with our top suppliers, representing 25% of total procurement spend (in rand), to set their own reduction targets	
Reduction in Scope 1 and Scope 2 carbon emissions:**	
2022*	16% Three Woolworths Food suppliers have set their own science-based targets
2021	12%
2020	7%
BASELINE	2019 Scope 1 and Scope 2 emissions: 536 562 tCO <sub>2</sub> e
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

Source 100% of our energy from renewable sources by 2030	
2022*	3%
2021	0.64%
2020	0.61%
BASELINE	2019: 0.5%
PROGRESS	<div><div></div><div></div><div></div><div></div></div>

\* Consolidated Group energy and carbon footprint data is reported annually in arrears.  
\*\* Reduction is calculated against the baseline.

*Country Road launched a Climate Fund to provide A\$1.5 million in grant funding over three years to entities working on projects to mitigate climate change and build climate resilience.*

## HIGHLIGHTS

- Woolworths rolled out 42 electric vehicles in its online delivery fleet, a first in South Africa
- Eight Country Road stores achieved 5-star Green Star certification
- A Woolworths team member was appointed to a cross-sectoral Energy Task Team of eight specialists to advise the new Electricity Minister on tackling loadshedding

## LOWLIGHTS AND CHALLENGES

- Loadshedding in South Africa continues to be an obstacle to improving energy efficiency and reducing carbon emissions from direct operations. It is also increasing food waste going to landfill when products can no longer be refrigerated due to generator failure
- Challenges in increasing the percentage of energy sourced from renewables persist, including difficulties in installing solar PV at leased locations, and lack of wheeling infrastructure in South Africa

## LOOKING AHEAD

We will continue to explore initiatives that will contribute towards the reduction of our energy use and carbon emissions across the Group.

### SPECIFICALLY:

- We will continue to maximise the self-generation of electricity wherever we own properties or control roof space
- We will continue to engage with landlords around the installation of solar PV in leased locations, such as stores
- Woolworths will continue to explore further opportunities to expand on the electric vehicle launch. Woolworths also has ambitions to investigate and trial a more sustainable delivery option for Dash
- Country Road Group will continue targeting 5- or 6-star Green Star certification as a minimum for new Country Road and Trenery stores

214

Woolworths stores have LED lighting

2022: 153



# ENERGY EFFICIENCY

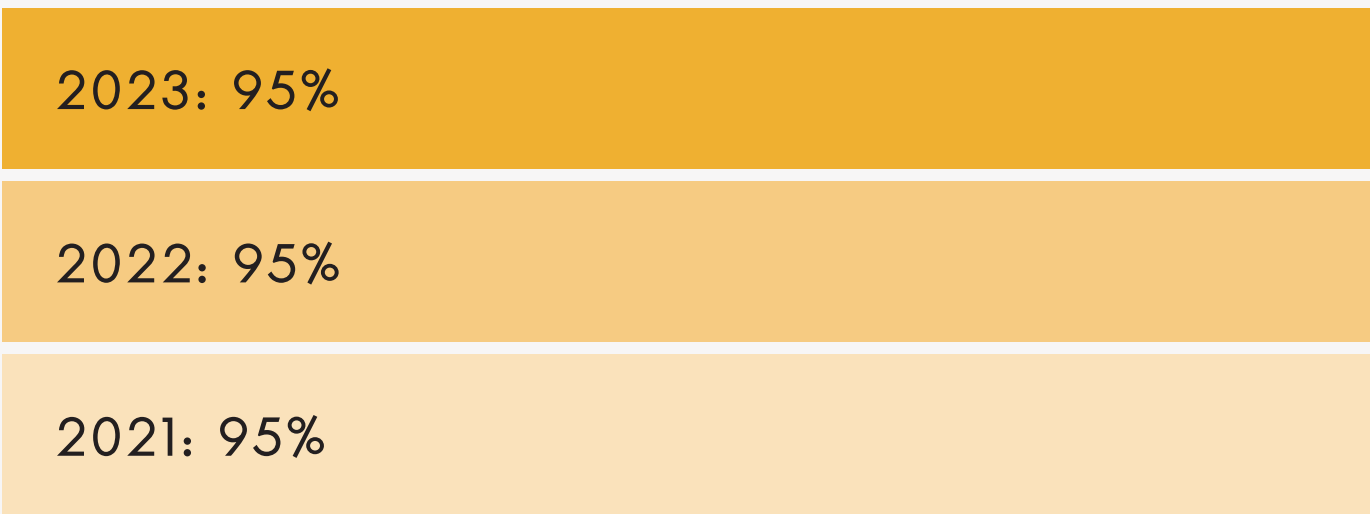
*Electricity remains the largest component of our energy consumption across the Group.*

*We have continued our focus on improving energy efficiency (mainly on electricity usage) in all direct operations as one of the areas to accelerate progress towards attaining our energy and carbon reduction targets. Our stores and distribution centres contribute the most to our energy footprint, and this is where we have invested most of our efforts.*

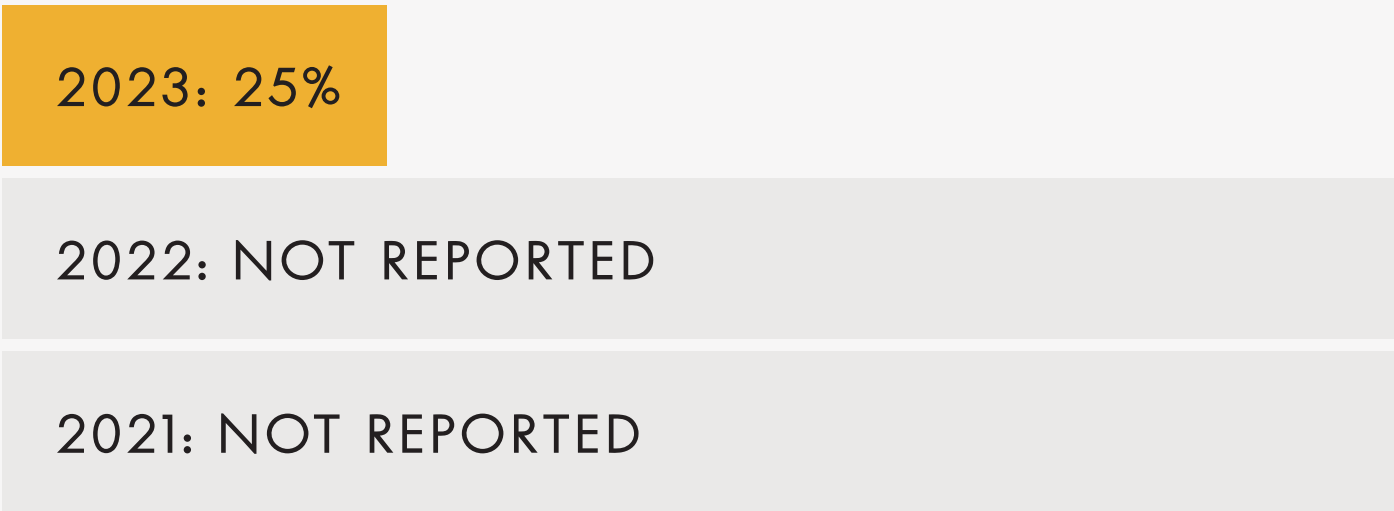
*We are also switching to low-carbon technology where possible, which includes increasing the sourcing of renewable energy as part of our energy mix.*

### PERCENTAGE OF DIRECT OPERATIONS WITH REAL-TIME ONLINE METERING

#### WOOLWORTHS



#### COUNTRY ROAD GROUP



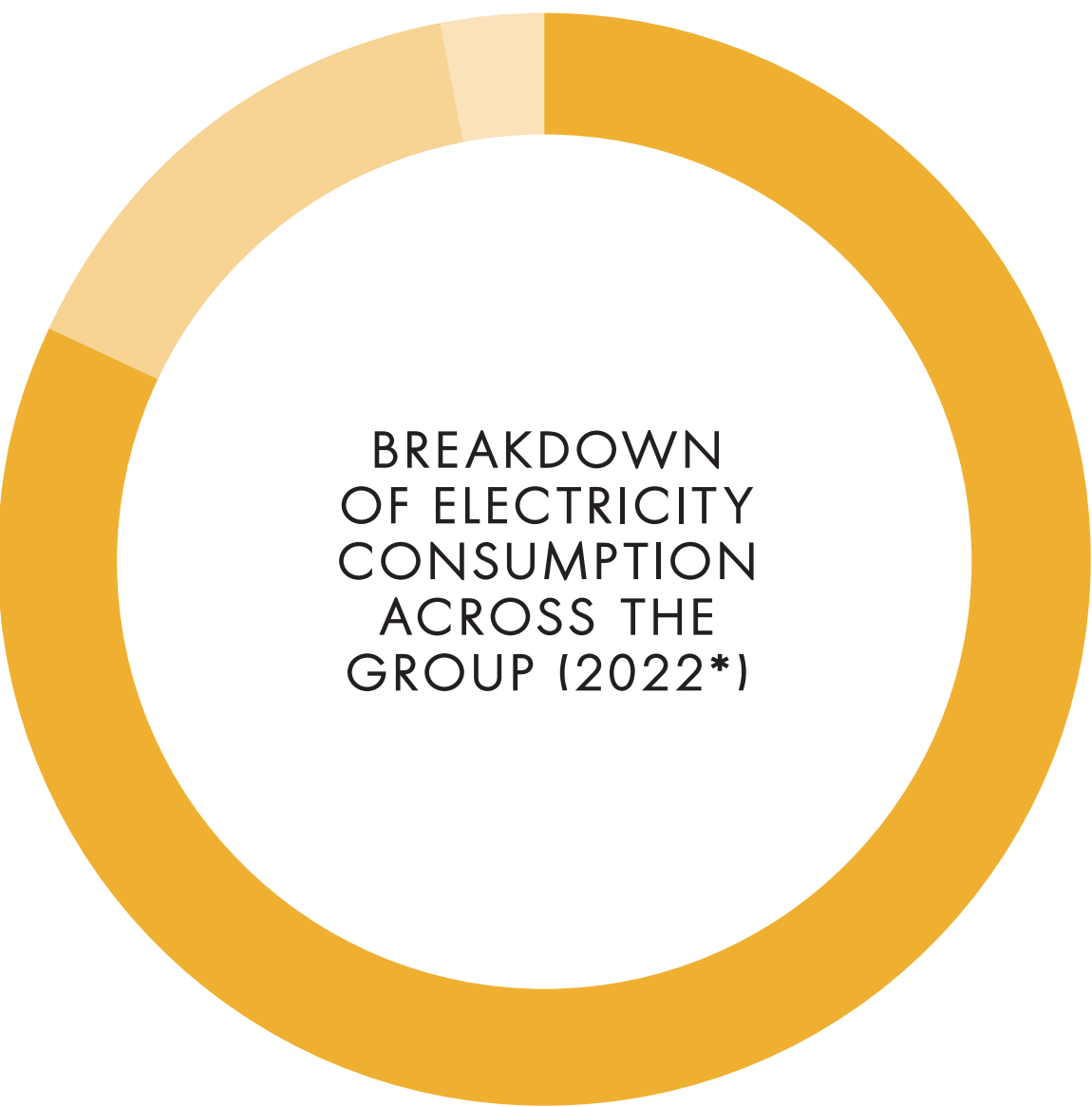
Accurate data measurement and tracking are integral to understanding our overall footprint and identifying areas of improvement. Therefore, we actively monitor electricity usage across our facilities using online electricity meters in the majority of our facilities.

In 2022, WHL traded across an area of 2 127 488 m<sup>2</sup> (2021: 2 159 487 m<sup>2</sup>). In the last financial year (July 2021 to June 2022), our total grid electricity consumption across the business was 395 255 118 kWh (2021: 428 291 417 kWh). This represents a 7.7% decrease from the previous year. This can be attributed to the increase in our renewable energy consumption.

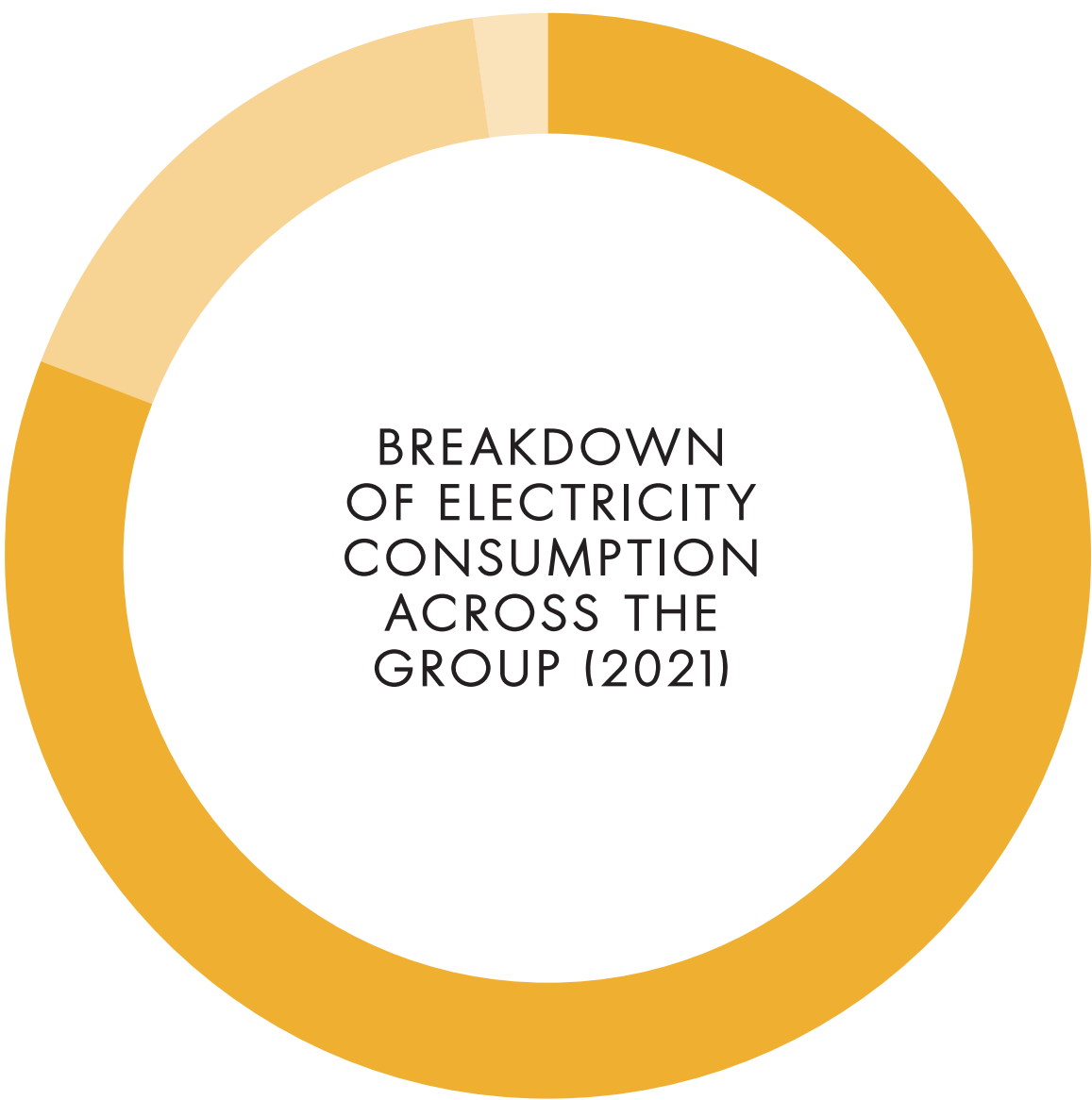
The Group’s relative grid electricity intensity per square metre of general letting area (kWh/m<sup>2</sup>) for 2022 was 186 kWh/m<sup>2</sup> (2021: 198 kWh/m<sup>2</sup>), a reduction of 6.2% compared to the previous year. This is because of the increase in Woolworths’ energy-efficiency initiatives such as increasing LED light fittings in stores, and increases in the number of stores with closed-door refrigeration. The average absolute electricity used will continue to increase as we expand. Still, the average absolute used per square metre should decrease as we improve efficiency and productivity.

Over the years, Woolworths has prioritised retrofitting energy-efficient equipment to old facilities. With newer facilities, we have ensured that using energy-efficient equipment is standard practice. This has improved our energy productivity, and helped to reduce maintenance costs and derive savings from energy efficiencies.

*Our strategy has also helped us limit the impact of the energy crisis on our operations with a two-thirds reduction in Woolworths stores’ energy intensity, from 745 kWh/m<sup>2</sup> to 241 kWh/m<sup>2, LA</sup> in the last 15 years.*



- Woolworths South Africa: 82%
- David Jones: 16%
- Country Road Group: 2%



- Woolworths South Africa: 81%
- David Jones: 17%
- Country Road Group: 2%

\* Consolidated Group energy and carbon footprint data is reported annually in arrears.



REFRIGERATION AND LIGHTING IN STORES

	2023	2022
NUMBER OF WOOLWORTHS STORES WITH:		
Closed-door refrigeration	348 (91%)	336 (89%)
Natural gas refrigeration systems <sup>1</sup>	155 (40%)	138 (37%)
LED lighting	214 (44%)	153 (33%)
WOOLWORTHS CUMULATIVE SPEND TO DATE:		
Retrofit of closed-door refrigeration	R113 million	R111 million
Installation or upgrading to LED lighting	R109 million	R77 million

<sup>1</sup> The use of natural gas (CO<sub>2</sub>) instead of synthetic gases for refrigeration in stores has also contributed to the gradual decrease in both our absolute Scope 1 and 2 greenhouse gas emissions (tCO<sub>2</sub>e) over the years. Unlike conventional synthetic refrigeration gases, CO<sub>2</sub> has virtually no impact on the Earth’s protective ozone layer, and has low global-warming potential and less effect on climate change. Although we are unable to isolate the energy savings associated with these installations in our stores, we know they have numerous benefits in terms of the ozone layer, as they reduce the release of the ozone-depleting R22 gas (freon) into the atmosphere.

Refrigeration and lighting significantly contribute to our energy use, particularly in stores.

TO ASSIST IN MITIGATING THIS ENERGY USE, WE CONTINUE TO ROLL OUT:

- Closed-door refrigeration to existing and new Woolworths Food stores, resulting in an average energy saving of 25% in-store
- Natural gas refrigeration systems<sup>1</sup> across Woolworths Food stores. This number will continue to rise as we upgrade the systems reaching end-of-life
- LED lighting in stores and distribution centres across the Group





COSTS AND SAVINGS RELATED TO ENERGY-EFFICIENCY INITIATIVES

Investing in our energy-efficiency initiatives has yielded energy reduction benefits and enabled us to quantify long-term financial gains.

WOOLWORTHS	2023	2022	2021
s12L tax rebate	R1.8 million	R2.6 million	R1.9 million
Total electricity savings (head office and stores)	R368 million	R311 million	R249 million
Recoveries from incorrect billings and tariff optimisation (stores)	R4.9 million	R13.5 million	R9.0 million
Energy saved as a result of energy-efficiency initiatives*	10 510 856 kWh	10 966 626 kWh	20 564 088 kWh
Rand spend on renewable energy installations	R2 million	-	-

<sup>2</sup> Heating, ventilation, and air conditioning.

<sup>3</sup> Uninterrupted power supply.

\* Savings at like-for-like stores, i.e. where there have been no format changes, no changes larger than 10% in GLA, and no known metering problems, and at least 80% of the electricity data was measured through the metering online system.

\*\* This figure will depend on available supply of generators as there is currently a significant shortage of generators in the market.

LOADSHEDDING

The energy crisis in South Africa has significantly impacted our operations. The continuous high stages of loadshedding put pressure on our equipment, resulting in numerous breakdowns of HVAC<sup>2</sup> systems, refrigeration, UPS<sup>3</sup> systems, and generators in stores. These were not built to withstand ongoing high stages of loadshedding.

It has also resulted in additional food waste. To ensure the health and safety of our customers, we have stringent temperature processes and controls regarding perishable products. When we cannot refrigerate our perishable food following these requirements, we cannot sell it to customers or donate to charity.

To mitigate the loadshedding challenge, we are investing R166 million to purchase 70 generators\*\*. These new generators will be prime rated, meaning they are designed to run for prolonged periods and withstand higher stages of loadshedding. We will install an online monitoring system, enabling us to manage the maintenance of our fleet of generators proactively. Additionally, we have appointed a generator specialist who will assist in resolving the issue of generator breakdowns.

Persistent loadshedding has also reduced the viability of some of our renewable energy projects in smaller, leased locations. Some solar PV systems are grid-tied and do not operate during loadshedding. The system either needs an expensive battery backup system or should be linked to a diesel generator to generate electricity during loadshedding, but often at reduced capacity. This significantly increases the costs of installing a solar PV system.

R40M

spent on generator repairs and replacements

R234M

Estimated spend on diesel for generators

TRAINING AND AWARENESS FOR EMPLOYEES

Through regular training sessions with store staff, Woolworths continues to raise awareness and share best practices on energy and water efficiency.

Training in sustainable building practices is provided to Country Road Group shopfitting teams before starting any Green Star building project. The in-store teams are briefed on the sustainability attributes of all new Green Star stores before opening. The information is also made available to all new staff who join the store after it has opened. Additionally, the employee induction programme includes a simple but comprehensive fitout information user guide.



# WHL CARBON FOOTPRINT

## APPROVED SCIENCE-BASED TARGETS

The Group is committed to being part of the collective action in combating global climate change. In addition to our goal to have a net zero carbon impact by 2040, we have approved science-based targets consistent with reductions required to keep warming to below 1.5 °C.

### OUR SCIENCE-BASED TARGETS ARE TO:

1. Reduce absolute Scope 1 and 2 greenhouse gas emissions by 50% by 2030, from a 2019 baseline
2. For Scope 3, work with our top suppliers, representing 25% of total procurement spend (in rand), to set their reduction targets

Per the SBTi guidance in 2019, when we set our science-based targets, where Scope 3 emissions exceed 40% of total emissions, targets must cover Scope 1, 2 and 3 emissions to be approved. Results from a high-level screening exercise of our Scope 3 emissions revealed that they constituted 75% of our total emissions. Therefore, we set a target covering Scopes 1, 2 and 3.

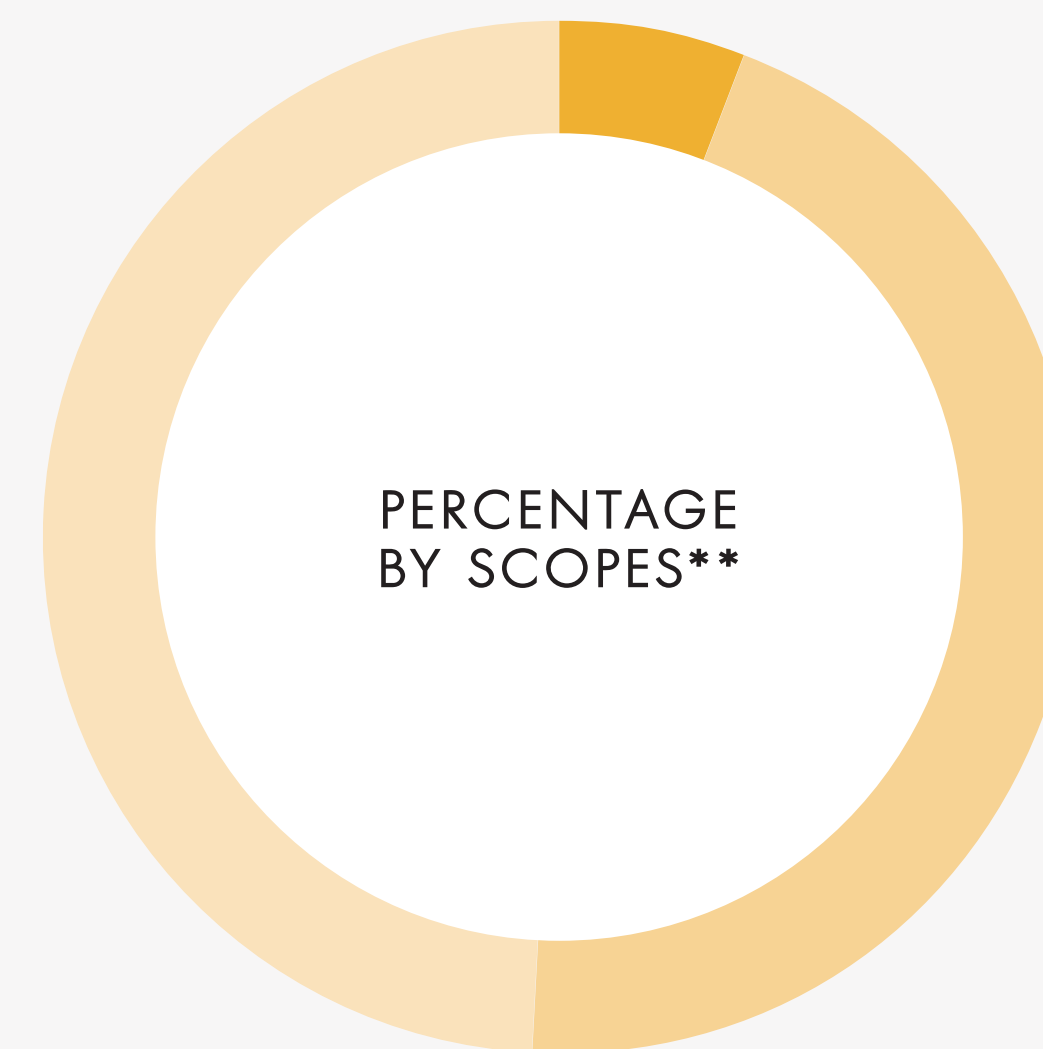
We are working with our suppliers to set their own reduction targets. There are currently three Woolworths Food suppliers with approved science-based targets.

## OVERVIEW OF EMISSIONS

The WHL carbon footprint is calculated annually using the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard for three scopes within our operational boundary.

We have received third-party limited assurance on our carbon footprint and intensity metrics, independently verified by the Global Carbon Exchange (GCX) for the period ending June 2022. The verification was carried out in accordance with ISO 14064 Part 3, 'Specification with guidance for the validation and verification of greenhouse gas assertions'. The GHG Protocol Corporate Accounting and Reporting Standard guidelines were also followed during the verification process.

We again this year enhanced the completeness of our carbon footprint reporting by including additional Scope 3 data\* in our carbon footprint calculation.



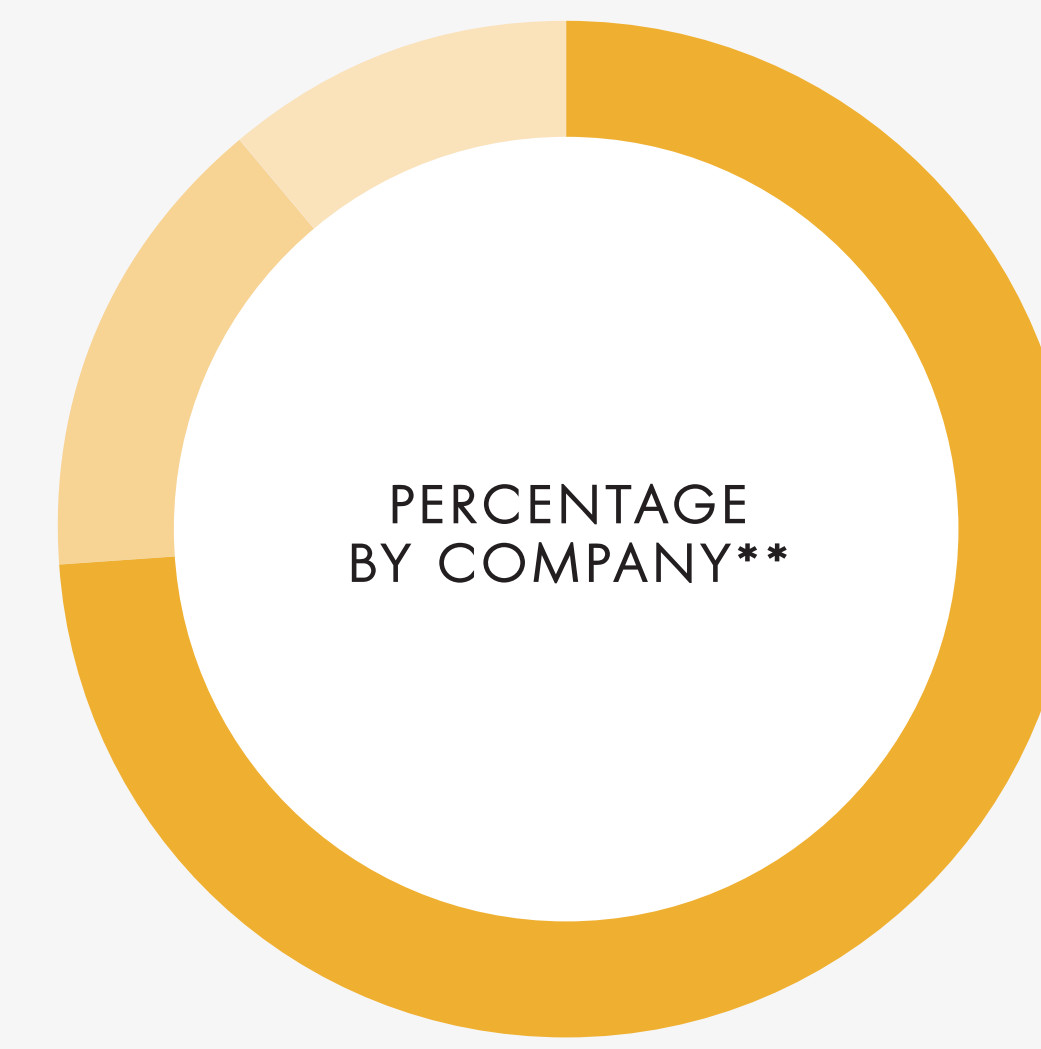
- Scope 1: 6%
- Scope 2: 45%
- Scope 3: 49%

### ABSOLUTES

Scope 1: 56 515 tCO<sub>2</sub>e  
(2021: 47 094 tCO<sub>2</sub>e; 2020: 49 584 tCO<sub>2</sub>e)

Scope 2: 393 701 tCO<sub>2</sub>e  
(2021: 423 984 tCO<sub>2</sub>e; 2020: 448 368 tCO<sub>2</sub>e)

Scope 3: 433 336 tCO<sub>2</sub>e  
(2021: 312 963 tCO<sub>2</sub>e; 2020: 304 261 tCO<sub>2</sub>e)



- Woolworths South Africa: 77%
- David Jones: 13%
- Country Road Group: 10%

### ABSOLUTES

WSA: 677 816 tCO<sub>2</sub>e  
(2021: 586 546 tCO<sub>2</sub>e; 2020: 566 273 tCO<sub>2</sub>e)

DJ: 113 106 tCO<sub>2</sub>e  
(2021: 124 291 tCO<sub>2</sub>e; 2020: 152 442 tCO<sub>2</sub>e)

CRG: 92 630 tCO<sub>2</sub>e  
(2021: 73 204 tCO<sub>2</sub>e; 2020: 83 498 tCO<sub>2</sub>e)

Total emissions (Scope 1, 2 and 3)\*\* decreased by 0.77% year-on-year on a like-for-like basis. Including the new additional Scope 3 data\*, total emissions increased by 12.8% year-on-year

- Scopes 1 and 2 emissions decreased by 4.4% year-on-year (and by 16% compared to the 2019 baseline for our science-based targets)
- Scope 3 carbon emissions increased by 4.74% year-on-year on a like-for-like basis. Including the new additional data\*\*, Scope 3 carbon emissions increased by 38% year-on-year

\* Additional data includes:














- Woolworths Food packaging data (previous years included only Woolworths FBH packaging)
- Woolworths' till rolls
- Travel claims data

\*\* Excluding outside of scopes.





BREAKDOWN OF WHL’S CARBON FOOTPRINT (EXPRESSED IN tCO<sub>2</sub>e)

SCOPE 1 EMISSIONS	56 515	<div><div></div></div>
 STATIONARY FUEL <sup>4</sup>	7 382	<div><div></div></div>
 MOBILE FUEL <sup>5</sup>	1 255	<div><div></div></div>
 FUGITIVE EMISSIONS <sup>6</sup>	47 878	<div><div></div></div>
SCOPE 2 EMISSIONS	393 701	<div><div></div></div>
 PURCHASED GRID ELECTRICITY	385 667	<div><div></div></div>
 PURCHASED RENEWABLE ELECTRICITY <sup>7</sup>	8 034	<div><div></div></div>
SCOPE 3 EMISSIONS	433 336	<div><div></div></div>
 TRANSPORT AND DISTRIBUTION <sup>8</sup>	167 845	<div><div></div></div>
 PURCHASED GOODS AND SERVICES – CONSUMABLES <sup>9</sup>	136 699	<div><div></div></div>
 FUEL- AND ENERGY-RELATED ACTIVITIES (T&D LOSSES)	47 098	<div><div></div></div>
 PURCHASED GOODS AND SERVICES – WATER <sup>10</sup>	583	<div><div></div></div>
 CAPITAL GOODS	26 696	<div><div></div></div>
 WASTE GENERATED FROM OPERATIONS <sup>11</sup>	4 033	<div><div></div></div>
 BUSINESS TRAVEL <sup>12</sup>	2 577	<div><div></div></div>
 EMPLOYEE COMMUTING	47 805	<div><div></div></div>

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Group recognises and supports the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) to disclose clear, comparable, and consistent information on climate-related risks and opportunities. For the third year in a row, we have reported against the TCFD recommendations.

We have started unpacking our climate-related risks and opportunities across the Group in a robust manner. We will also shortly start working on our first scenario analysis. More detail can be found in the TCFD appendix to this report.

CARBON TAX AND CARBON OFFSETS

Carbon tax of R49 727 was payable by Woolworths for the 2022 calendar year. The Group has not purchased any carbon offsets.

<sup>4</sup> Diesel and petrol for generators, liquified petroleum gas (LPG), natural gas for energy.

<sup>5</sup> Company-owned vehicles.

<sup>6</sup> Air-conditioning and refrigerant gasses.

<sup>7</sup> Emissions associated with purchased renewable energy tied to the grid.

<sup>8</sup> Sea freight, air freight, trucking.

<sup>9</sup> Paper, packaging (glass, plastic, cardboard), till rolls.

<sup>10</sup> Municipal water.

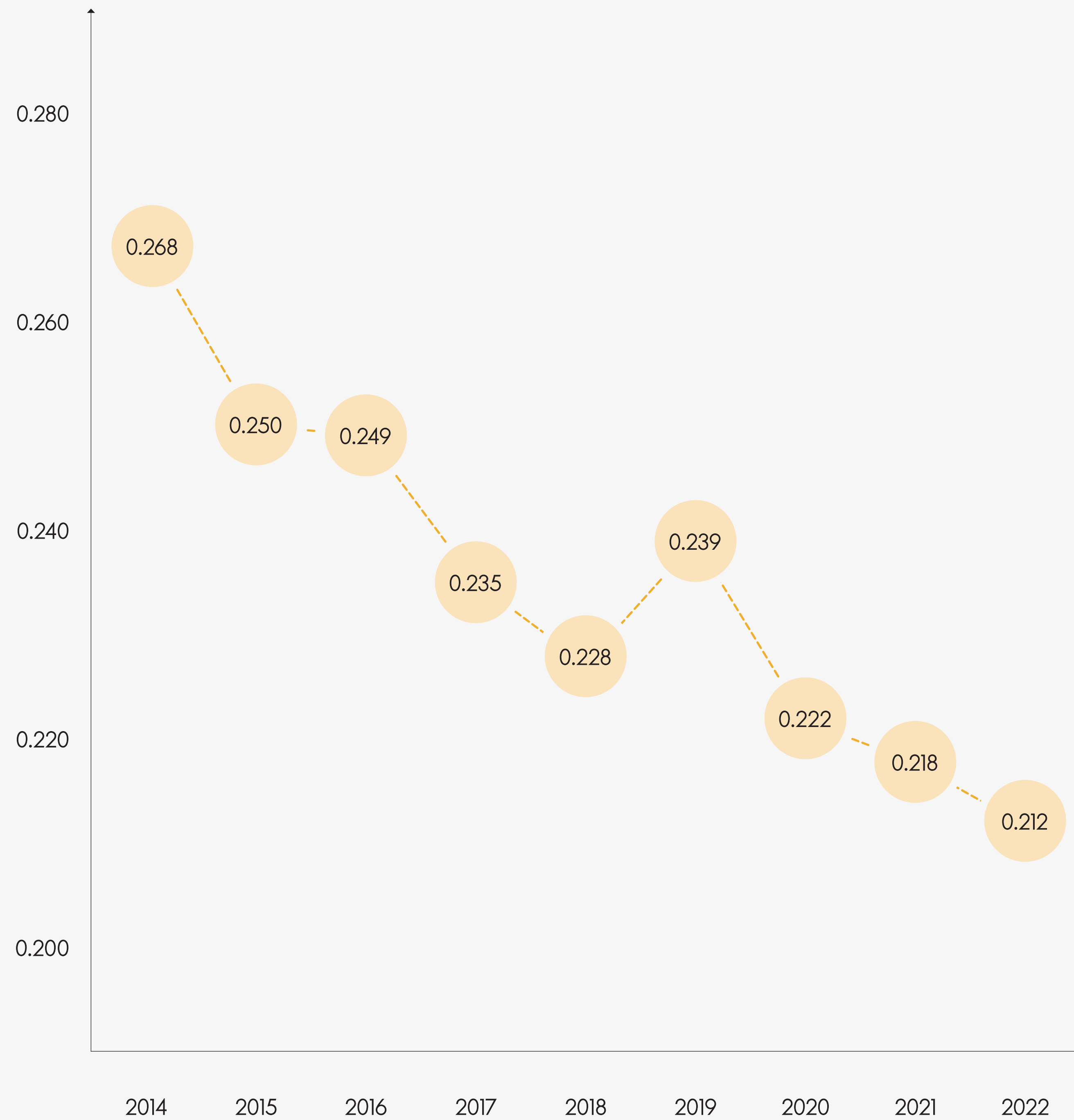
<sup>11</sup> Waste sent to landfill, recycled waste.

<sup>12</sup> Air travel, car hire, accommodation.





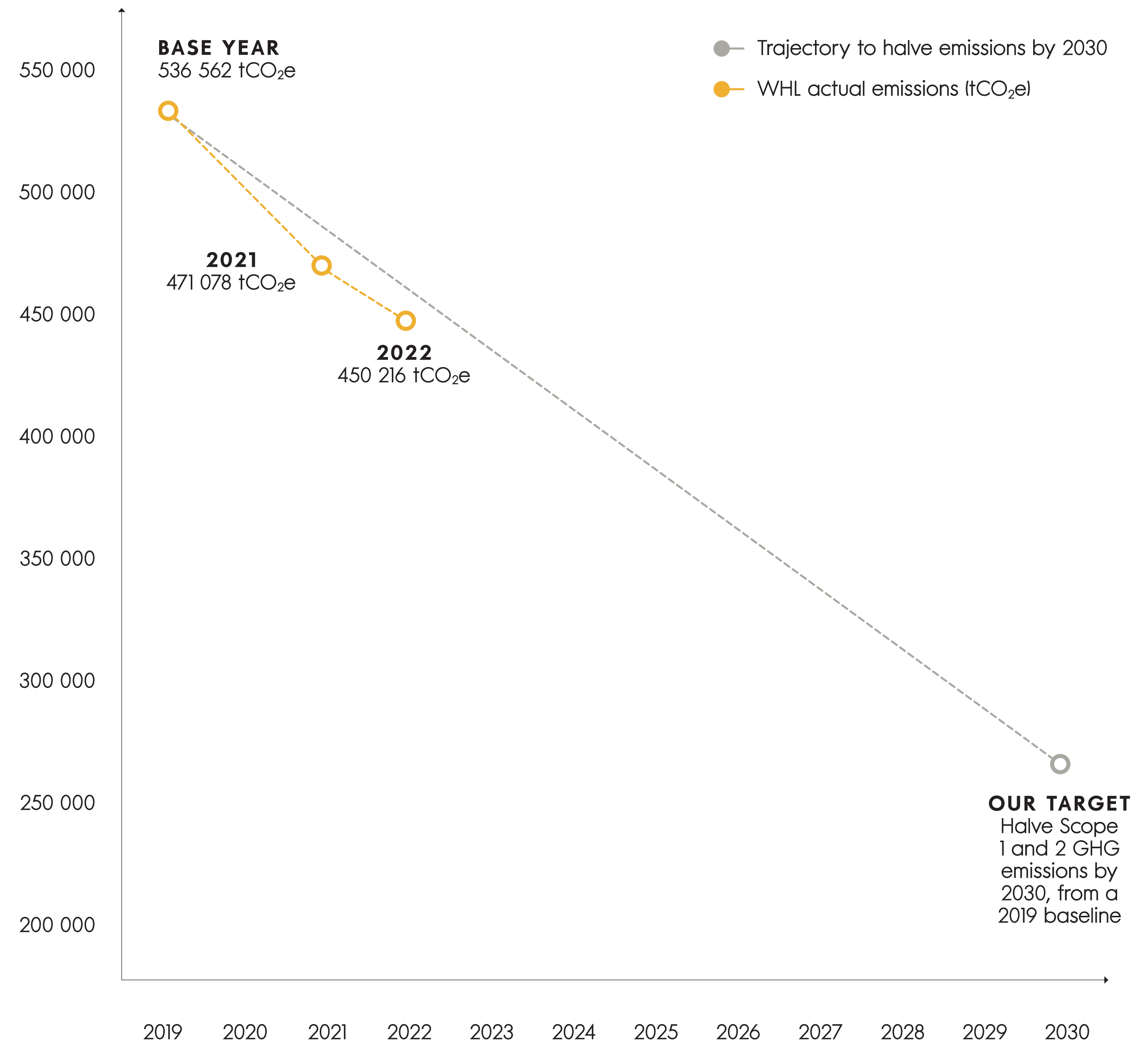
## YEAR-ON-YEAR TRACKING OF CARBON EMISSIONS INTENSITY PER GLA SCOPE 1 AND 2 tCO<sub>2</sub>e/GLA, INCLUDING NON-TRADING



We continue to track our Scope 1 and 2 emissions intensity year-on-year from 2014\*. Our 2022 emissions intensity decreased by 21% for Scope 1 and Scope 2 compared to 2014, and by 3% compared to 2021.

\* 2014 is the earliest point at which WHL has had reliable and comprehensive data across all operating entities: Woolworths South Africa and Country Road Group.

## TRACKING WHL SCOPE 1 AND 2 CARBON EMISSIONS AGAINST THE SBTi TRAJECTORY



WHL set its approved science-based targets in 2020. Our 2022 Scope 1 and 2 emissions were 16% below the base year of 2019. Based on our SBTi forecast trajectory, our Scope 1 and 2 emissions should have been 13% below the base year of 2019. This puts us 3% ahead of the SBTi projection as at 2022. We anticipate that the rate of reduction in our annual Scope 1 and 2 carbon emissions will vary year-on-year based on various factors, such as loadshedding in South Africa and the energy market regime in areas in which we operate.



# LOW-CARBON TRANSITION

*Woolworths supports a transition pathway that will ensure we become resilient as a business as we achieve our net zero ambition.*  
*To us, resilience means:*

- 1

We continue to proactively identify the risks and opportunities that climate change poses for our business
- 2

Our climate mitigation and adaptation strategy is agile enough to withstand unforeseen shock
- 3

We transition towards a low-carbon business and, therefore, reduce our reliance on fossil fuels

*Reducing our overall carbon emissions is a strategic lever in this transition. We keep abreast of innovation in this space as new and affordable technologies are introduced to the market.*

	2022*	2021
RENEWABLE ENERGY GENERATED – WHL	2 614 424 kWh	2 762 468 kWh
Woolworths	2 312 921 kWh	2 414 198 kWh
Country Road Group	301 503 kWh	348 270 kWh
RENEWABLE ENERGY PURCHASED – WHL	9 002 844 kWh	0
Woolworths	7 057 017 kWh	0
Country Road Group**	1 945 827 kWh	0
PERCENTAGE OF ELECTRICITY SOURCED FROM RENEWABLE SOURCES – WHL	3%	0.64%
Woolworths	2%	0.64%
Country Road Group	1%	0%
NUMBER OF SOLAR PV ENERGY INSTALLATIONS – WHL	7	7
Woolworths	6	6
Country Road Group	1	1
NUMBER OF SITES POWERED BY WIND ENERGY – WOOLWORTHS	6	0

\* Consolidated Group energy and carbon footprint data is reported annually in arrears.

\*\* Country Road Group purchases GreenPower in Australia, an Australian government-managed electricity retail product supporting renewable energy generation. Equivalent energy attribute certificates (EACs) to GreenPower electricity are surrendered on Country Road Group’s behalf by the electricity retailer.



## RENEWABLE ENERGY

Investing in renewable energy is vital in building our resilience against climate change and the increasing cost of fossil-fuel-based energy. The increase in the Group's percentage of energy sourced from renewables over time reflects this. Solar PV installations exist at Woolworths' head office, and our Woolworths and Country Road Group distribution centres. Through Eskom's renewable energy tariff programme, there are six Woolworths sites powered by wind energy. Country Road Group has transitioned many stores to renewable energy, derived from GreenPower or an equivalent. Country Road Group is working to procure additional renewable energy lease contracts ahead of those expiring in the future.

The Group's ambition to continue with solar PV expansion has challenges:

- Our stores are mainly located in buildings owned by landlords, which means solar PV installations are dependent on landlords' appetites for us to install our own solar PV and/or share the benefits of their installations with lessees
- South African municipalities are reluctant to allow connection of large commercial-scale renewable energy for fear of revenue loss, which is a challenge for solar PV installations in our owned facilities, such as distribution centres
- Wheeling is still in the early stages in South Africa, and most municipalities do not have a framework in place
- There is a lack of clear timelines for the unbundling of Eskom and the establishment of an electricity market in South Africa
- South African energy infrastructure is severely constrained, and loadshedding is expected to continue for the foreseeable future

Nonetheless, the Group aims to maximise self-generation where we own properties, and have submitted applications to expand existing installations at our South African distribution centres. Across the Group, we continue to engage with landlords and malls to explore renewable energy options for more of our leased facilities. Additionally, we will look to wheeling from independent third-party power producers, and purchasing renewable energy certificates where possible.

### CASE STUDY

#### PARTNERING WITH LANDLORDS FOR SOLAR PV: FIRST ROOFTOP SOLAR INSTALLATION AT A LEASED FACILITY – THE WOOLWORTHS PHALABORWA STORE

In addition to our goal to source all our energy from renewables by 2030, we are investing in renewables to help mitigate risks. These risks include, for example, the energy crisis in South Africa and the likelihood of continued double-digit electricity price increases.

Woolworths is currently constructing a rooftop solar PV system at our Phalaborwa store, reducing the store's reliance on the municipal grid. While we have already invested in several solar energy systems at our head office and distribution centres, this is the first time we have financed an installation for a leased facility.

***We are installing a 165 kWp grid-tied solar system on the store's roof, which will generate 240 900 kWh annually. It will produce up to 40% of the store's energy requirements, with the shortfall provided by the municipal grid. To accommodate the system, we reinforced and treated the roof structure to ensure there is no need to displace the panels for roof maintenance during the 25-year lifetime of the system.***





GREEN BUILDINGS

In certain instances, the Group obtains third-party certification for our green stores and distribution centres. We use the Australian and South African Green Building Council Green Star certifications. To date, we have received 16 Green Star ratings across the Group.

Country Road Group is targeting 5-star or 6-star Green Star certification for Country Road and Trenery stores, and has developed strategic approaches in this regard for stores based in shopping centres and stores based in strip malls. We are the only Australian fashion retailer publicly committed to achieving Green Star certification. Eight new Country Road stores have been certified as Green Star this year.

COUNTRY ROAD GROUP GREEN STAR GOALS

- Target 6-star Green Star rating for new Country Road sites with a larger store footprint
- Target 5-star Green Star rating as a minimum for all other sites under the Country Road and Trenery brands
- Develop an action plan for all new Country Road Group sites to achieve Green Star certification by 2026

Woolworths utilises an internal green stores model to ensure all stores operate in the most energy-efficient way possible. This involves rating and classifying stores into three categories (Platinum, Gold, and Silver) according to the green design features they possess. This rating system helps to allocate funding for future-proofing stores with the most energy-efficient technology.

Woolworths considers the following measures when examining new real estate opportunities, the majority of which have been incorporated into our internal green stores model:

- Natural ventilation to offices, and cross-ventilation
- Roof-mounted opaque skylights
- Energy-efficient lighting and the use of a building management system for light switching
- Solar-powered water heating
- Reusing heat generated by plant and machinery to heat buildings in cold periods of the year
- LED lighting for exterior signs
- CO<sub>2</sub> refrigeration system
- Underfloor heating in the food market using waste heat, heat pumps, and heat reclamation systems
- Reduction in spotlighting and fluorescent lighting because of daylight usage
- Automated load control
- Heat pump geyser for interactive use
- Power factor correction
- Greywater recycling systems
- Dual-flush toilets
- Timer taps on basins
- Metering online monitoring system
- Real-time energy display
- Recycling facilities for customers
- Cardboard shelving and bulkheads
- Training of staff on energy management

GREEN STAR RATINGS

STORES

2023 ★★★★★

Doncaster\*  
Charlestown\*  
Carindale\*  
Brighton\*  
Booragoon\*  
Frankston\*  
Erina\*  
St Ives\*

2022 ★★★★★

Canberra\*  
Kotara\*

2021 ★★★★★

Chadstone\*  
Southland\*

2019 ★★★★★★\*\*

Palmyra\*\*\*  
- First store rated 6-star by Green Building Council South Africa

2019 ★★★★★★\*\*

Palmyra\*\*\*  
- First store rated 5-star by Green Building Council South Africa

DISTRIBUTION CENTRES

2019 ★★★★★\*\*

Montague Gardens food and distribution centre\*\*\*  
- First distribution centre rated 4-star by Green Building Council South Africa

2018 ★★★★★

Fulfilment Centre\*\*  
- First omni-channel fulfilment centre rated 5-star by Green Building Council of Australia

ENERGY-EFFICIENT LOGISTICS

We work very closely with our logistics partners to improve the efficiency of our logistics operations.

To reduce CO<sub>2</sub> emissions and noise pollution, Woolworths is trialling two different energy-efficient vehicles:

1. REFRIGERATED HYBRID ELECTRIC

Electric refrigeration powered by the truck engine and axle

2. LITHIUM-ION FULL ELECTRIC REFRIGERATION

Electric solar-powered vehicle that runs on a 30 kW lithium battery pack, lasting for about nine hours; it also uses diesel fuel as backup

We plan to increase the number of vehicles next year depending on which of these options is most viable.

Woolworths started initiatives to manage the delivery schedule to customers and stores better. We are increasingly working to collect stock directly from suppliers using the same vehicles as those that deliver to stores. This will result in optimised mileage and fuel consumption, and a reduction of vehicles on the road.

Woolworths is also enhancing the efficiency of our online delivery service. Woolworths FBH products are delivered with products from other retailers to reduce our emissions per delivery. Additionally, we regularly review fulfilment centre locations and route and vehicle allocations to ensure we remain efficient.

Woolworths also has ambitions to investigate and trial a more sustainable delivery option for Dash.

\* Country Road. \*\* Certification not renewed. \*\*\* Woolworths South Africa.





## CASE STUDY

**PARTNERING WITH DSV AND EVERLECTRIC ON THE ROLLOUT OF ELECTRIC VEHICLES**

In partnership with DSV and Everlectric, Woolworths is the first South African retailer to embark on an extensive rollout of electric panel vans to deliver customers' online purchases. This move is part of our commitment to reducing our carbon footprint and promoting sustainability in the retail industry.

Electricity to power the vans will be sourced from renewable sources, as far as possible, by utilising DSV's extensive solar infrastructure at their Gauteng and Cape Town facilities. Should there be any exception to renewables recharging, DSV and Everlectric will work with an audit firm to procure renewable energy certificates to offset any indirect grid energy emissions.

**INTERESTING FACTS ABOUT OUR ELECTRIC VEHICLES:**

- They can drive up to 300 km per charge
- For Woolworths, they will drive an average of 150 km – 220 km per day
- They perform the same as, and mostly better than, a normal car. The acceleration is better, and they generally have more torque (power), which is important for carrying heavy commercial loads
- They have regenerative braking, which assists electric vehicles in performing most efficiently in stop/start traffic conditions (the opposite of normal vehicles). This urban efficiency, combined with the almost five cubic metres of space and one-tonne capacity, make these delivery vehicles perfect for urban logistics
- 'Live advanced telematics' in these vehicles maximises operational efficiencies, increases daily range, and ensures driver safety. The telematics can also limit power and speed remotely
- They are limited to a top speed of 120 km/hour



***“Last year, we announced our commitment to electric delivery vehicles, and we are delighted to have nearly half of our online fleet powered by the sun. The new electric vehicles have been introduced on selected routes in Cape Town and Gauteng, with further rollouts and extensions into KwaZulu-Natal planned to follow as soon as possible. On an annual basis, these 42 vehicles will have the potential to save over 400 000 kg of tailpipe carbon emissions. With the exponential growth of our online business, switching to electric delivery vehicles is a smart and sustainable solution that benefits everyone.”***

**– LIZ HILLOCK, WOOLWORTHS HEAD OF ONLINE AND MOBILE**



# SUPPLIER ENGAGEMENT

## FACTORIES OF THE FUTURE

The Woolworths Food Factories of the Future Programme is the vehicle we use to obtain data on our suppliers’ environmental and social performance. We also use it to support our suppliers in identifying areas of opportunity for continuous improvement. This programme has been merged with the Farming for the Future factory assessment to avoid duplication, and is being phased onto a digital platform.

*Every year, we ask our suppliers to complete a holistic assessment that considers sustainability management, water, energy, waste, human rights, employee wellbeing, lean manufacturing, transformation, and responsible sourcing. Suppliers who have been participating since the inception of this assessment have indicated significant improvements in operational efficiency.*

The number of suppliers assessed decreased slightly due to delays experienced in transitioning some suppliers to the new digital platform.

Woolworths FBH commenced the rollout of an eco-factory questionnaire to its top 20 suppliers. The questionnaire is aligned with the Woolworths Food Factories of the Future questionnaire to ensure consistency in data and information obtained from suppliers.

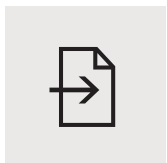
In Australia, Country Road Group is reviewing existing policies and procedures, including its Supplier Code of Labour Practice, to identify opportunities to embed energy and climate considerations into existing business processes. Additionally, it will begin exploring opportunities to engage with suppliers and obtain the necessary data to begin to quantify the impact of its tier 1 suppliers.

### SUPPLIERS ASSESSED

2023: **63**

2022: **68**

2021: **65**





# INDUSTRY COLLABORATION

*The transition to a low-carbon future requires collective effort. Therefore, we are committed to partnering with organisations that share our vision, where feasible.*

## COUNTRY ROAD CLIMATE FUND

Country Road launched the Climate Fund in October 2022. Its purpose is to drive positive climate solutions in the Australian fashion industry.

COUNTRY ROAD HAS COMMITTED A\$1.5 MILLION IN GRANT FUNDING IN THE FIRST THREE YEARS FOR PROJECTS THAT MITIGATE CLIMATE CHANGE AND BUILD CLIMATE RESILIENCE ACROSS FOUR KEY PILLARS:

**1**  
**BIODIVERSITY**  
Protecting and restoring nature

**2**  
**FIRST NATIONS**  
Supporting Aboriginal and Torres Strait Islander-led projects and partnerships

**3**  
**INNOVATION**  
Driving industry change

**4**  
**CIRCULARITY**  
Reimagining the textile life cycle

The fund will provide cash grants to recipients to support projects ranging from entrepreneurs working on the proof-of-concept for their product, to established climate solutions that are now looking to scale.

- The incubator stream will offer grants of up to A\$30 000 to for-profit and not-for-profit entities that are developing seed-level projects. To be eligible for this stream, businesses must have fewer than 10 employees, less than A\$100 000 in total assets, and less than A\$100 000 in annual sales.
- More mature projects will be able to apply for the accelerator scheme, which will offer grants of up to A\$200 000 to not-for-profits, co-operatives, and social enterprises.

*The first successful applicants were announced in July 2023.*

## ENERGY TASK TEAM

A Woolworths team member has been selected as one of eight specialists across different industries in South Africa to be appointed to an Energy Task Team. The Task Team will advise the new Minister of Electricity on tackling the loadshedding crisis.

and the International Trade Union Confederation (ITUC), the Think Lab aims to enable the private sector to support the UN secretary-general's vision. Locally, this is hosted by the United Nations Global Compact. Woolworths is one of two South African companies participating in the Think Lab.

## NATIONAL AUSTRALIAN BUILT ENVIRONMENT RATING SYSTEM (NABERS)<sup>13</sup> ACCELERATE PROGRAMME

Country Road Group will participate in Accelerate, an incubator programme run by NABERS. The programme seeks to launch a NABERS retail assessment tool in 2024 that will allow measurement and benchmarking of the operational energy performance of retail stores. It would enable businesses to identify underperforming stores in their portfolio, and compare their performance against other businesses using the same tool. Country Road Group will participate in advisory panel workshops, and provide relevant store data to help support and design this tool.

## UNITED NATIONS THINK LAB ON JUST TRANSITION

Woolworths participates in the United Nations Think Lab on Just Transition. Launched at COP26 with the International Labour Organisation (ILO)

## ALLIANCE FOR CLIMATE ACTION SOUTH AFRICA

Woolworths is a signatory to the Alliance for Climate Action South Africa. This is a network of committed organisations working with local and national government and research institutions to collectively achieve a net-carbon-neutral economy for South Africa by 2050.

### MEMBERS ARE EXPECTED TO:

- Produce plans that show how net zero emissions will be achieved by 2050
- Translate the plans into actions, and embed these within their organisation, or by collaborating with others on mutually beneficial climate actions
- Influence and champion an economy-wide transition to net zero carbon by 2050 with national government
- Encourage other organisations to join the Alliance



<sup>13</sup> NABERS is a national built environment rating system that focuses on the day-to-day operations of a building, rather than design. A building is rated out of 6 stars for its performance against similar buildings.



*To find out more about what we're doing, visit*

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*For company-specific information, visit*

 Country Road | Mimco | Trenery | Politix | Witchery

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*We appreciate any feedback on our Good Business Journey Report. Please contact [GoodBusinessJourney@woolworths.co.za](mailto:GoodBusinessJourney@woolworths.co.za)*