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***WHEN WE LAUNCHED THE  
GOOD BUSINESS JOURNEY IN  
2007 WE DIDN'T REALLY KNOW  
EXACTLY WHERE IT WOULD LEAD,  
BUT WE DID KNOW THAT IT WAS  
THE RIGHT THING TO DO***

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# OUR GOOD BUSINESS JOURNEY REPORT

## SCOPE AND BOUNDARY

This Annual Sustainability Report, covering the 52 weeks to 25 June 2017 (FY2017), is the successor to the 2016 Good Business Journey Report, and focuses on Woolworths SA, Country Road Group and David Jones. It must be noted that David Jones is a majority brands/concession-model driven business, so the level of influence into the supply chain is quite different from Woolworths SA and Country Road Group. In addition, this year's report does not yet include reference to the newly acquired Country Road Group brand Politix. Our carbon footprint information covers the period from 1 January 2016 to 31 December 2016, based on the timelines for our submission to the CDP (formerly known as the Carbon Disclosure Project). Our Black Economic Empowerment (BEE) information covers the 2016 financial year, in line with the verification timelines for this information. The 2017 Good Business Journey Report is intended to be read in conjunction with the FY2017 Integrated Report and the FY2017 Annual Financial Statements, as a compendium of our strategy and performance.

In compiling this report we have considered and utilised various reporting protocols. As with our FY2017 Woolworths Holdings Limited (WHL and Group) Integrated Report, we have considered the application of the six capitals (as recommended by the International Integrated Reporting Council) in our thinking about sustainability. We have chosen to refer to the capitals as resources and have renamed them to make them more meaningful for us as a retail group.

Where this report predominantly covers the aspects related to people (human), social and relationship, and natural resources, the Integrated Report offers details about financial, products and channels (manufacturing) and know how (intellectual) resources.

*The following icons are applied throughout the report to improve usability and show the integration between the relevant elements of the report. This year we have also utilised the SDG icons throughout the report chapters to show where our activities are aligned to the 17 Global Goals.*



The Global Reporting Initiative (GRI) G4 Guidelines form the basis for this report and any restatement of information is noted in the section concerned. The Group has commenced the application of King IV principles and will show full application in the 2018 suite of reports. This report is prepared in accordance with the GRI G4 Sustainability Reporting Guidelines (Core). You can find the detailed GRI index at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za). WHL is a signatory to the UN Global Compact, and our Annual Sustainability Report also serves as our Communication on Progress (COPI). We have aligned to the UN Sustainable Development Goals (SDGs) as well as the National Development Plan of South Africa in our strategy determination process.

All data is based on the best possible systems that are currently available to us and where applicable is aligned with recognised standards.

WHL regards its sustainability reporting process as a valuable opportunity to engage with its stakeholder groups and to respond to issues that have been raised during the course of the year. Through our Sustainability Report we aim to provide insight to our stakeholders into how we have progressed against our Good Business Journey targets and objectives, as well as provide an overview of the highlights, feedback, and challenges we have experienced.

As part of our stakeholder engagement imperative, we welcome any feedback on our programme and reporting. Contact details for this purpose can be found on the inside back cover of the report.

# OUR COMMITMENTS

## JOURNEY TO 2020

In 2016, we launched five strategic targets that aim to drive towards an even more ambitious sustainability vision across the Group. These five bold and aspirational targets are still supported by over 200 targets across our business, but will serve to focus all of our efforts around these critical areas, and drive systematic change and innovation across our business. These targets have served to drive a heightened focus on measurement and allow better integration into our balanced scorecard system. In addition, we are increasingly moving towards using available science to drive our target setting and are a member of the We Mean Business Coalition of businesses committed to driving this best practice throughout the business sector.

CONTRIBUTE  
**R3.5BN**  
TO OUR COMMUNITIES BY 2020

SAVE  
**500BN**  
LITRES OF WATER BY 2020

HAVE AT LEAST 1 SUSTAINABILITY ATTRIBUTE  
FOR ALL DIRECTLY SOURCED PRODUCTS BY 2020

HAVE OUR ENERGY IMPACT BY 2020 AND SOURCE  
ALL OUR ENERGY FROM RENEWABLES BY 2030

RESPONSIBLE SOURCING OF ALL KEY COMMODITIES BY 2020

 **THIS HEART**   
SYMBOLISES ALL THE THINGS WE ARE  
DOING TO MAKE A DIFFERENCE IN THE WORLD

# THE WHL GROUP

Woolworths Holdings Limited (WHL) is a southern hemisphere retail Group that has been listed on the Johannesburg Stock Exchange Limited (JSE) since 1997. It is one of the top 40 JSE-listed companies and has a market capitalisation of R65.9 billion at 25 June 2017. Approximately 30% of revenue is derived from Australasian operations. WHL now employs more than 44 500 employees across 14 countries and trades in 1 487 store locations. The Group trades through three operating subsidiaries, which include Woolworths Proprietary Limited (Woolworths or WSA), Country Road Group Proprietary Limited (Country Road Group or CRG) and David Jones Pty Limited (David Jones or DJ), acquired as of 1 August 2014 and formerly listed on the Australian Securities Exchange (ASX). Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Barclays Africa Group, which holds the controlling interest. Our footprint extends beyond our stores into our supply chain, the communities in which we operate, and the communities that buy our products and use our services. We manage our broader business impact through comprehensive social, ethical, and environmental policies and practices.

## WHY SUSTAINABILITY IS IMPORTANT TO US

As a largely private label retail Group across food, clothing, homeware and beauty, we have a business model based on long-term supplier relationships and a responsibility to influence change along our supply chain. Today, more than ever, the retail sector continues to be in the spotlight in terms of both its direct and especially, supply chain impacts. Issues around traceability, ethical sourcing and responsible sourcing of commodities are material risks for the sector. Mitigating these risks requires the types of long-term partnerships with suppliers that Woolworths has been built on. Increasingly important is the expertise and guidance we gain from our partnership with the World Wide Fund for Nature South Africa (WWF-SA)

In South Africa, key developmental challenges include the need to alleviate poverty, reduce inequality and create jobs, to improve education and grow the number of skilled people ready to join the job market, while labour unrest and concerns about corruption continue. These social challenges are overlaid with some significant environmental pressure including freshwater scarcity, energy supply stability and a host of agricultural concerns including security of land tenure, rising input costs, soil quality and a declining number of farmers – all of which affect food security and prices, creating a complex kaleidoscope of challenges. The National Development Plan

(NDP) and the Sustainable Development Goals create a strong vision for resolving many of these. Woolworths' aim is to understand our influence and apply a value chain approach to finding solutions and creating shared value in partnership with our stakeholders in working towards the NDP and the SDGs. Our customers also continue to show a strong interest in environmentally responsible and ethically sourced products, and we increasingly need to provide such product choices to them, without a significant premium.

In Australasia, the most significant interaction with customers has been around ethical sourcing issues, especially focused around the annual Baptist World Aid Ethical Fashion Report, and a number of high-profile campaigns detailing social and environmental conditions in clothing supply chains.

Other topical issues include mental health and wellbeing, cultural diversity and indigenous reconciliation, drought resistance, extreme weather events, and the transition to a low-carbon economy.

Sustainability is one of the strategic focus areas of the WHL Group and is integrated into the strategic planning cycle and balanced scorecard process. To ensure consistency across our operations, each business unit and each operating company has a set of Good Business Journey objectives against which they are measured twice per annum.

The WHL Group is a South African-based retailer with operations across the southern hemisphere. It is one of the top 40 companies listed on the JSE Limited Securities Exchange (JSE).

### WOOLWORTHS SA

#### PROFILE

Leading South African retailer offering a range of primarily private label products

**703**  
Store locations



#### OFFERING


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



**56.8%**  
Group turnover contribution\*



**31 267**  
Employees



### DAVID JONES

#### PROFILE

One of Australia's leading premium department stores

**43**  
Store locations



#### OFFERING

Premium retailer offering leading international and local brands with private label general merchandise and food offering



**28.6%**  
Group turnover contribution\*



**7 663**  
Employees



### COUNTRY ROAD GROUP

COUNTRY ROAD MIMCO TRENERY WITCHERY POLITIX

#### PROFILE

Leading Australian speciality retailer

**741**  
Store locations



#### OFFERING

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



**14.6%**  
Group turnover contribution\*



**5 590**  
Employees











\* Including concession sales.

# OUR SUSTAINABILITY VISION AND FOCUS AREAS

The Group's Good Business Journey programme consists of eight focus areas (shown in the table below). These we believe to be the main drivers of value creation and the material aspects to address sustainability in the Group. To ensure alignment across the Group, and in consideration of the uniqueness of the operating companies, the emphasis on the focus areas may be slightly different for each company. The focuses under these strategies are the outcome of a robust materiality and stakeholder engagement process, and each has ambitious targets delivering to the overall strategic intent.

These focus areas also enable us to align ourselves with global and local imperatives for sustainable development as shown by the Sustainable Development Goals (SDG) icons in each chapter. Not only does this help us to transform our business but also enables greater transparency as we track progress to meeting our targets.

VISION: TO BE ONE OF THE MOST RESPONSIBLE RETAILERS IN THE WORLD								
FOCUS AREAS								
	TRANSFORMATION	SOCIAL DEVELOPMENT	HEALTH AND WELLNESS	ETHICAL SOURCING	SUSTAINABLE FARMING	WASTE	WATER	ENERGY AND CLIMATE CHANGE
STRATEGY	<ul style="list-style-type: none"> <li>Establish and drive an employment value proposition that will continue to attract, engage and retain the best, diverse talent required to deliver our strategy</li> <li>Focus on transforming both our own organisation and our supply chain</li> <li>Develop a reconciliation action plan that aims to bridge the gap between indigenous Australians in terms of health and wellbeing, education, and access to opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Align social development strategy to our core business strategy and to national development priorities of South Africa and each country that we operate in</li> <li>Strive to make a meaningful difference through the activities of The Woolworths Trust, the MySchool MyVillage MyPlanet programme, and other community and NGO partnerships</li> <li>Community partners and cause-related collaborations</li> </ul>	<ul style="list-style-type: none"> <li>Inspire a healthy lifestyle by making healthy eating satisfying, delicious and convenient across our food product ranges</li> <li>Develop specific lifestyle solutions for a variety of dietary needs</li> <li>Assist customers to make informed choices through various customer communication channels, such as providing nutritional information on products and on our website</li> <li>Create a safe and healthy environment with necessary support structures to enable employees to thrive in the workplace</li> <li>Mental health support</li> </ul>	<ul style="list-style-type: none"> <li>Better manage our ethical supply chain risk across the Group and take more responsibility for improving the lives of workers in our South African and global supply chains</li> <li>Grow responsible commodity sourcing programmes</li> <li>Work with branded suppliers to increase awareness about ethical sourcing issues along their supply chains</li> </ul>	<ul style="list-style-type: none"> <li>Work with suppliers to reduce the environmental impact associated with the produce we sell through Farming for the Future and Fishing for the Future initiatives</li> <li>Ensure the welfare and dignity of the animals inside our supply chain</li> <li>Procure commodities such as palm oil, cocoa, coffee, and cotton, that have been farmed in a more sustainable way</li> <li>Work in partnership with WWF-SA to drive further progress in dairy, beef, seafood, and textiles production, as well as addressing food waste</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the amount of waste sent to landfills from our own operations, using recycled content in our products and packaging, and making it easier for our customers to recycle</li> <li>Increase our focus on reducing food waste in our supply chain, operations, and customers' homes</li> <li>Support reusable bag programmes</li> </ul>	<ul style="list-style-type: none"> <li>Reduce water consumption and manage wastewater across our own operations as well as in our supply chain through partnerships, collective action, research, and education</li> <li>Create awareness among employees, suppliers, customers, and schools</li> </ul>	<ul style="list-style-type: none"> <li>Increase energy efficiency in our own operations and reduce our carbon emissions</li> <li>Work with stakeholders in our supply chain to meet the targets that we have set</li> <li>Shift to renewable energy sources</li> </ul>
FOCUS IN GROUP COMPANIES	Woolworths SA David Jones	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group	Woolworths SA David Jones Country Road Group

SUSTAINABLE DEVELOPMENT GOAL ALIGNMENT



# 10 YEARS OF GOOD BUSINESS JOURNEY AT WOOLWORTHS



**GOOD BUSINESS JOURNEY**  
PEOPLE | PLANET | COMMUNITY

*Our Good Business Journey was launched in April 2007. Below we celebrate some of the milestones we have achieved in these 10 years.*



**RAISED**  
**R10.7M**  
FOR CHARITY THROUGH SALE OF OUR REUSABLE BAGS

**R27.7M**  
DONATED IN 12 YEARS TO THE EDUPLANT PROGRAMME

**718**  
WOMAN BENEFICIARIES OF THE CLOTHING BANK PROGRAMME



**48**  
ENTERPRISE DEVELOPMENT SUPPLIERS CURRENTLY WORKING WITH WOOLWORTHS

**ONLY WHOLE FREE RANGE EGGS ARE SOLD IN OUR STORES & OVER 95% OF OUR EGG INGREDIENTS ARE FREE RANGE**

**R94.5M**  
SAVED THROUGH GBJ INITIATIVES




**42%**  
RELATIVE REDUCTION IN ENERGY USAGE AND 56% RELATIVE REDUCTION IN WATER USAGE IN OUR SA STORES



**31%**  
OF OUR COTTON NOW FROM SUSTAINABLE SOURCES

**WE WERE THE FIRST SA RETAILER TO REMOVE SWEETS FROM CHECKOUT AISLES**

**100+**  
WE HAVE MORE THAN 100 GREEN STORES AND HAVE COMPLETED FOUR SOLAR PROJECTS SO FAR



**MYSCHOOL/MYVILLAGE/MYPLANET**  
RAISED R393M IN THE LAST 10 YEARS, 1.2M SUPPORTERS, 8 200 BENEFICIARY SCHOOLS, NGOs AND CHARITY PARTNERS

**R2.4BN**  
IN VALUE CREATED OVER THE LIFE OF OUR BLACK EMPLOYEE EMPLOYMENT SHARE OWNERSHIP SCHEME AND R332M IN DIVIDENDS DISTRIBUTED TO BENEFICIARIES OVER THE LIFE OF THE SCHEME

**OVER 600**  
PRIMARY & SECONDARY SUPPLIERS HAVE WORKED AS PART OF WOOLWORTHS FARMING FOR THE FUTURE PROGRAMME

**OVER 10M**  
PET BOTTLES RECYCLED INTO FIBRE FOR USE IN OUR JEANS, T-SHIRTS, AND REUSABLE FABRIC BAGS EACH YEAR



**3X**  
WINNER OF INTERNATIONAL RESPONSIBLE RETAILER AWARD

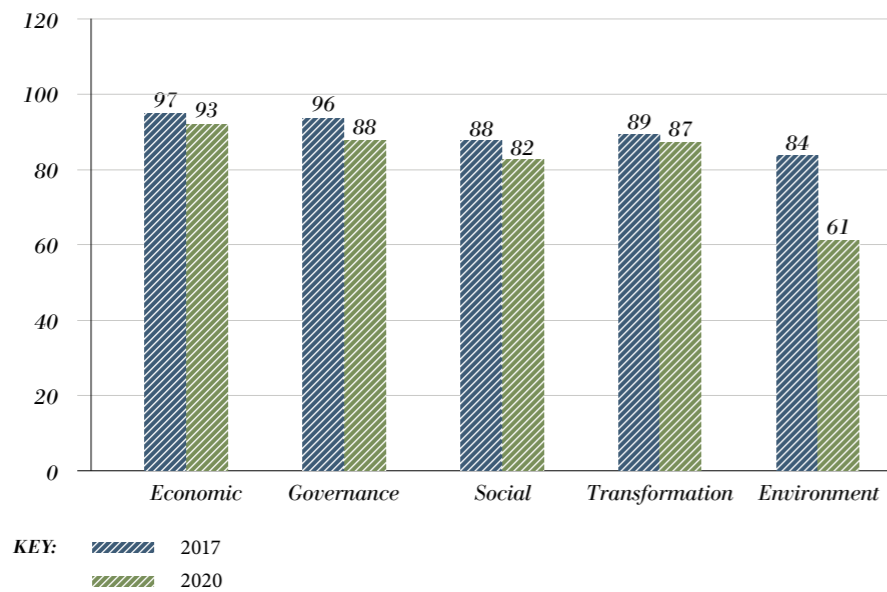
# OUR ACHIEVEMENTS

## PROGRESS MEASUREMENT FY2017

The Good Business Journey index has been reviewed during the current year to ensure the ongoing applicability of the sophisticated weighted system that prioritises all 200-plus 2020 indicators and provides a score across each focus area of the Good Business Journey, as well as for each business unit in achieving their specific targets.

The index score is a key tool in driving changes in behaviour in the business units as well as providing comparable scorecard data and monitoring progress towards one- and five-year targets.

The total Group sustainability measurement score for the year FY2017 was 81% (FY2016: Woolworths SA 85%). We had set 80% as a benchmark for good performance and are pleased to complete the current phase of our targets with a score above that benchmark. The past 10 years have not been easy as we have sometimes not met targets on specific indicators – either because they were potentially unrealistic or due to change in business focus, but each of these instances has been a valuable learning opportunity. However, steady progress has been made over the lifetime of the Good Business Journey programme, and the targets have been well integrated into our strategy and balanced scorecards. The scores per factor are shown in the graph below.





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## SUSTAINABILITY COMMITTEE CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER'S REPORT

### CELEBRATING TEN YEARS OF OUR GOOD BUSINESS JOURNEY

Our Good Business Journey (GBJ) was launched in April 2007. At the time, a strategic platform such as this was the first of its kind in South African retail. It represented the innovative thinking that has been important to Woolworths since it was founded over 85 years ago, and a way that the existing social and environmental initiatives as well as those of our stakeholders, including employees, customers and suppliers, could unite under one banner.

Over the last ten years the GBJ has set new standards across its eight focus areas of transformation, social development, health and wellness, ethical sourcing, sustainable farming, waste, water and energy. Last year, the company updated its GBJ goals through to 2020 and even 2030, and now the GBJ also encompasses WHL's Australasian business, and it continues to grow and evolve as the world around us changes.

We've learned a lot along the way and we continue to learn from both our successes and mistakes. The issues behind the GBJ have, if anything, become even more important than they were ten years ago as the world becomes ever more volatile – politically, socially and in terms of climatic conditions and events.

This is an important celebration which allows us to remind ourselves that business is no longer about profit alone, but about creating shared value and delivering on our commitments and responsibilities to empowering our people and protecting our planet. This is precisely what the GBJ is about, when times are good and when times are tough.

Experience has shown us that we, as Woolworths, cannot solve complex sustainability challenges alone – we need support and input from our stakeholders and partners. With this support over the years we have been successful in implementing flagship programmes like Farming for the Future, Fishing for the Future as well as broader responsible sourcing strategies, and improved operational efficiencies in energy and water, among others.

These successes have been reflected by some significant global recognition, including winning the World Retail Congress 'Responsible Retailer of the Year' award three times, and consistently being included on a number of local and international sustainability indices.

We've also built a number of important collaborations with our suppliers, other corporates and NGOs. Indeed, our partnership

with WWF-SA has continued to deliver innovative solutions around water, agriculture, fishing, food waste and other critical issues.

We have delivered a 42% relative reduction in energy usage and 56% relative reduction in water usage in our SA stores over the life of the GBJ. David Jones has made similar strides in reducing energy consumption by 38% since 2007. We have more than 120 green stores, and have completed four solar projects so far as we start our shift to greater use of renewable energy sources.

A significant amount of our efforts in improving traceability of products has involved drilling down our supply chain to drive sustainable sourcing practices for key commodities such as cotton, timber, viscose, leather, soy, cocoa and palm oil. In line with this drive, our clothing brands continue to make significant strides in ethical sourcing and the use of sustainable fibres – nearly a third of Woolworths cotton now comes from responsible sources and millions of plastic bottles are incorporated in products as recycled polyester.

In addition to managing our operational and supply chain environmental footprint, the Group's contribution to sustainable economies, transformation, social development and education is something that we remain deeply committed to. Through our procurement and supply chain teams we have implemented a preferential procurement strategy to intensify support for small businesses from previously disadvantaged backgrounds in South Africa, where we are currently providing support to 48 small businesses that are receiving business development support, creating over 800 jobs.

Throughout the past year we've donated in excess of R757 million to various projects and charities across the countries we operate in, contributing directly to upliftment projects through the work of the Woolworths Trust and through donation of our surplus food and clothing (to the Clothing Bank, Red Cross and other partners) across the group. The MySchool MyVillage MyPlanet programme has raised R393 million in the last 10 years via 1.2 million supporters for 8 127 beneficiary schools, NGOs and charity partners.



*Lord Rose, Chairman of the Sustainability Committee*



*Ian Moir, Group Chief Executive Officer*

### THE ROAD AHEAD

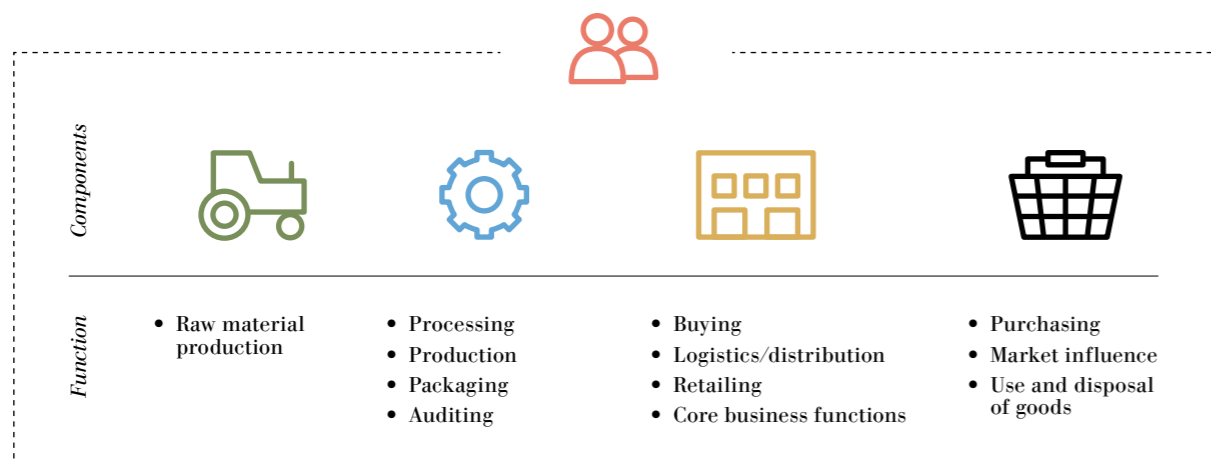
Our vision is to be one of the world's most responsible retailers, and we have built a strong business case around this to drive sustainability across our value chain from field to shelf and into customers' homes. Part of this is the R945 million in GBJ savings achieved to date through operational and process efficiency.

We aim to continue to do business in the most transparent and ethical way possible, and always make an impact to alleviate critical environmental and social issues in our business and supply chain. This includes focussed efforts on improving working conditions, food security and nutrition, animal welfare, sustainable employment creation and support for local and ethical businesses.

This is nothing less than what our stakeholders expect, and what Woolworths Holdings has worked to stand for.

## MANAGING SUSTAINABILITY

### OUR VALUE CHAIN



**KEY:** Agriculture Suppliers and processors WHL operations Customers Communities Environment Economy

Over the last ten years, the way we manage our sustainability journey has evolved not only because of a continually changing landscape, but also as a result of internal improvements in our understanding of the subject. Key global reports such as the annual World Economic Forum's (WEF) Global Risk Reports, as well as industry benchmarking, have shaped this evolution. Contextualising landscape environmental, governance, and societal issues that pose a risk in our areas of operation remain a critical and strategic driver of how we manage sustainability.

By looking at the connectivity across these aspects, we are able to implement a context-based sustainability plan to address a really complex undertaking as a business.

Our Good Business Journey has been, and will continue to be, driven by the issues that matter most to our business, customers, and other stakeholders as well as the legal, cultural and economic context of our operations. The materiality of these issues is based on our own risk management protocols as well as the feedback we receive from stakeholders.

### GOVERNANCE

The Social and Ethics Committee, a sub-committee of the Woolworths Holdings Board, oversees the work of the Sustainability Committee to ensure responsible retailing practices as encompassed by the Good Business Journey. The main purpose of the committee is to ensure that the sustainability strategy and objectives are effectively integrated into the business.

The Sustainability Committee is chaired by an Independent Non-executive Director and meets quarterly to review the progress of the Good Business Journey programme, as well as to approve strategic matters arising for continuity of the programme. The Group Chief Executive Officer and the Woolworths SA Chief Executive Officer are members of the committee, together with three Independent Directors. These Independent Directors each have significant expertise and experience in a range of corporate sustainability issues.

Progress towards meeting 2020 targets and the related one-year goals, is monitored at an operational level by the Executive Committee and championed by the Group Director: Marketing and Sustainability. A Sustainability Executive Steering Committee has been established in Country Road Group. The committee meets quarterly to guide the development and implementation of the strategy, to ensure its effective integration into the business, to develop targets and review performance. The David Jones Executive Committee reviews Good Business Journey progress on a regular basis. Both the David Jones and Country Road Boards also receive Good Business Journey progress updates at each Board meeting.

There is continued focus across the Group to have an integrated approach to responding to legislative issues including energy, carbon, waste, and sugar reduction strategies. Economic inclusiveness is a critical component within our areas of operation and even though the legislative contexts within which we operate differ, we are able to implement sourcing strategies that drive transformation.

### KEY SUSTAINABILITY RISKS

Managing risk is an integral part of our strategy in protecting the Group's assets, including reputation, and enhancing shareholder value in a sustainable way. We follow a robust risk assessment approach to determine our risks. The principles that underlie the precautionary approach informs our governance and enterprise risk framework and GBJ Strategy in respect to our sustainability impacts risk registers are developed for key business areas to ensure that all identified risks are documented, weighted according to the agreed risk assessment method, and action plans are identified to mitigate the risk.

In this report, we show how the issues that matter extend far beyond our direct operations, and encompass all components

of our supply chain described in the diagram opposite. In each chapter, we include a materiality assessment for each focus area, mapping where (in our supply chain) the critical issues we have identified are occurring across our eight Good Business Journey focus areas, and to what extent these impacts present a risk. The identified risks and material aspects with reference to the GRI G4 index are included in the appendices to this report.

A diverse group of internal stakeholders considered the most pressing issues identified by the Board, key risks identified through our risk management process, and concerns raised by key external stakeholders.

No environmental or health and safety-related findings against Woolworths occurred in the last financial year.

## MATERIAL IMPACTS AND ASSURANCE

### KEY IMPACTS AND MATERIALITY

The sustainability impacts identified as material to our business, and so included in this report and the Integrated Report, are as follows: governance, transformation, social development, health and wellness, ethical trade, sustainable farming, waste, water, and energy and climate change. These have an impact on our business, either directly or through our local and global supply chains and communities. Consequently, we have to manage a continually evolving set of risks within these broad themes.

These risks have been identified through analysis of external standards such as the Global Reporting Initiative (GRI), legislation, investor and NGO questionnaires, peer reviews, business intelligence, lifecycle assessment results, stakeholder dialogue, market surveys, and stakeholder reports, as well as media coverage. We also engage with our stakeholders and shareholders to understand what matters most to them and how we can deliver a sustainability strategy that addresses their risks and concerns.

### APPROVAL AND ASSURANCE

The Social and Ethics Committee and the Sustainability Committee have reviewed and recommended the Good Business Journey Report to the Board for approval. External assurance has been obtained on selected indicators.

WHL has always looked at obtaining independent opinion on our progress as a crucial part of gaining and maintaining credibility with our stakeholders.

Ernst & Young Inc. (EY) has been engaged, for the seventh consecutive year, to perform a limited assurance service engagement for certain quantitative and qualitative information contained in the 2017 Good Business Journey Report:

1. The water usage for Woolworths head office, stores, and distribution centres
2. Management's assertion that the Good Business Journey Report is prepared in accordance with the core-level GRI G4 Guidelines

EY was also engaged to perform an assurance readiness assessment for certain other key performance indicators as follows:

As a diversified-product retailer in clothing, foods and general merchandise with a global footprint, we recognise the significant challenges associated with the complexity of working within a multi-tiered and geographically dispersed supply chain. Our material impacts are spread across our entire value chain, which spans from raw material production to customers and the end-uses of our products.

By mapping these key impacts across our entire value chain, we are better able to systematically address those impacts that are most material with the proviso that the diversified nature of our business, geographical spread of our supply chain and expectations of stakeholders mean that we need to incorporate an incredibly broad range of issues in our sustainability landscape.

- Percentage of Woolworths foods with one sustainability attribute
- Percentage of Woolworths clothing with one sustainability attribute
- Good Business Journey savings to date

Their assurance statement can be found on pages 124 to 127.

We have also undertaken an independent limited level verification of our carbon footprint data in conformance with the ISO 14064-3 International Standard for GHG verifications performed by the Global Carbon Exchange and their assurance statement can be found on the Good Business Journey Report website. EY provides limited assurance over all David Jones greenhouse gas emissions data used in reporting to government (National Greenhouse and Energy Reporting Act) and the CDP.

Our Farming for the Future programme is audited by an independent body – Enviroscientific – and our BEE level by an independent third party.

We feel that the combination of the assurance processes noted above provides coverage for all our material focus areas by a range of audit, technical, and scientific experts.

## OUR VALUE CREATION

### CONTRIBUTION TO THE SOUTH AFRICAN ECONOMY

Woolworths continues to create shared value across a broad spectrum of the South African economy, at the most fundamental level, by generating direct employment and career opportunities for over 31 000 people, and indirectly more than double that through our manufacturing and processing network, as well as assisting to bring small-scale suppliers into the value chain. During the current year, our staff complement has grown by an additional 780 employees.

The vast majority of goods sold in Woolworths stores by volume are produced in Southern Africa and we continue to encourage local South African Development Community (SADC) manufacturing wherever possible – over 90% in Foods, and 53% in Clothing & General Merchandise. We have been on a drive to 'onshore' more of our manufacturing and processing in the last year, particularly within our clothing supply base. We will only consider sourcing abroad where local or regional supplier partners are unable to provide the ideal quality, value and innovation that our customers expect. The implementation of the BEE prescripts continues to ensure an integrated and deliberate drive for supplier and enterprise development

### CONTRIBUTION TO THE AUSTRALASIAN ECONOMY

David Jones and Country Road Group jointly employ over 11 947 people, and indirectly support many other employment opportunities through our manufacturing and processing network. Community partnerships across a range of areas also contribute positively.

projects. We are currently supporting 48 businesses at present and have disbursed R25.6 million in loans, creating 381 jobs. We also have a dedicated team devoted to working more closely with emerging suppliers, further supporting South African businesses first as part of our economic contribution.

One of our key contributions is to provide safe, healthy, good quality products to consumers at a reasonable price. Our food, clothing, home, and beauty technologists ensure product development and innovation take into account our safety policies that are audited or endorsed by independent third party organisations.

We are also assisting to create our customer of the future by investing in education through a number of our corporate social investment interventions. Our Good Business Journey programme drives investment into efficient and green technology in our real estate, logistics, and supplier networks, as a part of our contribution to South Africa's green economy growth. This is also supported by our initiatives in waste management and recycling, especially incorporating more and more recycled content into our products and packaging.

**THE VAST MAJORITY OF GOODS SOLD IN WOOLWORTHS STORES, BY VOLUME ARE PRODUCED IN SOUTHERN AFRICA**

## STAKEHOLDER ENGAGEMENT

### STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY

Stakeholder engagement is important for us. Not only does it allow for diverse input into our sustainability strategy but it is also a way for us to sense check the progress on our sustainability journey. We value the critical feedback of our stakeholders and use this as a way to sense check our approaches and identify areas within our business that could potentially compromise the values that we strive for. We have an established stakeholder forum to ensure alignment between our positioning and message to stakeholders, and coordinate our engagement across all our areas of operation. The forum established a platform for feedback to be consolidated and channelled appropriately, and enables us to engage more efficiently. We can now resolve complex, Group-wide issues centrally and in this way improve our reputational risk management.

From a sustainability point of view, the matters that were identified as most prominent by our stakeholders continue to be healthy living, ethical sourcing, animal welfare, water, packaging and recycling, and local sourcing. We have also identified issues around climate change, energy, carbon tax, and land reform as important to our business and stakeholder interests.

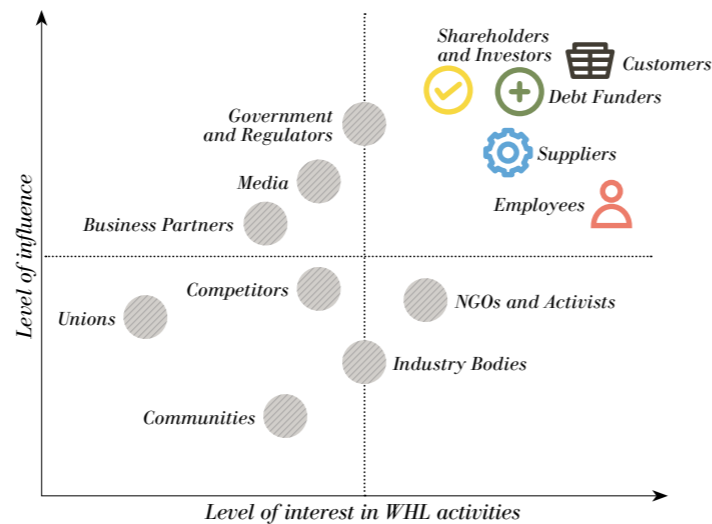
Through all of the stakeholder engagement we participate in, we retain vision of our key principles, which are to ensure:

- constructive and co-operative engagements
- openness and transparency
- mutual respect
- supportive and responsive interaction
- working towards regular and structured engagements
- engagements that are based on business-critical aspects, national priorities and material issues for the business
- recognition that all stakeholders are also existing or potential customers

WHL Group's stakeholder universe includes our employees, customers, suppliers, communities, business partners, unions, NGOs, academia, industry bodies, government, regulators, and the media, among others. To focus our reporting on these stakeholders, we have mapped them according to materiality – in this case, their ability to impact strategic planning and decision-making. Although we consider the entire universe

of stakeholders in our engagement planning, we focus our reporting on material stakeholders in our Integrated Report, while we go into more depth regarding a broader range of stakeholders in this report. In the appendices to this report, a full table is included where we have listed these key stakeholder groupings, considering why, how, and what we engage in.

This in itself is a huge source of innovation for our business and assists us in staying relevant to our customers and ensuring we are doing business in the best possible way.



### GROWING OUR CUSTOMER ENGAGEMENT AROUND SUSTAINABILITY

Our broader marketing and communications strategy continues to be buoyed by an increasingly interested and aware customer base. The use of social media and our customer service channels is critical for us in order to receive the feedback and communicate with our customers at a more personal level. More and more customers are demanding deeper information about where products come from and what their ethical and environmental attributes are.

These questions necessitate that we adopt a lifecycle approach to developing our products, and consider all aspects of the journey that takes a product from field to fork or hanger. This lifecycle approach ensures that we work closely both with our suppliers and our customers to make a real difference in sustainability. Over the year, we have continued to grow our customer engagement around sustainability issues, within traditional media channels, as well as through in-store awareness campaigns, use of social media platforms, and relationships on TV with 50/50, Top Billing, and Expresso.

The results have shown substantial increases in customer awareness and support around the Good Business Journey, as measured in the customer tracking study, our own customer panel and our other customer research.

### GROWING OUR EMPLOYEE UNDERSTANDING AROUND SUSTAINABILITY

We engage with employees regularly on strategy, business performance and to increase awareness and level of understanding of our sustainability issues and values. We use channels such as leadership conversations and the 'Pulse' survey, introduced this year to replace the 'Let's Ask' employee opinion survey to generate discussion and prompt feedback. While subscribing to freedom of association, we do believe in fostering strong direct and work group relationships with our employees.

We embed sustainability throughout our business with the help of our employees. At Woolworths stores, we use our GBJ Champs programme as a way to provide training, raise awareness, and connect with all employees in stores, as well as with our customers. We are continuously sharing knowledge and communicating sustainability issues in order to provide staff with a deeper understanding and drive support of our Good Business Journey.

The percentage of David Jones employees who think that David Jones is a socially responsible organisation fell 4% year-on-year to 84%. Good Business Journey awareness and support levels among Woolworths and Country Road Group employees continue to grow. We rely on our employees to be the creative and innovative hub of our businesses. Through the integration of sustainability thinking into everything we do at

work, we continue to improve how we operate and create efficiencies within this. Since the start of the Good Business Journey and with the support of our employees, we have saved the business in the region of R945 million.

### GROWING OUR PARTNERSHIPS FOR SUSTAINABILITY

Experience has shown us that most sustainability challenges cannot be solved by one company acting alone, and we are excited about the support and input we have received from a range of stakeholders in implementing programmes like Farming for the Future, Fishing for the Future, EduPlant, sustainable transport, and recycling. These sustainability initiatives have often been natural extensions of the long-standing partnerships we share with our suppliers and corporate partners such as Imperial Group, and specialist non-profit organisations including WWF-SA and Food & Trees for Africa, among others. Our broad range of partnerships has helped us formulate unique responses to material issues and, in turn, we have been able to support the good work already being done by our partner organisations.

We have continued our partnership with WWF-SA with focus on water, sustainable farming and sourcing of raw materials, and food waste reduction. A full partnership review of the previous years can be found at [www.woolworthsholdings.co.za](http://www.woolworthsholdings.co.za).

### GROWING OUR SUPPLIER ENGAGEMENT FOR SUSTAINABILITY

Our approach to the lifecycle management of our products means that we work closely with our suppliers to deliver consistent quality and innovative products. We are also committed to supporting the development of small, black owned businesses in South Africa, and artisans globally.

Our suppliers engage with us on issues such as timely payment and favourable terms, infrastructure and logistical support, resource efficiency, and research support. We hold regular supplier road shows, conferences and audits that create a broad understanding of our strategy, business requirements, and growth plans.

See our Key Stakeholder Groupings in the appendices section on pages 116 and 117.

# OUR PEOPLE AND TRANSFORMATION




### Our Strategy

Our people and transformation strategy is anchored in our values. WHL believes that values-based cultures across all our operating entities is critical for business performance and organisational sustainability and have tailored our people and transformations strategies to the context of the regions within which we operate.

In addition, we believe that the values shared within our direct operations should be the same that we seek when partnering with potential suppliers and other stakeholders.

### MAPPING OUR RISKS

KEY: ● Major ● Significant ● Moderate ● Not applicable

RISKS	SUB-ISSUES			
<b>Talent management</b> Developing our people Attracting, retaining, and developing the right people and leadership	<ul style="list-style-type: none"> <li>Individual performance plans</li> <li>Succession management</li> <li>Rewards and recognition management</li> </ul>	●	●	●
<b>Addressing diversity</b> Equal opportunities in the workplace	<ul style="list-style-type: none"> <li>Workforce transformation across our operational geographies</li> <li>Employment equity</li> <li>Promoting equality</li> <li>Redress discrimination</li> </ul>	●	●	●
<b>Economic transformation</b> Restitution in South Africa and reconciliation in Australasia	<ul style="list-style-type: none"> <li>BEE Codes of Good Practice</li> <li>Supplier and enterprise development</li> <li>Job creation</li> <li>Equal access to health, education and opportunity</li> </ul>	●	●	●

### People and Transformation alignment with SDGs



SNAPSHOT

**44 520**

WHL group employees

**31 267\***   **5 590**   **7 663**

WOOLWORTHS SA  
EMPLOYEES

COUNTRY ROAD GROUP  
EMPLOYEES

DAVID JONES  
EMPLOYEES

WOOLWORTHS SA –  
81.6% PARTICIPATION,  
73% POSITIVE  
RESPONSES

DAVID JONES –  
85% PARTICIPATION,  
77% POSITIVE  
RESPONSES

**R116 MILLION**

WOOLWORTHS SPEND ON EMPLOYEE TRAINING  
IN THE LAST YEAR

*\*Please refer to appendix for more detail on the employment equity profile for Woolworths SA.*

WOOLWORTHS PEOPLE PROPOSITION

Our vision for our employees is a modern and connected employment experience that attracts, inspires, engages, develops, rewards, and retains the right, diverse leadership and talent to deliver our strategy. It is important for us to ensure that we invest in people that share our values and have the capability to drive the business forward.

The Connected People Council, a collective forum of senior executives, chaired by the Woolworths SA CEO was established in 2016 as a vehicle to deliver this modern and connected people experience. The initial focus of this council is to address our people 'pain points' that have been consistently raised over time through multiple engagement channels including our employee opinion surveys, and the annual engagement on barriers to transformation within the organisation as well as negatively affecting employee daily experience.

At the same time, meeting our commitments in terms of economic transformation in South Africa in line with Broad Based Black Economic Empowerment (BBBEE) remains deep at the heart of Woolworths' agenda.



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## ENABLING A VALUES-BASED ORGANISATION

To enable a values-based culture fit for our people, we deliver a values-based leadership (VBL) programme. In this reporting year, a total of 1 357 employees at Woolworths and Country Road Group received VBL training. The values-based leadership programme forms the core of our leadership offering but is supplemented by other tailored leadership development interventions.

### EMPLOYEE OPINION SURVEY

Woolworths, under the work of the Connected People Council, launched the next generation of the Woolworths employee opinion survey – Pulse Survey. We achieved a 86.1% participation rate with a 73% positive rate response.

David Jones reported its highest ever response rate to any employee survey it has run, with a 77% positive response rate to its 2017 Pulse Survey. Despite a great deal of organisational change through the year, the survey confirms that optimism remains high in stores, as does the level of employee engagement, which declined marginally from 87% in FY2016 to 85% in FY2017.

Country Road Group did not do a Pulse Survey this year but conducted an Employee LOOP (Looking Out for Opportunities) survey, across the head office group. The results of this survey were very positive achieving a 76% positive response rate, and an overall 83% positive response rate across the engagement focused questions.

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### Case study:

#### CELEBRATING 85 YEARS OF QUALITY WITH OUR STAFF

*Last year, WHL celebrated 85 years since we opened our first store in South Africa. Celebrating this milestone meant revisiting the values that we have stood for as a business, QUALITY being one of them. Recognising that our employees play a huge part in delivering quality to our customers, we decided to celebrate them through sharing quality stories as part of a QUALITY campaign.*

*In celebrating QUALITY at Woolworths, employees were called to share their best quality stories. The four finalists are: The Ops 1 Dayshift team from the Maxmead Foods Distribution Centre, The Woolworths Central Technology and Fruit Technical Team, the Palmyra Road Store as well as the Somerset Mall Store. This is testament to the fact that quality is our DNA, our philosophy and that's just how we are wired. Each of the winning teams have been entered in for the grand prize of R85 000 as well as an opportunity to have their story turned into an advert.*

*Out of 761 entries, 85 employees were chosen to receive an educational give-away of R2 000 each to aid towards the educational requirements of either themselves or their family members. All these stories are a testament to the fact that quality is our DNA, our philosophy, and that's just how we are wired.*

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## SKILLS DEVELOPMENT AND TALENT MANAGEMENT

Skills development is critical to ensure that we have the right capability to deliver our strategy. This is not only limited to our employees but also to people outside of the organisation that will potentially work for the organisation one day. Developing a future-fit talent pipeline to support our business growth and transformation is still one of our key objectives. We do this through offering opportunities throughout the talent 'value chain' – from bursaries for students, to co-op student placements, to workplace experience programmes for Sector Education and Training Authority (SETA) unemployed graduates, through to job placement.

Skills management forms a large part of our people management strategy, built into the individual performance plans of each employee. Within the organisation, talent identification and pipeline establishment is important to nurture talent and enable us to offer tailor-made skills development opportunities for the next generation of leaders and specialists within our business. Woolworths also offers a range of internal and external NQF-accredited training and tertiary studies designed to help employees deliver our business strategies, foster talent and equip our employees with vital skills and experience and also in turn prepare our employees with skills for the retail environment. In FY2017, Woolworths SA directed R116 million towards training 30 321 individuals. A total of 91% of current WSA employees have received training, with 1 161 having received NQF training. See page 122 and 123 for the full training profile.

Given our business model which is dependent on specialist skills which are not always readily available in the market, skills development is also the key anchor for our Employment Equity and diversity strategies. The progression of our talent pipeline is therefore an important measure of our return on investment which is also closely monitored by the Social and Ethics Committee.

In the last year, David Jones spent A\$6.4m on employee training.

Country Road Group invests in the development of its people and focuses on providing strong career paths and development opportunities for all employees. The number of internal management appointments across the business is a key measure in the corporate strategic plan, tracking positively against internal targets across the majority of the brands. Formal succession planning meetings are conducted bi-annually, covering store management positions, through to executive level. This process assists in identifying and planning the ongoing development and sustainability of high potential employees across Country Road Group, and determines current and future operational requirements in the business.

Witchery has collaborated with the RMIT University in Melbourne to offer a work placement programme for selected visual merchandising students. The programme is designed to provide work experience opportunities and bridge the gap between students and experienced merchandisers.

In addition, Country Road partners with visual merchandising students from RMIT University to produce an annual window display at one of Country Road's flagship stores in Melbourne. They also offer their students a mentoring programme, as well as a 12-month graduate position to sit within Country Road's visual merchandising team.

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**Within the organisation, talent identification and pipeline establishment is important to nurture talent and enable us to offer tailor-made skills development opportunities for the next generation of leaders and specialists**

## SKILLS DEVELOPMENT AND TALENT MANAGEMENT (CONTINUED)

### DEPENDANT BURSARY

The undistributed residual funds in the Woolworths Black Economic Empowerment Employee Share Ownership Scheme (BEEESOS) Trust that matured and paid out in June 2015 enabled Woolworths to establish a Dependant Bursary Fund solely for dependants of black employees in our employ. Through the investing of these funds we anticipate that we will be able to fund bursaries over a 10-year period (depending on the investment return rate).

Seventy-six employees and fifty-one employee dependants, who met the required selection criteria, were approved for tertiary education funding amounting to a total of R2 million through the bursary fund in the last year to be disbursed to cover their tuition, books and exam fees.

### MAINTAINING THE LABOUR FORCE

Succession planning is vital, and put in place as part of the individual performance management process, with clear deliverables, for individual growth within the company. This remains a key focus for the Board and Exco and is a critical enabler of the overall business strategy. The BEE Codes of Business Practice of 2013 have also continued to make this an imperative for companies wanting to align with the developmental priorities of South Africa.

Our talent management strategy involves building capacity from within the business. This follows a formalised career management and retention process, enabling us to retain talent. All employees receive performance reviews and career development discussions on a regular basis as part of their career management planning within the organisation. For the entire category of junior management and above (including junior management in supply chain and retail operations), the internal appointment percentage was 88.6%.

Country Road Group achieved a 56% internal management appointment rate at the head office, compared to 67% at retail management.

The labour turnover rate for WHL was 25.5% (WSA: 23.7%; DJ: 31.8%; CRG: 27.3%) including stores, corporate offices and supply chain. By delivering a compelling value proposition we endeavour to keep our turnover rates as low as possible.

### REMUNERATION

Woolworths' remuneration policy is highly integrated and has been designed and implemented to attract, retain and reward top executives and scarce skills. The benefits are structured around retirement, healthcare, death and disability. Other benefits available are different types of leave, company discount on Woolworths merchandise, company car for tool-of-trade users, car allowances, etc. The principles applied in the integrated remuneration policy are:

- to support the delivery of the company strategy
- rewards and recognition for individual responsibility, performance and behaviour, and living the values
- to enable short- and long-term incentive schemes through the IPM
- a guaranteed pay (TCoE) that is benchmarked against major retail and non-retail companies to ensure competitiveness

A detailed report on remuneration is available in our Integrated Report.

Eligible employees at Country Road Group participate in performance-based incentive programmes, from store team members, store managers, head office employees through to the executive team.

**We were voted as the top graduate employers of choice for the third consecutive year in a survey conducted by the South African Graduate Employers Association. The independently held survey asks graduates to name up to two organisations whom they felt had the best graduate programme in specific sectors. We were recognised as leaders in the Retail sector.**





## ADDRESSING TRANSFORMATION

WHL is committed to respecting human rights, which includes ensuring that all employees and others connected with our business are treated with dignity and respect. We value diversity and inclusion and are committed to non-sexism and non-racism across our policies, practices, and daily operations. This journey is underpinned by our company values and solid transformation principles to ensure the sustainability of our efforts and impact thereof.

## TRANSFORMATION IN WOOLWORTHS SA

Woolworths SA is tasked with implementing the Black Economic Empowerment strategy in response to the Broad Based Black Economic Empowerment (BBBEE) legislation including the (BEE) Codes of Good Practice of 2013, applicable only to our operations in South Africa. In our other countries of operation, there are transformation efforts that are shaped by the legislative framework within those geographies. Woolworths SA has implemented an integrated strategy and approach by focusing on building an inclusive culture as well as meeting legislative requirements.

### WOOLWORTHS PROGRESS ON BEE INDICATORS

Compliance to BEE ensures that we continue to contribute meaningfully towards national priorities to transform industries we operate in, to make the economy more inclusive. Under the guidance of the Social and Ethics Committee, we have continued to improve on our implementation strategies and policies for a sustainable contribution to transformation efforts.

As such, the contributor level attained for the FY2015/16 year as independently assessed in September 2016 resulted in a Level 6 (assessment conducted in arrears).

### DIRECT EMPOWERMENT

The management control score for the last year was 11.18 against a Department of Trade and Industry (dti) target of 15. This indicator looks at the representation of black non-executive directors and senior executives. Equity ownership scored 20.03 against a dti target of 25.

### EMPLOYMENT EQUITY

Employment equity is a national imperative that applies to every employer, employee and employment seekers. Legislated through the Employment Equity Act, compliance requires that we put in place systems to enable a diversified and equitable workplace that continues to reflect national priorities. There has been extensive work done to ensure integrated and sustainable Employment Equity Act compliance and consultation across the business via diversity committees in all business units.

### PEOPLE WITH DISABILITIES

The dti has also set a BBBEE target for black people with disabilities of 2% of the company workforce. Our strategic approach to people with disabilities is aligned with our people and transformation strategies and the national skills development strategy. This is enabled by an integrated, holistic implementation approach to sourcing and developing people with disabilities and sensitising the environment.

The implementation of this strategy is being done in partnership with the Wholesale and Retail SETA.

The total number of people with disabilities constitutes 1.6% of our employees, of which 1.5% of our workforce are black employees with disabilities, which places us over the minimum threshold of 1.2% of the workforce. Over the past year, we've seen the numbers of all people with disabilities increasing slightly from 466 to 482. Management is working on understanding the issues and the trends in terms of reasons for terminations and will implement plans to retain more employees meeting this employment equity profile.

We have a proud history of affirming persons living with disabilities and breaking stereotypes. We strive to provide equal employment opportunity, development, and support of our employees living with disabilities.

## TRANSFORMATION IN AUSTRALASIA

### COUNTRY ROAD GROUP

Country Road Group is exempt from the South African specific labour-related laws, however, as part of ongoing commitment to the representation of women in the workplace; a plan is in place to revise the Diversity and Inclusion Strategy for the next financial year.

Country Road Group submitted the annual Workplace Gender Equity Agency (WGEA) Report detailing female representation in the workplace for FY2017 as:

CRG proportion of women FY2017	
Exco	22%
Country Road Group leadership team	67%
Exco and CRG leadership team combined	60%
Organisation	91%

*Data effective 30 June 2017. Includes AUS/NZ Retail and Head Office (excluding Politix)*

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

### DAVID JONES

Through FY2017, David Jones has researched, developed and commenced implementation of its 2020 Diversity & Inclusion Strategy, which aims to celebrate the diverse makeup of our organisation and ensure an inclusive work environment and service experience for our employees and customers.

As a member of the Diversity Council of Australia (DCA), David Jones has framed this strategy around the DCA's seven themes of diversity: gender diversity; workplace flexibility; cultural and multi-faith diversity; inclusion of LGBT+ people, generational diversity; people with disabilities; and indigenous reconciliation. The business has developed a roadmap of key initiatives leading to 2020, including the launch of a Primary Careers Allowance for new parents, development of David Jones' Reconciliation Action Plan, and planning to be part of the first diversity census of corporate Australia. For more detail, go to [www.davidjones.com.au/diversity](http://www.davidjones.com.au/diversity).

David Jones is also exempt from the South African-specific labour-related laws, but does meet all legislative requirements in respect of the Workplace Gender Equality Agency (WGEA), Equal Employment Opportunity (EEO) and other related laws.

## UNION MEMBERSHIP

Woolworths, while subscribing to freedom of association, also believes in fostering strong one-on-one and work group relationships with our own employees as part of our employee experience. Overall union membership is currently below the level that provides for collective bargaining across the business.

Union membership at Woolworths SA continues to decline from 6.9% in FY2016 to 4.5% in FY2017 (Includes stores and supply chain). David Jones union membership is 25.7%, and Country Road Group is less than 1%.

## TRANSFORMATION IN OUR SUPPLY CHAIN

The Woolworths Supplier and Enterprise Development (SED) programme is a tool that was specifically adopted in order to enable emerging black- and black women-owned businesses to enter our supply chain, build and maintain business sustainability.

Barriers to entry into the commercial supply chains include access to finance, business skills, financial management skills, land ownership, access to resources and infrastructure. Investing resources, in this space has allowed Woolworths to not only meaningfully contribute to building the small- and medium-sized business sector but to also increase our preferential procurement targets. Support is provided to these enterprises for a period, after which it should be demonstrated that the enterprise has reached a certain level of sustainability. We are also able to build long-lasting and mutual relationships with our suppliers through this commitment to build and transform our supply chain.

We currently have a total of 48 suppliers as part of this programme. Over the last three years, Woolworths has had an accumulated procurement spend of R1 billion with enterprise development beneficiaries and disbursed R25.6 million in loans.

A non-cash grant is also invested through micro-enterprise support and The Clothing Bank to the value of R44.7 million, up from R25.5 million last year. Over 381 people jobs have been created and conservatively, 3 632 people are positively impacted by these small enterprises. This is testament of how the programme is contributing meaningfully to socio-economic transformation in South Africa.



*K9 Managing Director, Fazielah Allie (left), with Minister Rob Davies at the launch of the K9 factory in Cape Town*

## Case study: K9 PET FOODS

*In May 2017, in an industry-breaking collaboration between the Department of Trade & Industry, Woolworths' and the Industrial Development Corporation (IDC), K9 Pet Foods (K9), a black-women-owned entity officially opened its new 3 600 m<sup>2</sup> factory premises in the Western Cape.*

*This opening was testament to the entrepreneurial spirit of three women lead by Mrs Fazielah Allie (Managing Director), who put to test the intent of the Black Industrialist Programme initiated by the dti and Woolworths' commitment in contributing meaningfully to socio-economic transformation in South Africa.*

*With three black women at the helm, K9 Pet Foods was an ideal fit for the Woolworths Enterprise and Supplier Development programme which matches potential black-owned businesses to opportunities in the Woolworths supplier base.*

*Thanks to the partnership agreement to supply Woolworths, K9 was also able to secure much-needed funding from the dti's Black Industrialist's Incentive Scheme to the value of R20 million, an additional R31.3 million from the Industrial Development Corporation (IDC), and R5 million from Woolworths.*

*This funding has been used to expand their operation and purchase the latest, state-of-the art machinery so that they can meet Woolworths' production requirements. The business has grown from producing 25 000 units per month to 40 000 units with the first Woolworths order and projects to further increase considerably in the future.*

*Over the past three years, K9 has grown from 11 to 32 employees. At full capacity (to be achieved in six to seven years) K9 will employ 80 people.*



# SOCIAL DEVELOPMENT

## Our Strategy


Contributing to the communities where we operate, and further afield, is a business imperative for WHL. Our social development strategy is not only aligned to our core business strategy, but also to the developmental priorities of the countries in which we operate, and the challenges they face.

In a developing world context, these challenges are increasingly exacerbated by economic and climatic pressures that often serve to increase the cost of living, stretch or diminish access to basic resources, and increase inequality. These challenges only serve to decrease the resilience of those individuals or communities and reduce the likelihood of breaking out of the poverty cycle.

In Australasia, David Jones and Country Road Group focus their community investment activities around the causes that resonate with their colleagues and customers, with some commonality in the areas of health and wellbeing, empowerment, and social services.

### MAPPING OUR RISKS

KEY: ● Major ● Significant ● Moderate ● Not applicable

RISKS	SUB-ISSUES			
<b>Education</b> Poverty alleviation and skills development through access to quality education	<ul style="list-style-type: none"> <li>• Access to quality education</li> <li>• Resources and infrastructure</li> <li>• Child vulnerability and safety</li> </ul>	●	●	●
<b>Food security</b> Access to healthy and nutritious food	<ul style="list-style-type: none"> <li>• Sustainable production</li> <li>• Nutrition</li> <li>• Rising costs of living</li> </ul>	●	●	●
<b>Gender inequality</b> Ensuring equal opportunities	<ul style="list-style-type: none"> <li>• Equal rights and opportunity</li> <li>• Sexual violence</li> </ul>	●	●	●

### Social Development alignment with SDGs



## SNAPSHOT

**WHL RAISED & DISTRIBUTED R757M  
FOR SOCIAL DEVELOPMENT CAUSES IN  
THE LAST YEAR**

**COUNTRY ROAD GROUP CONTRIBUTED  
OVER A\$3 MILLION TO SOCIAL DEVELOPMENT  
PRIORITIES IN THE LAST YEAR**

WOOLWORTHS CUSTOMERS RAISED  
**R104 MILLION**  
FOR EDUCATION THROUGH MYSCHOOL SWIPES



**8 200** MYSCHOOL BENEFICIARIES  
1.2 MILLION MYSCHOOL SUPPORTERS

## SOCIAL DEVELOPMENT IN SOUTH AFRICA

The WSA Corporate Social Investment (CSI) strives to make a meaningful contribution to our communities through:

- The activities of The Woolworths Trust in education, food security, child safety, and employee community involvement
- Donations of surplus food and clothing
- Woolworths Making the Difference (IMTD) educational programmes

Studies have shown that almost half the learners in South Africa that enrol for school drop out before they can write their final matriculation exams, thereby decreasing their employability and preventing optimal economic growth rates as a result of continued skills shortages. In addition, food insecurity continues to be a reality for millions of South Africans, and according to Stats SA, one in five children go to school hungry each day.

### THE WOOLWORTHS TRUST

In 2003, CSI was formalised within Woolworths with the formation of The Woolworths Trust. This legal entity is managed by a Board of trustees that oversees our South African social development activities in line with our CSI policy.

A key focus of all the Trust's activities is to build capacity in our communities – to encourage and support our beneficiaries in becoming self-reliant.

### EDUPLANT

EduPlant, initiated and coordinated by Food & Trees for Africa, is a national permaculture gardening and greening programme that supports schools and their surrounding communities to create abundant gardens using permaculture practices.

Through The Woolworths Trust, we have donated more than R28 million to EduPlant in the 13 years that we have supported the programme. These donations are in the form of training for educators from hundreds of schools on permaculture techniques so that they can initiate and manage sustainable food gardens at their schools. The schools continue to maintain these EduPlant food gardens, and use fresh vegetables to supplement feeding schemes at their schools.

### NATIONAL EDUCATION COLLABORATION TRUST

The National Education Collaboration Trust (NECT) is a partnership initiative involving government, business, labour, and civil society. It is aimed at increasing cooperation among the stakeholders in contributing to implementing the education chapter of the South African National Development Plan. The NECT is committed to improving learning outcomes with a particular focus on ensuring 90% of learners pass mathematics, science, and languages with at least 50% by 2030. The Woolworths Trust has provided funding of R8 million in its ongoing partnership with the NECT. This year, we also linked our Mandela Day initiative with this partnership.

### MYSCHOOL MYVILLAGE MYPLANET

In the last year, Woolworths contributed R77 million to the MySchool MyVillage MyPlanet fundraising programme through 1.2 million active supporters. These contributions have supported more than 8 200 beneficiaries including schools, community initiatives, animal and environmental charities. Of this, R9.3 million of the total was donated to 172 MyPlanet charities, and R6.3 million was donated to 644 MyVillage charities. Country Road Group also contributed A\$91 054 to the programme through its South African customers.



**case study:**  
**RAISE R100 MILLION FOR EDUCATION CAMPAIGN**

As part of Woolworths' collaboration with Pharrell Williams, Woolworths and MySchool announced the ambitious target to raise R100 million for education by December 2016, with the help of MySchool card carrying customers. Woolworths is pleased to announce that the campaign managed to raise R104.9 million over 18 months, exceeding the original target. This milestone could only be achieved thanks to the support of our customers and active MySchool cardholders who participated in the campaign. The campaign is part of Woolworths' and MySchool's on-going commitment to improving the quality of education in South African schools and contributing towards educational needs in schools across the country – ranging from critical, basic needs in poverty stricken communities, to more advanced needs such as computer centres, mobile libraries, and sporting facilities.

**SOCIAL DEVELOPMENT IN SOUTH AFRICA (CONTINUED)**

**MAKING THE DIFFERENCE EDUCATIONAL PROGRAMMES**

The Woolworths Making the Difference (MTD) educational programme is a suite of primary school and high school initiatives providing teachers and learners with educational resources and a range of experiential components. More than 3 000 primary and high schools in KwaZulu-Natal, Gauteng, Western Cape and Eastern Cape, take part in the Woolworths Educational Programme. Our focus is on sharing our expertise in healthy eating and sustainable living with Grade 4, 5, and 6 teachers, children and parents through:

- User-friendly, CAPS-aligned Educator Resources packed with activities, project ideas and worksheets
- Fun, CAPS-aligned Class Lessons hosted by a professional presenter in the classroom
- Exciting, CAPS-aligned Woolworths Store Tours offering great opportunities for learning outside the classroom
- Entertaining Dietitian-led Learner Talks providing learners with vital nutrition education

The high school programme is a design programme targeted towards Grades 10 to 12 design learners and teachers and promotes sustainable and innovative design. Woolworths makes an annual contribution of R3 million to run these programmes.

**CHILD SAFETY AND VULNERABILITY**

Woolworths continues to support the awareness campaign 'You're Bigger, Be the Adult' through collaboration with Childsafe, a campaign of the Child Accident Prevention Foundation of Southern Africa aimed at raising awareness of childhood injuries and their prevention. Over 90% of child injuries are preventable – a scary statistic which is one of the motivating factors behind the partnership between Childsafe and Woolworths. Parents and childcarers are crucial in preventing some of these injuries. They are therefore targeted for training to develop crucial lifesaving techniques and safety skills through Child Safety courses. This year a number of two day Child Safety courses focusing on practical ways to prevent different accidents in and around the home such as poisoning, drowning, choking, burns, road accidents, and general accidents took place. The courses also included a five-hour infant and child emergency care course (first aid). The courses took place in Johannesburg, Durban, and Cape Town.

In addition to these workshops, we celebrate Child Safety Month in August, using this to leverage our position to influence communities around child safety and vulnerability.

**case study:**  
**FOLLOW IN HIS FOOTSTEPS**

This year, the employees of Woolworths' head office and various stores around the country launched an innovative school shoes donation campaign in partnership with the National Education Collaboration Trust (NECT). The NECT identified 1 600 children at severely under-resourced schools who were in need of a new pair of school shoes. The children each decorated a paper cut-out in the shape of a sole of a shoe, and wrote a message. The footprints were put on display at Woolworths head office, where employees could choose to support a specific child by donating R67 towards their new pair of school shoes, with Woolworths and MySchool covering the balance. At the beginning of school term, store employees completed their collaboration with head office and the NECT and delivered the brand-new pairs of school shoes to the children.



**EMPLOYEE SUPPORT**

As a good corporate citizen, we encourage all employees to support and/or get involved in community activities. These initiatives support a wide range of causes, for example: children, animals, the environment, education, and the aged. It is through the efforts of employees that Woolworths is able to extend its reach and make more of the difference to others.

**MANDELA DAY**

On 18 July – Mandela Day – South African citizens join a call to devote at least 67 minutes of their time to helping others, as a tribute to Madiba's legacy. For the past four years, as part of the Woolworths Employee Community Involvement programme, Woolworths employees devote 67 minutes (and more) to join this national movement. This year, we made a meaningful contribution to 67 projects – in honour of Mandela Day. Woolworths employees are encouraged to suggest the projects and the Woolworths Trust selected 67 of those to support. These projects support a variety of organisations such as the elderly, children, people with disabilities, and animals. Further, The Woolworths Trust gave each of the 67 projects a R5 000 donation.



**1600 SCHOOL CHILDREN RECEIVED SCHOOL SHOES FROM WOOLWORTHS EMPLOYEES IN 2017**

## SOCIAL DEVELOPMENT IN SOUTH AFRICA (CONTINUED)

### TEAM UP FOR A JUST CAUSE

In order to enable employees to participate in CSI activities, the Woolworths Trust invites staff to 'team up for a Just Cause'. The purpose of the initiative is to support team building and support teams to raise funds for causes that are important to them. In September last year, 20 teams from different business units took up the challenge to raise funds for a just cause and set fundraising targets.

The Woolworths Trust gave each team R10 000 seed funding to get them started. Over and above that, The Woolworths Trust committed that, for every team that reached its fundraising target, it would match the funds up to R40 000. In total R1.7 million was donated to the 20 charities and organisations supported by the teams across the business. Over the two years this initiative has been run, R3.6 million has so far been raised.

### THROUGH THE FUNDS RAISED FOR JUST CAUSE CHARITIES IN FY2017

**80** CHILDREN WILL HAVE CORRECTIVE FACIAL SURGERY

**90** SENIORS' LIVES HAVE BEEN MADE EASIER BY CONVERTING BATHS TO SHOWERS

**63** PEOPLE WILL RECEIVE BICYCLES

**200** VISUALLY IMPAIRED LEARNERS CAN LEARN TO PLAY A MUSICAL INSTRUMENT

**100s** OF CHILDREN CAN HAVE HOT MEALS

**500+** KIDS HAVE SAFER PLACES TO LIVE AND PLAY

### CAUSE-RELATED MARKETING AND PARTNERSHIPS

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. In the last year, we raised over R7.8 million (FY2016: R5.5 million) through the sale of bags, sweets and bracelets.

These funds go towards programmes supporting the conservation of rhino and other endangered species as well as raising funds for campaigns such as breast cancer awareness and Operation Smile.

### PRODUCT DONATIONS

To address the issue of food security, we have established a system whereby we divert our surplus food from going to waste from every single Woolworths Foods store. We donate this food to needy communities via structured charity organisations. In the last year, we donated over R556 million worth of food to needy causes.

In addition, R44.7 million worth of surplus clothing was donated to charities through The Clothing Bank.

In the last year, Country Road Group donated over A\$1.4 million worth of surplus clothing to the Red Cross in Australia and New Zealand.

### SPONSORSHIP

Our sponsorship policy aims to facilitate our activity as a dynamic role player and deliver to our business strategy. Some of our key sponsorships include Design Indaba and the Cape Epic mountain bike race. No political donations were made, in line with our policy.

### case study:

## THE SMITH FAMILY SKILLED VOLUNTEERING WITH DAVID JONES

*The Smith Family provides disadvantaged Australian children with the tools and support they need to thrive at school and university. This help extends to the child's family and community with wrap-around support, which is essential to breaking the cycle of poverty.*

*They fund their programmes through a number of channels, including a network of retail stores where they on-sell clothing and homewares donated by the general public and organisations, like David Jones.*

*To help increase the cash contribution from their retail business, The Smith Family are in the process of refreshing their stores from "op shop" to an eclectic boutique of donated pre-loved and never-been-worn clothing. They are aiming to move away from a purely transactional experience, to create a contemporary retail environment with great customer service.*

*Given David Jones has been in the retail business for nearly 180 years, we decided to lend some experienced hands to help bring The Smith Family's vision to life. In March 2017, the leadership team from David Jones' Visual Merchandising spent a day with The Smith Family's retail manager and store managers, to share some of their insights and experience about store presentation and visual merchandising principles.*

*The team held a workshop at David Jones' new store at Barangaroo and then spent some time with The Smith Family at their new Marrickville store, talking about how customers shop and how to engage with customers. The team also provided their insights about store layout, merchandising for different seasons and ranges, signage and ticketing, and window displays.*

*Our hope is that the knowledge our team was able to share on the day translates to practical lessons that increase overall sales from The Smith Family's retail stores, creating much needed revenue to continue funding their important work in the community.*

*For more detail about David Jones' Community Investment Strategy, go to [davidjones.com.au/community](http://davidjones.com.au/community).*



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## SOCIAL DEVELOPMENT IN AFRICA

Woolworths' expansion into the rest of Africa requires that we develop a position on how the CSI strategy, as part of the broader Good Business Journey and the Woolworths brand, is implemented and governed across the rest of Africa. The roll-out of CSI in countries outside of South Africa will be implemented in a phased approach.

## SOCIAL DEVELOPMENT IN AUSTRALASIA

Our expansion to Australia and New Zealand through our David Jones and Country Road Group acquisitions has created an opportunity to expand our CSI programmes. We acknowledge that the countries in which we operate have different social contexts and therefore require different approaches to making meaningful contributions to the communities we impact.

## DAVID JONES

David Jones supports a number of community partners that aim to improve social outcomes in the areas of physical and mental health, and empowerment of children from disadvantaged backgrounds.

These cause areas and seven primary charity partners were identified after consultation with employees, customers and the community confirmed what was most important to our key stakeholder groups, and what those stakeholders thought was the best way for David Jones to create positive social change in the Australian community.

David Jones supports these charities in a number of different ways, including direct cash contributions, in-kind donations, customer donations, employee fundraising, payroll giving, volunteering and mentoring programmes. David Jones' total social contribution was A\$2.5 million for FY2017.

### NATIONAL BREAST CANCER FOUNDATION (NBCF)

David Jones ran a number of fundraising campaigns for NBCF in FY2017, which generated more than A\$180 000 in contributions from the business, employees and customers. Some of these campaigns include sales of Pink Ribbon merchandise through October 2016, donations equivalent to 5% of all sales from Intimate Apparel through October 2016 and May 2017, employee fundraising through the Mother's Day Classic and customer contributions from the charity auction at the annual Mother's Day High Tea.

### DAVID JONES ROSE CLINICS

David Jones Rose Clinics boast state-of-the-art digital mammography technology in an accessible and comfortable environment for our employees, customers and members of the general public. Each year, David Jones Rose Clinics screen over 35 000 women aged 40 years and above across our key CBD stores in Sydney, Melbourne, Brisbane, Adelaide and Perth. In October 2017, David Jones will open a Rose Clinic in our new Wollongong store, after agreeing to fund a sixth Rose Clinic in FY2017.

### EXERCISE YOUR MOOD CAMPAIGN FOR BLACK DOG INSTITUTE

Around 20% of all Australians experience a mental illness each year but less than half of those experiencing mental illness will seek professional help. In September 2016, David Jones launched an awareness and fundraising campaign for Black Dog Institute, drawing the link between good mental health and regular physical exercise. The campaign comprised video content commissioned by David Jones, an online donation page and business contributions equivalent to 10% of active wear sales. In total, the campaign raised A\$25 000 for Black Dog Institute.

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## THE SMITH FAMILY CHRISTMAS APPEAL

Each Christmas, The Smith Family delivers around 45 000 new toys and 30 000 new books to children in need around Australia. In December 2016, David Jones supported The Smith Family's Toy and Book Appeal for the first time and also launched its first Christmas Charity Gift Card, with 10% of sales going to The Smith Family. In addition to donations made by customers, David Jones raised more than A\$107 000 for The Smith Family over the Christmas period, with all proceeds supporting Australian children on the Learning for Life programmes.

## THE AUSTRALIAN LITERACY & NUMERACY FOUNDATION (ALNF)

In May 2017, to help mark National Reconciliation Week, David Jones executed a campaign to raise funds and awareness for ALNF. The campaign leveraged the standing of Adam Goodes, David Jones Brand Ambassador, to increase awareness about the gap in literacy standards that prevails between Aboriginal and Torres Strait Islander children, and the children in broader Australian community. The campaign comprised an on-line donation page, business contributions equivalent to 10% of book sales in the month of May 2017 and the sale of ALNF charity cookies in stores and on-line. The campaign generated an estimated A\$780 000 in earned media and A\$77 000 in cash contributions for ALNF. This contribution was in addition to David Jones' A\$25 000 sponsorship of ALNF, which will directly fund a new literacy centre for the Indigenous community in Forster, in regional New South Wales.

## GUNAWIRRA SPONSORSHIP

David Jones also provided direct sponsorship to one of Gunawirra's art therapy programmes in inner-Sydney, helping at-risk and traumatised pre-school children express their emotions and better deal with the trauma they are facing. The value of this sponsorship in FY2017 was A\$25 000.



*The Australian Literacy & Numeracy Foundation*

## COUNTRY ROAD GROUP

The Country Road Group is committed to supporting a range of charities through various brand community partnerships, MySchool MyVillage MyPlanet and surplus clothing donations as well as providing opportunities for employees to give back to their communities. In FY2017 Country Road Group contributed over A\$3 million to social development priorities.

### REDKITE PARTNERSHIP

Country Road partners with Redkite, one of Australia's leading cancer charities for children and young people. As the major partner of Redkite's Red Bag programme, Country Road supports families with practical support packs, designed, produced and filled by Country Road with items designed to make the families more comfortable during their stay in hospital.

Since partnering with Redkite in 2008, Country Road has raised over A\$1.2 million through customer, employee and corporate fundraising and donated over 5 157 support packs to Redkite.

### WITCHERY WHITE SHIRT CAMPAIGN AND DESIGN AWARD

Through the annual White Shirt Campaign and the sale of The Silver Gift Collection, the total donations raised by Witchery for the Ovarian Cancer Research Foundation (OCRF) has reached over A\$10 million, since first partnering in 2000. Witchery's ongoing support has enabled the OCRF to appoint several full-time research scientists and buy vital medical equipment to assist their efforts in finding an early detection test for ovarian cancer. 2018 marks the 10th anniversary of the White Shirt Campaign.

The annual Witchery White Shirt Design Award was launched in 2011 in partnership with the Whitehouse Institute of Design to nurture creativity among the next generation of design talent.

This award is open to second year Fashion Design students from the Sydney and Melbourne campuses and is designed to offer industry mentorship and encourage an understanding of design commerciality.

The winner of the White Shirt Design Award receives a once-in-a-lifetime opportunity to see their design produced as part of the annual White Shirt campaign and sold in over 180 stores across Australasia in support of ovarian cancer research. In the past year, the Whitehouse Institute of Design has integrated the award into their second year Fashion Design course curriculum.

### EMPLOYEE COMMUNITY INVOLVEMENT

In 2017, Country Road Group launched its 'do good' campaign, encouraging employees to do good in their local communities by using their annual day of volunteering leave, signing up to the workplace giving programme, donating their pre-loved clothing to the Red Cross and supporting the brand community partnerships.

At the same time as launching the 'do good' campaign, Country Road Group extended the workplace giving programme to retail employees, ensuring that all employees have the opportunity to make a tax-deductible donation to a charity of their choice via the Good2Give online portal. In the past year, there has been a 20% increase in donors, with a total A\$11 000 contribution to 42 charities.

Country Road Group continues to promote volunteering opportunities, with the objective of increasing awareness around employees' annual day of volunteering leave and making it easier for employees to give back to the community. In the past year, 34 employees have volunteered a day of their time, to a range of local charities.



Country Road Group Head Office teams supporting the Witchery White Shirt Campaign

### case study: MIMCO PROMOTES GENDER EQUALITY AND FEMALE EMPOWERMENT

To celebrate International Women's Day on 8 March 2017, MIMCO partnered with the Virgin Australia Melbourne Fashion Festival and Marie Claire to host the International Women's Day Forum, exploring issues around gender equality and female empowerment.

The inspiring event coincided with the release of MIMCO's latest campaign and capsule collection dedicated to preventing violence against women and their children, championed by MIMCO ambassador and Women's World Tour Surfer, Laura Enever.

The campaign forms part of a three year partnership with Our Watch – a not-for-profit organisation dedicated to preventing domestic violence, and sees 100% of all profits from the 'Our Watch Timepeace' and 'Our Watch Charm' donated to the cause.

Since launching the partnership in 2016, MIMCO has raised over A\$533 000 for Our Watch. The funds are being used towards the development of early childhood education strategies, to encourage the next generation of Australians to foster equality, value individuality and develop respectful relationships.



# HEALTH AND WELLNESS

### Our Strategy




The global surge in nutrition and lifestyle-based diseases, including cardiovascular disease, type II diabetes and obesity, in part as a result of increased consumption of energy-dense, nutrient-poor foods that are high in fat, sugar and sodium, is identified as a risk factor which can affect all of our customers and employees. As a result, we make it our business to help customers lead better lifestyles by providing a variety of healthier food options to support a multitude of dietary needs.

We also know from our customer research that our customers' family health, security, and happiness are a top priority, so we ensure that customers are able to make informed buying decisions by promoting awareness and providing labelling to ensure transparency in how we communicate the nutritional content of our food. Emotional health, security, and happiness are a top priority for customers and employees and there has been an increase in the number of people managing stress-related and mental health issues in recent years.

While customer wellness is a key strategic focus area for us, we also recognise that the health, safety, and wellbeing of our workforce is at the very heart of our operations. We therefore take the time to understand physical and mental health challenges facing our employees, and assist by offering support and care programmes. We aim to create a safe and healthy environment with necessary support structures to enable employees to thrive both at work and at home.

### MAPPING OUR RISKS

KEY: ● Major ● Significant ● Moderate ● Not applicable

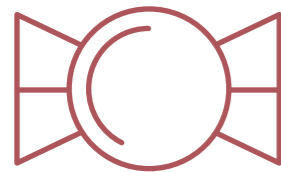
RISKS	SUB -ISSUES			
<b>Nutrition and wellness</b> Unhealthy diets and physical inactivity are among the leading causes of poor health	<ul style="list-style-type: none"> <li>• Non-communicable diseases linked to under- or over-nutrition</li> <li>• Responsible marketing</li> </ul>	●	●	●
<b>Employee health and safety</b> Health and wellbeing of our employees linked to productivity and workplace satisfaction. Increase in the number of people managing and seeking help for stress-related and mental health issues	<ul style="list-style-type: none"> <li>• Prevalence of preventable and non-preventable disease</li> <li>• Employee wellbeing</li> <li>• Accessibility for the disabled</li> <li>• Accidents in the workplace</li> </ul>	●	●	●
<b>Customer health and safety</b> Increased focus from customers on traceability, and transparency. Labelling of food ingredients	<ul style="list-style-type: none"> <li>• Food labelling and safety</li> <li>• Product safety</li> </ul>	●	●	●

Health & Wellness alignment with SDGs

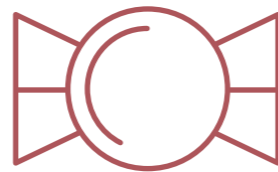


## SNAPSHOT

### DAVID JONES MAINTAINS STRONG RESULTS IN WORKPLACE SAFETY AND REDUCING ABSENTEEISM RATES



**SWEETS REMOVED FROM ALL  
WOOLWORTHS CHECKOUT AISLES  
IN SA AND ELSEWHERE IN AFRICA**



# 388 833

**CUSTOMERS LINKED TO THE VITALITY HEALTHYFOOD™ PROGRAMME**

### DAVID JONES ADOPTS GOOD FOOD JOURNEY PRINCIPLES

## OUR GOOD FOOD JOURNEY

The Good Food Journey is the name we've given to our ongoing pursuit to offer South Africa food that's better for our customers, better for the environment and better for the people who produce it. It encompasses everything from avoiding additives like tartrazine and all other azo-dyes, MSG, aspartame, saccharine and cyclamate in our foods, switching to natural colourants and flavourants, never using mechanically deboned meat, labelling ingredients from potentially GM crop sources and offering more organic and free range choices, to caring for the welfare of animals and promoting healthy eating as part of a healthy lifestyle. It also includes reducing salt in breads, cereals and deli meats and providing nutritional information on most products for customers to make informed choices. These principles also sit at the heart of David Jones' foods business.

## NUTRITION COMMITMENT

We promote a holistic approach by providing delicious, nutritionally balanced food solutions to our customers, while also promoting sustainable food production systems.

We aim to:

- inspire healthy lifestyles by making healthy eating satisfying, delicious and convenient across our product ranges. We aim to provide our customers with a variety of product options (such as Ready-to-Eat salads, portion-controlled snack packs, Slimmer's Choice, Carb Clever™ and Free-From ranges)
- innovating to improve the nutritional quality of our foods by always considering the nutrient profile of products and offering products with functional ingredients such as omega-3
- promoting healthy and informed choices through customer communications with clear nutrition labelling as well as our Healthy Living Hub; through practical tools such as product information lists, on-pack icons, experiential learning components, and through healthy food promotions and partnerships such as Discovery Vitality HealthyFood™.

As part of this ongoing nutrition commitment, we are working to reduce the sugar and salt content of our private label food products. By the end of June 2017, we had removed 29.3 million teaspoons of sugar and a further 1.9 tonnes of salt from our Woolworths Food products.

The David Jones foods team has made the following commitments to nutrition:

- No artificial colours or flavours
- No MSG or glutamate flavour enhancers
- Minimal use of additives and preservatives
- No added trans-fats or hydrogenated vegetable oils

We will also ensure that we meet our obligations under the Australian government's 'Health Star Rating', by applying a nutrition information panel to all relevant David Jones products. We will continue to evolve our nutrition strategy by expanding our list of restricted ingredients and moving towards targets on salt sugar and fat content.

## WE ARE WORKING TO REDUCE THE SUGAR AND SALT CONTENT OF OUR PRIVATE LABEL FOODS PRODUCTS

## GOOD FOOD JOURNEY (CONTINUED)

### REMOVAL OF SWEETS FROM FOOD CHECKOUT AISLES

In August 2015, Woolworths announced a decision to remove all sweets and chocolates from food checkout aisles, reflecting a commitment to providing better alternatives for children and parents (such as nuts and dried fruit) at checkout, particularly in light of the many health-related issues faced by children in South Africa today.

As of June 2017, all stores have implemented the change across South Africa and Africa, with the exception of Engen Food stops. This milestone represented a huge transformation for Woolworths, with both operational and financial impact.

### DIABETES DAY

Diabetes affects one in ten South African adults. In support of World Diabetes Day (14 November) and in order to help customers understand the importance of good nutrition in managing diabetes symptoms, each year Woolworths hosts a series of dietician-led store tours across the country. The tours help educate customers and their families on how to make more informed food choices when they shop.

### VITALITY HEALTHYFOOD™

Now in its fourth year, Woolworths' partnership with the Vitality HealthyFood™ programme, continues to deliver incentive rewards for making healthy food choices to 388 833 customers (FY2016: 363 001) linking their Woolworths loyalty cards to Vitality. Through this benefit, customers can earn up to 25% cash-back rewards through the purchase of any of the 2 731 healthy food products at Woolworths including vegetables, fruit, wholegrains, fat-free dairy products, lean protein, legumes, and healthy fats and oils. These foods contribute towards preventing lifestyle-related chronic diseases, such as diabetes, heart disease, and certain cancers. In addition, of the total number of HealthyFood™ customers, 51.2% are also giving back through the MySchool programme (page 37).

### FOCUS ON NUTRITION IN EDUCATION

Woolworths helps educate primary school learners and their parents on nutrition through the Making the Difference educational programme (page 38). We offer curriculum-linked resources for schools on healthy eating as well as store tours to help teachers and parents learn about nutrition, healthy living and caring for the environment. We also conduct learner talks hosted at schools by dietitians.

### FOCUS ON AWARENESS ABOUT NUTRITION

In February each year, David Jones promotes 'Nutrition Month' with its employees to encourage healthy eating at work and at home. This year saw the launch of David Jones' healthy recipes cookbook, called 'Our Recipe for Wellbeing' containing 210 recipes from David Jones employees. Download the recipe book at [www.davidjones.com.au/recipe](http://www.davidjones.com.au/recipe)



### case study: TEACHERS ON THE MOVE

*The 'Teachers on the Move' programme is a six-month health and fitness intervention programme targeted at primary school educators in the Western Cape. It was launched in 2015 by the Community Health Intervention Programmes (CHIPs) unit of SSISA in partnership with Woolworths, to help foster a culture of physical activity and healthy habits among educators in schools. Research indicates that educators who are physically active are more likely to encourage and seek creative ways for students to get active. This programme offers us the opportunity to practically extend our nutritional expertise to help teachers in the schools where our healthy eating and sustainable lifestyle programme is already being taught to learners. Other than the positive lifestyle change for these teachers, we hope that they will become ambassadors of healthy living and will inspire their learners to make healthy lifestyle choices. The six-month training programme is a R500 000 pilot investment from the Woolworths Education Programmes towards creating and maintaining a truly healthy and fitness-orientated culture in our communities.*

## BREAST CANCER AWARENESS

Breast cancer is one of the most common causes of cancer-related deaths of women in Australia. Over 14 000 women are diagnosed with this devastating disease each year, and sadly, thousands of women may not win the fight. In a 20-year partnership with the National Breast Cancer Foundation (page 42), David Jones is the exclusive department store retailer of Pink Ribbon merchandise during Breast Cancer Awareness Month. In addition, David Jones also partners with BreastScreen associations in each state to establish Rose Clinics within five flagship stores, where women over the age of 40 can get a free breast cancer screening. The clinics use state-of-the-art digital mammography technology, offering a first-class clinical service in a comfortable, non-clinical environment.

David Jones continues to provide cash and in-kind support to its BreastScreen partners, totalling A\$1.1 million in 2017. This includes the provision of space and funding of wages for the nurses to facilitate the screening in these clinics. These programmes are supported by employee activities through the year that also help to increase awareness about breast cancer and raise funds for the National Breast Cancer Foundation.

## CUSTOMER SAFETY

### PRODUCT SAFETY, FOOD SAFETY, AND INTEGRITY

Food safety is critical to Woolworths, and mechanisms are in place to ensure that consumers are offered products which have undergone thorough testing and rigid process control to ensure they are safe. In addition, all Woolworths suppliers are audited independently by rigorous inspection services and visited by our technical teams to ensure that the highest standards of hygiene and safety are upheld.

### PRODUCT RECALLS

Woolworths has a robust product recall process in place, whereby products posing a safety risk are removed from the shelves within two hours of the respective executive being made aware of the risk. During the course of FY2017 no product recalls were necessitated.

### CHILD SAFETY

From our no-pin policy and metal detectors in factories, to using the softest and most protective fabrics, Woolworths is committed to maintaining the highest possible levels of product safety through the design and manufacturing of our baby and children's clothing.

### GENETICALLY MODIFIED CROPS

In keeping with our public commitment to remove or replace ingredients from genetically modified (GM) crops in our foods where possible, Woolworths has reduced the number of products containing ingredients derived from GM crop sources in private label foods. Less than 2% of Woolworths private label foods remaining are labelled 'May be GMO' or containing ingredients potentially from GM crop sources.

## EMPLOYEE HEALTH AND SAFETY

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

	WOOLWORTHS	DAVID JONES	COUNTRY ROAD GROUP
Employee assistance programme	✓	✓	✓
Health screening (health weeks)	✓	✓	✓
Health information communication (intranet; newsletters)	✓	✓	✓
Basic primary health services and advice	✓	-	✓
Monitoring of chronic illnesses	✓	-	-
HIV/AIDS voluntary counselling and testing	✓	-	-
HIV/AIDS and TB policy and guidelines	✓	-	-
Mental health training	✓	✓	✓
Number of Health and Wellness practitioners employed	18	8	3

## EMPLOYEE HEALTH AND SAFETY (CONTINUED)

### EMPLOYEE ASSISTANCE PROGRAMME

Each operating company within the Group offers an Employee Assistance Programme (EAP), open to all employees, consisting of professional and confidential counselling services, designed to assist with personal concerns that may or may not impact on productivity or work performance. These concerns include, but are not limited to health (including mental health), relationships and family, financial and legal, alcohol and substance misuse, grief and bereavement, trauma and critical incidents. In FY2017, 2 389 (FY2016: 1 652) Country Road Group and Woolworths employees made use of the EAP programme.

### MENTAL HEALTH AWARENESS AND SUPPORT

According to Mental Health Australia, approximately 20% of the Australian population will experience mental illness in any given year. Through our Employee Assistance Programme, David Jones offers free and confidential counselling to employees and their immediate family members, to help improve mental health and personal resilience. This programme has been strengthened by the phased introduction of mental health awareness training for executives and managers in FY2017, ahead of a national roll-out in FY2018. On an annual basis, David Jones also runs Mental Health Awareness Month and supports RUOK? Day, to actively promote discussion about mental illness and encourage affected employees to seek help through the EAP, from family, friends or from qualified mental health professionals. In September 2016, David Jones launched an awareness and fundraising campaign for Black Dog Institute, drawing the link between good mental health and regular physical exercise, raising A\$25 000.

Coinciding with the launch of Mimco's partnership with the not-for-profit 'Our Watch', which aims to eradicate domestic violence, Country Road Group updated the Personal Carer's Leave Policy in FY2016, to enable employees to access their paid personal carer's leave entitlements in the event they face situations of violence or abuse in their personal life that may affect their attendance or performance at work.

### HIV/AIDS/TUBERCULOSIS (TB) MANAGEMENT

HIV/AIDS is a global epidemic which affects around 36.9 million people, predominantly from low- and middle-income countries. According to the World Health Organisation, sub-Saharan

Africa is the most affected region. Data from Statistics South Africa indicates the total number of persons living with HIV in South Africa has increased from an estimated 4.02 million in 2002 to 7 million in 2017. With improved access to ARVs by the private and government sectors and better uptake by individuals it has enabled more HIV-Positive people to live longer and more productive lives. HIV-Positive people are often more at risk of contracting TB and it has become one of the major causes of death. Due to this, TB has become part of the standard screenings. As a large majority of the working class is impacted, it is imperative to have the necessary management systems in every work environment. Woolworths acknowledges HIV/AIDS/TB could potentially affect our workforce, and consequently business productivity, and recognises our required role as an employer to assist in the management and monitoring of HIV/AIDS/TB through leadership, strategic planning, and implementation of cost-effective and sustainable measures.

To address some of the challenges that come with HIV/AIDS/TB, we have adopted a company-wide HIV/AIDS and TB policy, last reviewed in June 2015.

Woolworths is committed to the Constitution of South Africa, and applicable employment legislation and other related legislation which informs our HIV/AIDS and TB policy. This policy is very explicit on how employees who test positive for the virus and TB are to be treated in order for them to continue to lead productive lives:

- they will not be removed from their position, victimised or discriminated against
- they are entitled to confidentiality
- they are entitled to treatment via the Woolworths Clinical Management programme run by Momentum Health under the name of 'HIV Your Life Programme' if they do not have access to a medical aid
- they are eligible for all employee benefits.

Woolworths has also identified the following components to managing HIV/AIDS:

- prevention of HIV/AIDS by offering free voluntary HIV/AIDS/TB screening and counselling to all employees. In addition, the distribution of condoms in all facilities living positively with HIV/AIDS

- communication, education and awareness across all our operations via our intranet and other staff communication channels. During FY2016/17 the total number of employees receiving voluntary counselling and testing (VCT) for HIV/AIDS was 12 290 (FY2016: 7 441), a considerable increase which leads one to believe it is becoming more acceptable to know your status
- any person returning to work after being off sick with TB needs to return with written proof from a medical practitioner confirming they are no longer infectious to ensure other employees are not at risk of becoming infected

In addition, we support and engage in a range of community wellness campaigns pertaining to HIV/AIDS (e.g. World AIDS Day) to raise awareness on a much wider scale within our corporate environment, supply chain and the communities we impact. The Woolworths Code of Business Principles, against which all our first-tier suppliers are assessed, prohibits discrimination against affected and infected people across our supply chain.

### CARDIOVASCULAR HEALTH

Every three years, all David Jones employees are offered a free individual health check. The findings from the FY2017 checks confirm that 55% of employees were in the moderate-high range for blood pressure, 24% had elevated HDL cholesterol levels and 35% did not meet the minimum physical activity requirements. David Jones is collaborating with its service providers to implement a range of interventions each year to improve these statistics over time.

### INJURIES AND ABSENTEEISM

David Jones has been working to improve workplace health and safety outcomes through various strategic measures, including annual compliance training for all employees, engagement and capacity building for in-store WHL Consultative Committees, and an upgrade in incident management and reporting. These, and other measures implemented to date, have already reduced workers' compensation premiums by A\$3.1 million (56%) and delivered an industry leading 51% reduction in Total Recorded Injury Frequency Rates (TRIFR) since 2012.

EMPLOYEE HEALTH INDICATOR	WOOLWORTHS	DAVID JONES	COUNTRY ROAD GROUP
Confirmed fatalities on duty	0	0	0
Primary healthcare cases (acute and chronic care)	8 850	NR	NR
Injuries/incidents on duty	832	1 702	308
Lost Time Injuries (LTI)	449	37	58
Total Recordable Injury Frequency Rate (TRIFR)	0.01%*	14.0**	19.01**
Lost Time Injury Frequency Rate (LTIFR)	0.05%*	4.2**	10.7**
Gross Absentee Rate (GAR)	3.28%	2.10%	NR

NR – Not reported at present.

\* calculation per FTE work days.

\*\* calculation per million hours worked.

# ETHICAL SOURCING

### Our Strategy

*In the last year, we have witnessed a growing number of companies pledging to deepen levels of transparency in their supply chains. This is not only because of potentially compromising labour relations issues, but also as a result of growing awareness of the social and environmental impacts that our products may potentially carry.*




To WHL, ethical sourcing means building meaningful value-sharing relationships with stakeholders and suppliers to ensure that the products we source are in accordance with our exacting requirements, and that they are created in safe facilities, by workers whose human rights are protected and are paid a fair wage.

Supply chain transformation and transparency is thus a key component of our Good Business Journey strategy. Due to the complexity of our supply chains, a partnership-based approach is necessitated, where we can leverage against best in class standards, certifications and expertise over the long-term to achieve our goals.

As signatories to the UN Global compact, WHL aims to ensure that we, alongside our suppliers operate in a way that respects workers' rights, maintains safe working conditions, upholds local employment laws, and protects the environment and welfare of animals.

### MAPPING OUR RISKS

KEY: ● Major ● Significant ● Moderate ● Not applicable

RISKS	SUB-ISSUES			
<b>Fair labour practices</b> Working conditions within our supply chains and operations	<ul style="list-style-type: none"> <li>• Wages</li> <li>• Worker safety</li> <li>• Freedom of association</li> <li>• BBBEE</li> </ul>	●	●	●
<b>Traceability</b> Understanding our supply chains and sourcing	<ul style="list-style-type: none"> <li>• Key commodity inputs across the Group (e.g. cocoa, timber, soy, palm oil, leather, sugar)</li> </ul>	●	●	●
<b>Environmental conditions</b> How our products are produced	<ul style="list-style-type: none"> <li>• Deforestation</li> <li>• Climate change</li> <li>• Energy, water, waste</li> <li>• Animal welfare</li> </ul>	●	●	●

### Ethical Sourcing alignment with SDGs



## SNAPSHOT

### COUNTRY ROAD GROUP AND DAVID JONES RATED AS B+ IN THE 2017 BAPTIST WORLD AID ETHICAL FASHION REPORT

100%

OF DAVID JONES PRIVATE LABEL SUPPLIERS HAVE SIGNED THE SUPPLIER CODE OF CONDUCT

28%

CERTIFIED SUSTAINABLE PALM OIL SOURCED FOR WOOLWORTHS FOODS AND BEAUTY PRODUCTS

53%

OF WOOLWORTHS CLOTHING AND GENERAL MERCHANDISE IS SOURCED FROM WITHIN SADC REGION, OVER 90% IN FOODS

COUNTRY ROAD GROUP ACHIEVED 96% COMPLIANCE WITH THE CODE OF LABOUR PRACTICE

## OUR APPROACH TO ETHICAL SOURCING

WHL Group's approach to ethical sourcing is broadly built around a number of key elements:

- Building internal awareness and capacity around ethical trade
- Ensuring we work with suppliers and business partners who share our values
- Monitoring supplier performance to identify issues
- Addressing problems where they arise and supporting our suppliers to align with WHL best practice
- Building capacity along the supply chain, as a means of improving social and environmental outcomes
- Engaging our stakeholders regularly on ethical trade matters
- Working with others to tackle complex and systemic problems that we cannot tackle on our own
- Driving transparency – being open and honest about our challenges and progress

Collaboration remains a key enabler for us to meet our ethical sourcing targets for all our key commodities. This is done through not only being signatories to the UN Global Compact, via the SEDEX programme (the Supplier Ethical Data Exchange), the conventions of the International Labour Organisation (ILO) and Ethical Initiative (ETI) Base Code to underpin our programme, and to help determine principles specific to WHL.

### WHL SUPPORTS THESE PRINCIPLES:

- That employment is freely chosen, not forced, bonded or resulting in involuntary prison labour
- That freedom of association and the right to collective bargaining is respected
- That working conditions are safe and hygienic
- That child labour will not be permitted
- That minimum wages should be paid
- That working hours are not excessive
- That discrimination should never be permitted or tolerated
- That regular employment is provided
- That harsh or inhumane treatment should not be allowed
- Commitment to compliance with all applicable environmental laws and regulations and a commitment to environmental efficiency and improvement over time
- That animal welfare is promoted by the minimising of any potential harm, stress or pain to animals
- That bribes, favours, benefits or other similar unlawful or improper payments, in cash or kind, whether given to obtain business or otherwise is prohibited
- Commitment in South Africa to the principles of broad-based black economic empowerment as set out in the Department of Trade and Industry (DTI) BBBEE Codes of Good Practice and requiring our South African suppliers and contractors to do the same.

## SUPPLIER CODES OF CONDUCT

WHL has always taken ethical sourcing very seriously. Group operating companies have developed their own systems and processes to ensure that suppliers meet our requirements and supplier codes of conduct.

### WOOLWORTHS

All Woolworths suppliers and service providers, whatever their location are bound by the Woolworths Code of Business Principles, and all first tier suppliers are regularly assessed by a third party auditor. This means that the quality of their workmanship has to be the highest, their workforce has to be treated fairly, their premises must be safe and that any negative impact their operations might have on the environment is minimised.

Where we are sourcing commodities and do not have direct relationships with the producers, we have partnered with credible third-party organisations and standards.

Foods targeted 95% compliance with the Code of Business Principles for 2017 and achieved 96% compliance. This has been in part the result of stricter audit standards and the retraining of external auditors around ethical issues. Common trends also bringing compliance rates down are suppliers not paying premium overtime rates and employing foreigners without permits or with expired permits.

Clothing's 2017 compliance target was 95%, and 96% was achieved.

Woolworths Clothing and General Merchandise is currently sourcing from South Africa, Lesotho, Swaziland, Mauritius, Madagascar, India, Bangladesh, Cambodia, China, Vietnam, Turkey and Italy. Of this, 53% of sourcing, at present, is from SADC, 37% of which is sourced in South Africa.

### COUNTRY ROAD GROUP

The majority of Country Road Group's apparel and accessories are sourced offshore from a range of countries, including China, India, Italy, Thailand, Indonesia, Portugal and Vietnam. All manufacturers must sign the Country Road Group Code of Labour Practice which is aligned with ILO conventions in relation to ethical trade and the ETI base code. Suppliers undergo on-going social compliance checks conducted by independent auditors, or are required to supply audit reports from independent auditors, to ensure they meet the standards of the code.

Country Road Group targeted 95% compliance with the Code of Labour Practice for FY2017 and achieved 96% compliance.

Country Road Group is also committed to promoting ethical sourcing 'beyond compliance', and supports organisations that empower marginalised artisans through fair work opportunities. This includes MIMCO's on-going partnership with the Ethical Fashion Initiative, Trener's collaboration with Fair Trade organisation, Pachacuti, and more recently, a hand printed collection made by the Tharangini studio in Bangalore, India.

Country Road Group continues to work on improving traceability through the supply chain and is currently able to trace raw materials to a range of countries, including Australia, China, Pakistan, India, Spain, Portugal and South Africa.

### DAVID JONES

David Jones Supplier Code of Conduct articulates our expectations in relation to labour and safety standards, environmental stewardship, animal welfare, and bribery and corruption; and is supplemented by a number of supporting policies for harmful substances, sustainable packaging and animal welfare.

All suppliers, including private label, branded and concession partners, across our Clothing and General Merchandise business and our Food business as well as non-trade suppliers are bound by this code. For all private label suppliers this requirement extends beyond their own operations to also include their supplying factories and raw materials producers, meaning that private label vendors must provide details about their manufacturing locations, register themselves and their factories on SEDEX and provide a recent third party audit for each factory.

David Jones has more than 1 200 suppliers and has a variety of sourcing models to get product into stores. Recent supply chain mapping has confirmed that David Jones' private label products are manufactured in Italy, China, India, South Africa, Australia, Canada, Madagascar, Bangladesh, Mauritius, Thailand, Lesotho, Turkey, Vietnam, Taiwan, Germany, Egypt, Swaziland, Czech Republic, Poland, Brazil, New Zealand, Portugal, South Korea and Slovakia.

Given relative complexity, David Jones tracks the performance of its ethical sourcing programme through a number of measures. As at the end of FY2017:

- 100% of private label suppliers, and 99% of all suppliers have countersigned David Jones' Supplier Code of Conduct, or have an equivalent in place
- 97% of all first-tier factories that supply into our private label programme have provided valid third-party audits through SEDEX
- 96% of these private label factories are currently compliant, because that have no open critical issues, and are therefore currently approved to trade with David Jones

Overall improvement in critical findings was achieved in the year, largely due to better visibility of critical issues, and through active engagement with suppliers to develop remediation plans and build capacity of factory managers. Going forward, all private label factories will need to be pre-approved by

the ethical sourcing team before buyers can place orders on suppliers sourcing from those factories. This new process, implemented in FY2017, means that factories with open critical issues, or factories that have not provided audit data, will not be able to do business with David Jones until the issues are resolved.

In addition to significant engagement with our private label supply chain partners, we have also engaged with our 1 100 branded vendors, through an online self-assessment questionnaire – completed by 90% of branded suppliers. David Jones has also engaged with other stakeholders through FY2017, including our employees, customers, our NGO partners and industry.

- **Employees:** As at the end of FY2017, 91% of employees from our merchandise team have attended ethical sourcing awareness training sessions. This training aims to help inform day-to-day purchasing decisions and is supplemented by the Ethical Sourcing Resource Centre, a category-specific library to support buyers when engaging vendors on issues related to ethical sourcing. This library was launched in FY2017, along with a new programme to identify and mobilise GBJ Champions from our merchandise and food teams. The programme aims to communicate the positive role that buyers can play in helping customers make 'mindful' purchasing decisions.
- **Customers:** One of the ways in which David Jones will engage with customers in relation to ethical sourcing is through its product sustainability attributes. Through FY2017, David Jones finalised its set of product sustainability attributes and now has started to map and communicate these attributes to customers. Some of these products with confirmed sustainability attributes include: Cruelty Free accreditation on David Jones Beauty products, certified organic cotton used in David Jones Baby and a range of furniture that is Forest Stewardship Council certified.
- **Industry:** David Jones has continued to engage with industry through the year, again hosting non-government organisations in a roundtable forum to consult them in relation to the progression of the ethical sourcing programme. In addition, David Jones made a public submission to the Australian Senate Inquiry and expressed its support for the establishment of a Modern Slavery Act.

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**53% WOOLWORTHS C&GM PRODUCTS  
FROM SADC, 29% FROM SOUTH AFRICA**





**SEDEX**

WHL has been a member of SEDEX since 2015. SEDEX is a non-profit, web-based platform which assists companies in managing their ethical risks in their supply chain, as well as simplifying the engagement across tiers in the supply chain. SEDEX engages in multi-tier supply chains like WHL, and drives improvement at all levels with a goal of converging responsible business practices. WHL group companies are working to engage suppliers around SEDEX-certification with the aim of getting more on board. Going forward, the aim is to not only increase the number of audited suppliers but also to shift our suppliers from medium risk to low risk with the help of SEDEX tools. Woolworths currently has 96 of first-tier suppliers on SEDEX, or an equivalent. David Jones has 108 of its private label clothing factories registered on SEDEX and commenced registration of its food suppliers onto the platform in FY2017. Country Road Group currently has 192 first- and second-tier suppliers registered on SEDEX, representing 40% of primary suppliers.

**case study:  
MIMCO'S CONSTELLA 2017  
COLLECTION EMPOWERS 131  
KENYAN ARTISANS**

*Established in 2014, MIMCO's on-going partnership with the Ethical Fashion Initiative (EFI) continues to drive positive change by providing fair work opportunities to marginalised artisans from Kenya and Haiti. The EFI use a monitoring tool called RISE to ensure that all production takes place in an ethical and fully traceable supply chain, and assess the added-value that each order brings to the lives of the artisans. All data collected through this tool is made available to customers via a QR code attached to each product.*

*The RISE impact assessment for the MIMCO's Constella 2017 collection confirmed that artisan income increased by 27% as a result of the order. Furthermore 72% of artisans used income to fund education of children, and 100% of artisans were able to provide a healthy meal for their household. The results indicated that working on the order provided artisans with a sense of social wellbeing, and improved their life satisfaction and ability to generate much needed income during a time of severe drought and water scarcity.*



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## ETHICAL FASHION REPORT 2017

The 2017 Baptist World Aid Ethical Fashion Report was released in late April 2017 – this is the most high-profile report in Australia and New Zealand dealing with ethical trade issues, grading companies based on their efforts to mitigate the risks of forced labour, child labour, and worker exploitation through their supply chains. In total, 106 apparel companies were graded:

David Jones received a B+ in 2017 (up from C- in 2015 and B- in 2016); Country Road Group received a B+ (same as 2015 and 2016); and the median score across the whole sample was C+.

These ratings from Baptist World Aid acknowledge WHL's on-going commitment to maintaining high ethical standards in the supply chain, and the improvements made in the past year around increased traceability and responsible sourcing of key raw materials. The improvement in David Jones' score reflects a number of initiatives that have been implemented over the past three years that aim to increase visibility, diligence and traceability over the supply chain.

These initiatives include, improved tracking around important issues such as temporary and contract workers, worker health and safety, and collective bargaining through better auditing and systems (e.g. SEDEX) as well as David Jones' internal engagement training around Ethical Sourcing Awareness.

In addition, the past 12 months has also seen an increase in the traceability of raw materials, particularly in David Jones' Classic Collection, which uses cotton from the Better Cotton Initiative (BCI). Importantly for both Country Road Group and David Jones, the use of BCI cotton has also enhanced the ability to trace cotton all the way back to the farm.

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### case study: TRENEREY ARTISAN PROJECT

As part of its summer collection, Treenery partnered with a studio in the West Bengal region of India to produce a unique range of hand-block printed designs using traditional khadi cotton.

The six-piece, limited edition capsule included sleeveless shirt dresses and relaxed tops for women and a short-sleeved shirt for men using authentic, handmade textiles, while supporting the work of artisans at the Tharangini studio. The technique of making these patterns is so intricate – it can take up to 10 days to engrave the wood blocks. Each piece has its own unique character because the printing process is done by hand. The pieces honour the traditional methods of spinning and weaving cotton.

Tharangini studio in Bangalore was founded in the 1970s by artist Lakshmi Srivathsa and is now run by daughter, Padmini who heads a team of artisans, including master block printers, wood block carvers and organic colour experts. The studio's philosophy is to employ and upskill as many craftspeople as possible, with senior artisans mentoring outreach groups to inspire a new generation of artisans.



## RESPONSIBLE COMMODITY SOURCING

### OUR DEFORESTATION COMMITMENT

Deforestation and forest degradation are driven primarily by the increasing global demand for agricultural commodities such as timber, cellulose, palm oil, soy and leather, used to make a wide range of food, clothing and other everyday products. According to WWF International, deforestation contributes to an estimated 15% of the global greenhouse emissions. Furthermore, the destruction of these valuable habitats threaten the livelihoods of over 1.6 billion people that depend on forests for fuel, materials, nutrition and income generation.

WHL are committed to reducing and eventually, removing deforestation and forest degradation from our direct operations and supply chain. This commitment includes systematically removing commodities from our supply chain that cannot be traced to a sustainable source, and therefore may potentially have been illegally harvested; that come from an area of high conservation value; that contributed to the conversion of forest into plantations or for non-forest use; and/or, were obtained in violation of traditional and civil rights.

Through engagement with customers, suppliers, NGO partners and certification bodies, we aim to increase both awareness around and demand for sustainably sourced forest products, within our operations, and more broadly.

Woolworths is working towards using only sustainably sourced or recycled wood products throughout our operations. We will endeavour to ensure that we use timber and paper which is chain of custody certified through the Forest Stewardship Council (FSC™), indicating that the product originates from certified, well-managed forests and/or other controlled sources. We are working with our suppliers to promote uptake of certification and hosted a supplier workshop in partnership with FSC in early 2017.

### SUSTAINABLE PALM OIL

Palm oil is an important and versatile raw material for both food and non-food industries, which contribute to the economic development of the producing countries and to the diets of millions of people around the world. Although palm oil has the highest yield per hectare of any oil or oilseed crop, it is recognised that there are environmental and social pressures on its rapid expansion to eco-sensitive areas, particularly as palm oil can only be cultivated in tropical areas of Asia, Africa and South America.

As part of our commitment to responsible sourcing, we aim to use only certified sustainable palm oil (CSPO) from physically segregated supply chains in our private label products by 2020.

Woolworths was the first South African company to become a member of the global Roundtable on Sustainable Palm Oil (RSPO) and has been working with suppliers and local refineries to create the demand and develop the market for sustainable palm oil since 2011. Although we have faced significant challenges in securing a physical supply of CSPO into South Africa through engagement with refineries, Woolworths has secured a physical supply of CSPO for use in a mass balance system, and also facilitated the training of a local auditor to undertake RSPO audits.

Although Woolworths believes that just under half of palm oil sourced for Woolworths Foods and Beauty products is RSPO, 28% of palm oil is so far certified as sustainable through the mass-balance system due to significant bottlenecks in auditing capacity in SA.

Ultimately, we want to see all Woolworths suppliers converting to a 'segregated' supply of RSPO-certified sustainable palm oil, but this will only be possible in a few years' time when the demand for certified sustainable palm oil in South Africa grows to a scale where it is viable to transport fully segregated palm oil from origin through transport, storage and refining to end product.

We continue to purchase PalmTrace certificates to offset the remainder of our usage to incentivise Indonesian and Malaysian palm oil growers to become RSPO-certified sustainable producers ([www.rspo.org/palmtrace](http://www.rspo.org/palmtrace)).

### RESPONSIBLE SOY

Woolworths acknowledges the significant deforestation risks associated with the clearing of ancient and endangered rainforests or areas of high conservation importance for the production of soy. We have completed a high-level soy footprint and volumes assessment, and have identified that around 99% is consumed within the animal feed associated with the production of our fish, dairy, pork, and poultry. We have identified numerous challenges in the traceability of soy and have become the first South African member of the Round Table on Responsible Soy (RTRS) to collaborate with leading brands and NGOs to explore the opportunities available for supporting and increasing demand for certified sustainable soy.

As part of our WHL Group commitments for 2020, we have stated that we are aiming for 100% responsible sourcing of all key commodities, including soy (primary-tier products and, secondary-tier used in animal feeds). We are still working to define the strategy and standards which will meet our responsible sourcing requirements.

## WE ARE CURRENTLY SOURCING 100% UTZ CERTIFIED COCOA FOR ALL OUR WOOLWORTHS PRIVATE LABEL BOXED CHOCOLATES, SLABS AND BARS

### case study: EDAMAME DEVELOPMENT PROGRAMME

*In July 2016, Woolworths launched frozen edamame beans in the pod range. The success of this product is attributed to The Fair Food Company – a division of the not-for-profit organisation Newlands Mashu Community Development Centre based in Durban, tasked to establish the Edamame Development Programme and edamame industry in South Africa.*

*The programme focuses on introducing edamame bean farming into small-scale and emerging commercial farmer networks. In the last year, funds from sales as well as funds received from the eThekweni Municipality and The Jobs Fund were reinvested into the farming communities to further build capacity in growing the crop.*

*“The success of supplying Woolworths with edamame beans through our NPC has attracted further grant funding and support partnerships that will lead to improved supply opportunities and more diverse crop and market demand for the contracted, and new, emerging farmers. Based on the success of the programmes foundations, and with the support of retailers such as Woolworths, emerging farmers are now geared to more confidently chart their own growth and direction utilising their growing confidence and competitive 'ethically sourced' and 'own brand' advantages in the marketplace.” Walter Coughlan.*

*The Fair Food Company has now been registered and is well positioned to further engage, support and aggregate emerging farmers into a farmer brand shareholding platform to more efficiently build sustainable incomes and a sustainable edamame industry in South Africa. Looking ahead, the programme is working on increasing mentorship, skills support and supply volumes, and getting farms and product GlobalGAP, and Fair Trade certified.*

## RESPONSIBLE COMMODITY SOURCING (CONTINUED)

### UTZ-CERTIFIED COCOA

The UTZ-certification programme provides assurance that our cocoa was grown and harvested responsibly. It also helps farmers learn to improve the quality and yield of their cocoa while reducing their impact on the environment and enabling them to take better care of their workers and families.

We are currently sourcing over 100% UTZ-certified cocoa for all our Woolworths private label boxed chocolates, slabs and bars, a year ahead of our original timelines. Woolworths has set itself the goal of only using certified sustainably sourced cocoa in all its products by December 2018.

### ORGANIC AFRICAN COFFEE

As a result of persistent challenges with sourcing Fairtrade coffee beans, we have switched our focus to organic certification and the African sourcing of beans for our WCafés. We now source coffee directly from the farmers. We work in a mutually beneficial manner with them to improve supply and quality, while paying fair prices that allow them to contribute to development in their communities.

A wide range of certified sustainable packaged coffees from all over the world is also sold in our stores.



## RESPONSIBLE COMMODITY SOURCING (CONTINUED)

### SUSTAINABLE SUGAR

Sugarcane is a water-intensive crop that remains in the soil all year long. As one of the world's thirstiest crops, sugarcane has a significant impact on many environmentally sensitive regions, and is also associated with labour and human rights concerns. Woolworths has been developing a sustainable sugar strategy to 2020, to support the transition to sourcing a more sustainable commodity.

In the past year we have conducted a sugar baseline assessment for Woolworths Foods (packet sugar and added sugar) and estimate that we consume less than 1% of total sugar production in SA.

Woolworths has been engaging with WWF-SA around opportunities for the sourcing of Sustainable Sugarcane Farm Management System (SusFarms) certified sugar – a system developed by WWF to promote investment in ecological services and sustainable development through sustainable practices. SusFarms sugar is expected to be on the market by late 2017, and Woolworths plans to engage with suppliers in the conversion to certified sustainable sugar sources.

### LEATHER

In response to the number of environmental and animal welfare challenges that leather poses, WHL is committed to improving traceability and promoting sustainability within its leather supply chain. WHL became a member of the Leather Working Group (LWG) in April 2017, and we will encourage our clothing and general merchandise suppliers to purchase leather from LWG-certified suppliers.

The Country Road Group accessories teams have spent the past two years engaging with suppliers to map the supply chain and get a better understanding of where the leather comes from. In most cases, Country Road Group was able to trace leather back to the tanneries and in some cases, all the way back to the abattoir. Furthermore, about 30% of FY2017 leather spend was sourced from tanneries accredited against the LWG standard – an environmental standard that promotes sustainable business practices within the leather industry. It is Country Road Group's intention for 100% of leather products to contain leather sourced from LWG accredited tanneries by 2020.

In addition to partnering with suppliers who are progressive in their approach to chemical management and water stewardship, Country Road Group is supportive of a number of organisations that are driving change in this industry. Country Road Group is leading engagement with the LWG Animal Welfare Sub-Group and Textile Exchange Beef and LWG, with the objective of partnering with a diverse range of stakeholders to address the complex issues within the leather and beef supply chain.

### CHEMICALS DETOX

The Detox campaign was launched by Greenpeace in 2011 to expose the links between global clothing brands, their suppliers, and water pollution around the world. It is incumbent on the supply base to use chemicals responsibly and to use those that do not pose unnecessary risks to workers, customers or the environment. While our Woolworths Code of Business Principles has served us well for many years (including our C99 Environmental, Chemical and Factory Minimum Standards for Dyeing, Printing and Finishing Clothing and Textiles), we are now working with a far more complex range of products from a truly global supply base, against a backdrop of tighter legislation. Our approach is based on prevention and the precautionary principle, and Woolworths is committed to zero discharge of all priority chemicals from the whole lifecycle and all production procedures that are associated with the making and using of all products Woolworths clothing sells by 2020. Due diligence and testing is in place to ensure the chemicals adhere to and can be verified against the OEKO-TEX® 100 standard.

In addition to eliminating the use of harmful chemicals in the production process, we have banned sandblasting using crystalline silica for all Woolworths denim production. All our suppliers have signed a no-sandblasting policy and we will continue to do regular audits to ensure adherence to this policy.

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

Suppliers are responsible for ensuring that both their own facilities and those of their third-party suppliers follow the guidelines in the ECoP.

### VISCOSE

Woolworths is a signatory to the CanopyStyle initiative, a group of brands and retailers collectively working as part of the CanopyStyle initiative to ensure that our cellulosic fabric supply chains are free of ancient and endangered forests. In early 2017, two of the world's largest forest-based fabric producers – Lenzing and Aditya Birla – became the world's first to meet the CanopyStyle audit requirements.

Woolworths has visibility across 89% of total viscose usage, which comes from 12 different suppliers, and we are working toward traceability to mill with 30% of our products from the two CanopyStyle audit compliant producers.

Country Road Group has spent the past year mapping its cellulose supply chain to get a better understanding of the risks associated with deforestation. CRG has traced 93% of total cellulose back to the fabric producer, with 43% coming from the two CanopyStyle audit compliant suppliers. Furthermore, approximately 30% of CRG's FY2017 cellulose products were made from lyocell and modal fibres made from wood pulp, sourced from responsibly managed forests and converted into fibres using manufacturing processes that minimise impact on the environment.

As a group we will continue to drive engagement with our suppliers to communicate our commitment to procurement from forest-friendly producers, as and when they meet the CanopyStyle audit requirements.

### BETTER COTTON INITIATIVE

Woolworths joined the Better Cotton Initiative (BCI) as part of our commitment towards sourcing more sustainable cotton and helping to transform the cotton sector. The BCI aims to create long-term change by helping farmers to grow cotton in a way that reduces stress on the local environment and improves the livelihoods of farming communities. It is a global approach that provides a solution for the mainstream cotton industry, including both smallholders and large-scale farmers. All farmers can benefit from implementing Better Cotton principles and the development of a new and more sustainable mainstream commodity (see Page 80).



# SUSTAINABLE FARMING

### Our Strategy




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

WHL and our suppliers are dedicated to selling products that cause minimum harm to the natural environment. Working with private label suppliers to improve farming and husbandry practices among our suppliers as well as the broader network of upstream farmers, we can help to improve soil health, protect water supply, restore biodiversity, support rural livelihoods, help communities adapt to climate change, and ultimately help ensure we produce sufficient food and raw materials to meet the needs of our customers.

Our potential impact is strengthened through partnerships, so we work with a range of organisations such as WWF-SA, Food Animal Initiative, Better Cotton Initiative and Leather Working Group, to drive further progress against responsible sourcing goals and to develop strategies to reduce the impact of our operations.

### MAPPING OUR RISKS

KEY: ● Major ● Significant ● Moderate ● Not applicable

RISKS	SUB-ISSUES			
<b>Ecological health</b> Ensuring healthy, functioning natural systems	<ul style="list-style-type: none"> <li>• Soil degradation</li> <li>• Water quality</li> <li>• Water availability</li> </ul>	●	●	●
<b>Climate change</b> Impact on natural and food production	<ul style="list-style-type: none"> <li>• Extreme weather events</li> <li>• Climate variability</li> </ul>	●	●	●
<b>Farmer access to market</b> Socio-economic challenge related to food production	<ul style="list-style-type: none"> <li>• Security of land tenure</li> <li>• Rising input costs</li> </ul>	●	●	●
<b>Animal welfare</b> Reputational risks related to the welfare of animals associated with our products	<ul style="list-style-type: none"> <li>• Humane treatment of animals</li> </ul>	●	●	●

Sustainable Farming alignment with SDGs



## SNAPSHOT

WHL IS A MEMBER OF THE LEATHER WORKING GROUP



JUST UNDER

350

SUPPLIERS WORKING AS PART OF FARMING FOR THE FUTURE WITH A 91% PASS RATE



75% OF ALL FRESH AND FARMED FISH SOLD AT WOOLWORTHS MEETS 2020 COMMITMENTS



31%

OF WOOLWORTHS COTTON IS RESPONSIBLY SOURCED (BETTER COTTON INITIATIVE AND ORGANIC)



### case study: WOOLWORTHS 'EAT OUT' AWARD FOR SUSTAINABILITY

For the first time in 2016, Woolworths was the lead sponsor of an award category at the annual Eat Out Awards, a celebration of all things delectable in the food world, and aimed at showcasing the very best restaurants and chefs South Africa has to offer. The inaugural Sustainability Award looked to profile those restaurants that are operating in a way that promotes local sourcing, biodynamic farming methods, animal welfare, and reducing their food waste, energy and water footprint, among others. The 2016 winner was 'The Table at De Meyer', based in the Stellenbosch winelands. Feedback from the 2016 awards has already resulted in restaurant owners making more connections with their farmers, asking for proof of claims from suppliers, and improving the education of their consumers, as well as taking steps to improve their own methods and menus.

### FARMING FOR THE FUTURE

Woolworths' pioneering approach to growing food in a sustainable, harmonious way is now in its eighth year. Farming for the Future manages the entire farming process from the ground up, with soil quality at the heart. Healthy soil requires fewer chemical inputs and more efficient irrigation, resulting in less chemical run-off and soil erosion with positive biodiversity impacts. The auditing and certification scheme works with the farmers to continually improve their performance through the development of individual enhancement programmes based on the farmers' individual needs, at no extra cost to the customer. The strong focus on water footprint reduction has been particularly important in relation to water scarcity being experienced across many parts of South Africa. As of 2017, we have 259 primary produce, horticulture, and wine suppliers and 87 of our secondary suppliers working as part of the scheme.

Among primary suppliers, a 91% pass rate was obtained against compliance criteria. In the course of the year, the overall scores of participating farmers has increased by 13%.

In 2016, results of a PhD research study from Stanford University<sup>1</sup> which aimed to assess the impact of the Farming for the Future programme on the uptake of good environmental practices on-farm were concluded. The study used statistical methods to compare management practices from over 160 Farming for the Future and non-Farming for the Future farmers. The results of the study concluded that Farming for the Future has a significant impact on uptake of good farm management practices such as crop rotation, Integrated Pest Management (IPM), recycling, and water measurement, among others, compared over time, and against similar farmers. This represents one of the first rigorous studies assessing the impact of a private environmental standard on agriculture best management practices.

<sup>1</sup>Thorlakson, T, Hainmueller, J, Lambin, E.F., 2017. *Improving Environmental Practices in Agricultural Supply Chains: The role of company standards.* Forthcoming.





## FISHING FOR THE FUTURE

In 2008, Woolworths became the first South African retailer to sign the WWF-SA Sustainable Seafood Initiative (WWF-SASSI) Retail Charter. Nine years on, Woolworths remains deeply committed to procuring all seafood from sustainable fisheries and responsible farming operations through the implementation of our sustainable seafood policy.

In 2012, Woolworths committed that by 2015, all wild-caught seafood sold in store would be either WWF-SASSI green-listed, caught from Marine Stewardship Council (MSC) certified fisheries, or sourced from fisheries that are undertaking credible, time-bound improvement projects. By the end of 2015, we had achieved 93% of these goals, and by February 2016, this had increased to 97% (by sales tonnage). The remaining 3% of Woolworths' volume sales were from wild-caught fish species not currently assessed by either WWF-SASSI or MSC. We do not sell any red-listed fish species. Last year, we announced the launch of SA's first MSC-certified tuna offering, which is now the only private label tuna that we sell in our stores. This method allows for selective baiting of skipjack tuna, (which is WWF-SASSI green-listed) and reduces by-catch of other species such as shark and dolphin. MSC certification recognises and rewards sustainable fishing practices, ensuring the canned tuna you serve can be traced from boat to store. As part of this certification, suppliers are required to adhere to strict anti-shark finning policies and are regularly audited for compliance.

We're now working on improving the sustainability of the farmed fish we sell so that by 2020 all aquaculture species sold by Woolworths will be either WWF-SASSI green-listed, ASC (or equivalent) certified, or from aquaculture operations that are engaged in a credible, time-bound improvement project. Our journey towards these commitments has already begun with the launch of South Africa's first ASC-certified farmed tilapia and basa lines, as well as the launch of ASC-certified vannamei and black tiger prawns. Currently 75% of our seafood in total (i.e. including farmed fish) meets our 2020 sustainable seafood commitments.

Going forward, we will continue the work with our suppliers, as well as the MSC, ASC, and WWF-SA, to ensure that we meet our commitments for farmed products, in the context of the challenges caused by the rising costs of raw material.

## ANIMAL WELFARE IN FOODS

As retailers, we believe it is our ethical obligation to ensure that our suppliers treat all the animals in our supply chain with respect and in the most humane way possible. We are on a journey with our suppliers to improve animal welfare by minimising any potential harm, stress or pain to animals, and adhering to relevant national and international standards in animal welfare.

We continue to sell extensive lines of free range chicken, beef, and lamb which are able to eat a natural diet and are not given routine antibiotics or growth promoters.



**CURRENTLY 75%  
OF OUR SEAFOOD MEETS  
OUR 2020 SUSTAINABLE  
SEAFOOD COMMITMENTS**

### *case study:* **WOOLWORTHS AND FAI COLLABORATION ON OUTCOMES-BASED ANIMAL WELFARE**

*In the last year, Woolworths has been engaging with the Food Animal Initiative to strengthen our approach to animal welfare across the supply chain. FAI, based in Oxford in the United Kingdom, employs technical research and sustainability insight to provide actionable advice to clients to implement better farming practices, on land and at sea. Recognising that there is no one-size fits all solution for the industry, FAI have adopted a practical and science-led approach underpinned by the 3Es framework of Economic, Environmental and Ethical sustainability. The approach seeks to first understand the challenges that food producers face using sustainability metrics ('outcome measures') and then to identify leading-edge science and commercial best practice to address those challenges. Putting this 'outcome measures' approach into practice provides knowledge and direction for the business to promote prosperous societies, successful farmers, healthy environments, and quality food.*

*FAI's technical team visited South Africa in late 2016 and undertook a detailed baseline study and supply chain scoping. In the last year, Woolworths has begun developing an Outcome Measure Programme, using an evidence based approach, guided by the latest sustainability science and underpinned by outcome measure data that is collected across supply chains. The approach is universal and can be utilised for all animal species, life stages, and product categories. Key species currently covered by the programme include poultry (broilers, laying hens) and Ayrshire dairy.*



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## ANIMAL WELFARE IN FOODS (CONTINUED)

### FREE RANGE EGGS

Woolworths is proud to have been the first major local retailer to stop selling whole eggs from hens kept in cages in 2004 – all the whole eggs we sell in Woolworths stores are free range. We remain the only major local retailer to have achieved this. Of the 120 million eggs we source every year, about half are sold in cartons; the rest are turned into pasteurised liquid or dried egg and used as ingredients in food products. As of 2017, over 95% of locally manufactured Woolworths private label food products listing egg as an ingredient are made with free range eggs. Excluding micro-ingredients, the remainder is cage-free.

### KINDER TO SOWS

In 2014, we announced plans to start sourcing pork from farms that no longer use sow stalls to restrain pregnant sows for prolonged periods of time. The introduction of 'sow-friendly' pork represented another milestone for Woolworths' GBJ. In FY2016, we completed the sourcing implementation of 'sow-friendly' into our fresh pork products and introduced on-product messaging.

The second phase, which targets processed pork products such as bacon and ready meal ranges that contain pork has, however, been more challenging in implementation for our pork suppliers. The complexity of capital investment issues and timelines, supply chains and costs involved to adapt the farming practices were considerably more than we anticipated, however, we remain committed to working hand in hand with our suppliers, who are making significant investments to alter their infrastructure, in order to deliver to the 'kinder to sows' milestone. We are still on a journey to roll this out to the rest of our vast and diverse product range containing pork, and will continue to update customers on our progress.

### WILDLIFE-FRIENDLY PROTOCOL

Our ethical obligation to animal welfare also extends to the wildlife which comes into contact with the farmers and livestock in our supply chain. For a number of years Woolworths has been funding work with various NGOs to develop a protocol seeking to minimise human wildlife conflict associated with predators in livestock farming. We have been involved in a three-year trial of various non-lethal predator management techniques including Anatolian guard dogs, llamas, alpacas, protective collars, shepherds and other methods. The outputs of the trials were used in the development of a wildlife friendly protocol, which has been registered with the regulator assignee. With further input from farmers and NGOs the aim is to provide an auditable code of practice for farming lamb to reduce indiscriminate and non-selective predator control, while at the same time improve the farmer's commercial viability by reducing stock loss.

### SPENT HENS

Two years ago, a new facility was set up in Cape Town to process Woolworths free range 'spent hens'. Traditionally, laying hens that have reached the end of their productive lifespan are sold live as a source of cheap protein for poorer communities, meaning that their welfare once sold to the cull buyers is not controlled. The supplier produces fresh free range chicken products such as mince, burgers and meatballs, as well as a range of free range liquid products, including stocks and gravies for Woolworths food manufacturers. Last year, around 10% of the spent hens in the Western Cape were processed at the facility. The supplier and our technical team are busy developing a new 'signature' stock that can be used in a wide range of new Woolworths products. Trials are underway at several large food manufacturers. Despite tough economic conditions and the new threat of 'bird flu', the good news is that our supplier will begin processing 50% of the spent hens used to produce our free range eggs in the Western Cape from 1 July 2017 onwards.

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## ANIMAL WELFARE IN CLOTHING, HOME AND BEAUTY

### ANIMAL TESTING

Since 2008, Beauty Without Cruelty has approved the entire Woolworths private label range of cosmetics and toiletries, which means that it is not tested on animals, in line with our animal welfare policy. Neither the ingredients nor finished products in Witchery's beauty range may be tested on animals either.

### ANGORA

In response to the animal welfare concerns highlighted by People for the Ethical Treatment of Animals (PETA), the WHL Group ceased ordering products containing angora in January 2014. The Group will maintain this position until it is completely satisfied that ethical standards of fibre procurement are being followed by the angora industry.

### FUR

We do not permit the use of any natural fur or farmed fur in our products. This includes mink, chinchilla, fox, rabbit, astrakhan, and karakul fur. Woolworths is a proud member of the Fur-Free Alliance.

### FEATHERS AND DOWN

Duck and goose down must not be obtained from live plucking, and must not be associated with the foie-gras industry. In order to increase transparency, we aim to source from suppliers that are Responsible Down Standard (RDS) compliant. At the same time, we are shifting to the use of synthetic alternatives – including filler content made from recycled bottles.

### WOOL

WHL Group takes a proactive approach to sourcing a sustainable supply of wool that is non-mulesed, in line with our Animal Welfare Policy. Country Road Group partners with leading mills to source wool from a range of countries, including Australia, China, South Africa and various countries in South America. The Country Road Group is committed to supporting the Australian wool industry and sourcing non-mulesed wool, where possible. Country Road Group also supports the adoption of the Responsible Wool Standard – a voluntary global standard, recently developed by the Textile Exchange, that addresses the welfare of sheep and the land they graze on.

### LEATHER

It is our policy that no animal will be slaughtered specifically for the production of WHL Clothing and General Merchandise products, therefore only by-products of the meat industry may be used. As we work towards obtaining a greater degree of traceability in our leather supply chain we will encourage our suppliers to purchase leather from Leather Working Group (LWG) certified tanneries. WHL became a member of the LWG in April 2017, and is involved in the LWG Animal Welfare Sub-Group and Textile Exchange Beef and Leather Working Group, with the objective of partnering with a diverse range of stakeholders to address the complex issues within the leather and beef supply chain.

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## SUSTAINABLE FIBRES

In recognition of the impact that cotton farming has on global land, soil, and water resources we continue to drive the use of more sustainable fibres and alternative fibres from sources that reduce raw material consumption such as polyester made from recycled plastic bottles. We are also working to address risks related to deforestation or forest degradation, through

### SUSTAINABLE COTTON

We have set an ambitious WHL Group target that by 2020, all our cotton products will be from sustainable production, including organic and Better Cotton Initiative (BCI) cotton. Country Road Group was one of the first Australian retailers to become a member of the BCI, in March 2016, and has been engaging with suppliers to set up strategies for working with BCI-accredited mills and sourcing cotton as Better Cotton. With support from CRG's top five cotton suppliers, the business has sourced over 230 tonnes of cotton as Better Cotton to date and is working to convert at least 30% of its cotton products to more sustainable cotton (BCI or organic) in FY2018.

Woolworths is currently sourcing 31% sustainable cotton. Over the next few years, our strategy is to significantly upscale our procurement of BCI cotton. Woolworths joined BCI in July 2014 with the goal to convert 15% of cotton lint to Better Cotton by 2017. We are currently at 17% and have therefore met this commitment.

improved traceability and procurement of sustainably sourced cellulosic fabrics (e.g. viscose, rayon, and modal). As of FY2017, a total 22% (FY2016: 16%) of Woolworths Clothing and General Merchandise sales comes from products containing sustainable fibres.

In collaboration with the Sustainable Cotton Cluster (SCC), governed by Cotton SA and a number of retailers in South Africa, we have been supporting the renewal of the local (South African) cotton sector. The cluster has been working to introduce BCI standards and certification at the farm and producer level – enabling a supply of local BCI cotton into our clothing supply chain. Woolworths joined the Sustainable Cotton Cluster at the end of 2015, in recognition of the value that this will bring in terms of reaching our sustainable sourcing commitments. We have since signed an agreement with the SCC in their Integrated Supply Chain programme, which commits Woolworths to take a minimum of 65 tonnes of SA cotton lint per year as part of a traceability pilot testing phase. Alongside this we have engaged with the Department of Trade and Industry to raise the sector threshold for SMME enterprises to R100m to promote continued investment and off-take from suppliers considered as SMMEs in the industry.

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**IN COLLABORATION WITH THE SUSTAINABLE COTTON CLUSTER (SCC), GOVERNED BY COTTON SA AND A NUMBER OF RETAILERS IN SOUTH AFRICA, WE HAVE BEEN SUPPORTING THE RENEWAL OF THE LOCAL (SOUTH AFRICAN) COTTON SECTOR**



*Chandu Wadhvani from Extrupet, our partners in recycling plastic bottles into polyester*

# WATER

### Our Strategy




*Our operations stretch across Africa and Australasia, which are among the most ‘at risk’ regions in the world in respect of current and future projected water scarcity. We rely on a steady and clean supply of water across our entire value chain to grow, process, and manufacture our clothing and food products, as well as to ensure the wellbeing and safety of our employees.*

The on-going drought in South Africa has illustrated the critical interdependencies of the economy, society, and the environment on the availability and quality of water resources. It has also provided an opportunity to focus further on the activities across our own operations and supply chain that will lead to increased resilience in the face of future climate shocks. We also recognise that farming is a major water user in South Africa, and therefore Woolworths has a responsibility to promote water conservation and ecosystem protection beyond our own operations. We continue to look deeper into how we can contribute to the resilience of others, including our suppliers and communities, through collective action initiatives and promoting sustainable production methods.

In achieving this we will require continued close collaboration with suppliers and key strategic partners such as WWF-South Africa, the National Business Initiative and the United Nations CEO Water Mandate, to which Woolworths is a signatory. This section presents our communication of progress against the mandate’s core focus areas.

### MAPPING OUR RISKS

KEY: ● Major ● Significant ● Moderate ● Not applicable

RISKS	SUB-ISSUES			
<b>Water availability</b> Ample supply of fresh water for our operations and suppliers	<ul style="list-style-type: none"> <li>Water scarcity</li> <li>Water quality</li> <li>Sanitation and hygiene</li> <li>Water consumption</li> </ul>	●	●	●
<b>Water quality</b> Pollution and deterioration of available water supply	<ul style="list-style-type: none"> <li>Wastewater discharge</li> <li>Pollution of water resources from agricultural inputs and clothing manufacturing processes (dyes, chemicals, etc.)</li> </ul>	●	●	●
<b>Post-consumer water consumption</b> Impact of products on water	<ul style="list-style-type: none"> <li>Use of high-quality treated water for care/washing of garment</li> </ul>	●	●	●

### Water alignment with SDGs



## SNAPSHOT



**57% GREYWATER  
USE AT WOOLWORTHS  
HEAD OFFICE**

**10 000 SCHOOL  
LEARNERS ENTERED THE  
THIRSTY FOR ACTION  
WATER COMPETITION**



**EXPANDED INVESTMENT INTO RAINWATER CAPTURE  
AND TREATMENT THROUGHOUT THE YEAR**



**REDUCTION IN WATER USE IN SA STORES SINCE 2007**

## DIRECT OPERATIONS

Woolworths is on a journey to drastically reduce the amount of water we use by putting water use into focus in stores, head offices, distribution centres and across the supply chain. When evaluating opportunities for new real estate, Woolworths considers the following factors:

- Opportunities for use of rainwater, greywater and recycling
- Use of indigenous shrubs and ground covers
- Installation of pulse meters and active monitoring systems
- Water-efficient fixtures and fittings

Through advancements in real estate and store design Woolworths has achieved a 56% (FY2016: 42%) reduction in water consumption in stores since 2007. Further expansion of the greywater treatment plant at Woolworths head office took place in the year and now provides 57% (FY2016: 49%) of non-potable water uses and reduces our reliance on precious potable water resources. We continue to improve the monitoring, management and efficiency of water use across our expanding property portfolio and seek to maximise opportunities presented in the real estate space. During the year, a significant metering miscalibration was identified at our Midrand DC, as indicated by the markedly increased usage figures for 2016/17. Currently 77% of South African and African Woolworths stores are measured on a real-time basis, with 95% of total water usage monitored.

Expanded investment into rainwater capture and treatment throughout the year includes the installation of 15 000 litre capacity rainwater tanks at Woolworths Financial Services head office for non-potable water uses such as toilet flushing, with further expansion planned in the coming year.

Given the serious drought, and the Western Cape of South Africa officially being declared a disaster zone in early 2017, significant resources have been applied in the course of the year to address business continuity risks in the face of severe water restrictions. We have invested considerable efforts in engaging with our workforce in water savings and have also revised cleaning processes to minimise unnecessary potable water consumption, and developed emergency contingency plans.

In line with WHL's strategy, David Jones continues to focus on the roll-out of smart water meters into stores and distribution centres, given the importance of water efficiency and drought resilience to the Australian community. These smart meters provide water usage data in real-time, helping with the detection of leaks to reduce water usage and potential loss or damage. This monitoring system will also help to identify future opportunities for water efficiency in the future.

Water withdrawals (Kilolitres)	2016/17	2015/16	2014/15
WOOLWORTHS	630 924	576 590	544 382
Stores	426 493*	487 383	472 143
Distribution Centres	180 956*	65 699	54 384
Head Office	23 475*	23 508	17 855
DAVID JONES	90 181	82 299	69 747

\*Included in the scope of EY's limited assurance engagement.

The basis of measurement of this indicator can be found on [www.woolworthsholdings.co.za/corporate/sustainability.asp](http://www.woolworthsholdings.co.za/corporate/sustainability.asp)

## DIRECT OPERATIONS (CONTINUED)

### WASH PLEDGE

In March 2016, WHL became the first South African signatory to the World Business Council on Sustainable Development's (WBCSD) pledge for 'Water, Sanitation and Hygiene Implementation at the Workplace' (WASH). The pledge challenges companies to ensure access to safe water and sanitation, and appropriate facilities to ensure personal hygiene, to employees in all premises in their direct control, within three years of signing. The longer-term vision of the pledge is to advocate for access for all employees in the supply chain and ultimately employee homes and communities where employees live.

### SUPPLY CHAIN AND WATERSHED MANAGEMENT

Our direct operations account for only a small portion of our overall water footprint; the bulk of our water footprint is associated with the farming and manufacture of our products. Onwards to 2020 our goal is to significantly upscale the work we are doing in the supply chain to reduce water usage and manage wastewater in working towards our target to save 500 billion litres of water. We are also addressing the sustainability of the water-intensive commodities we consume through implementation of responsible sourcing strategies for key water intensive commodities such as cotton.

### FOODS SUPPLY CHAIN

In South Africa, we are engaging with 95% (259) of our primary produce suppliers and 87 secondary suppliers through their participation in our Farming for the Future programme (page 75).

Within this we continue to drive more efficient water usage. We measure water performance using a Water Footprint Index (WFI), taking into account 116 parameters. Participating farmers achieved a 12% improvement in WFI score last year, an indicator of enhanced water-use efficiencies and farmers converting to more sustainable farming practices.

### CLOTHING SUPPLY CHAIN

Although more complex and globalised in nature, our clothing suppliers are our next major focus. We are upskilling our internal buying and technical teams through basic and advanced water training, run through our internal Merchant Academy, intended to create necessary awareness around water risks in clothing production. We have also finalised our chemical detox strategy, in which we have committed to eliminate 11 key priority chemicals from our clothing supply chain in recognition of their harmful impacts on water resources if not properly managed. Woolworths' intent is to have these chemicals removed from production by 2020 using the Oeko-Tex® standard as the benchmark for ensuring compliance.

WHL group continues to expand clothing, homeware and general merchandise offerings which are made in an environmentally responsible manner. For example, the use of recycled fabric alternatives such as recycled polyester in Woolworths RE:cycled denim jeans, uses only around 35 litres of water compared to 90 litres used to manufacture a pair of 'normal wash' jeans. WHL has also committed to sourcing 100% sustainable cotton by 2020 and have been working closely with the South African Cotton Cluster to develop a local pipeline of Better Cotton in South Africa.

## supplier profile:

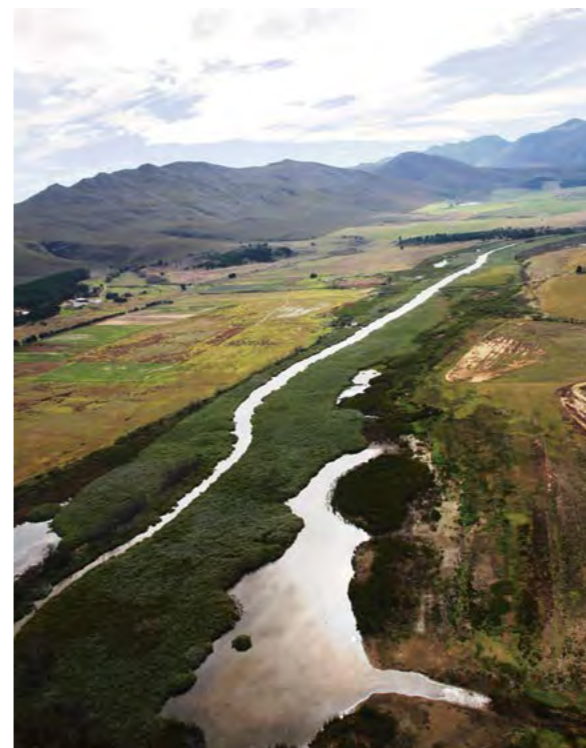
### ROTEX

*Rotex Fabrics, a Cape Town based business in operation since 1980s, is a manufacturer and supplier of knitted fabrics to design houses supplying Woolworths and other retailers. Rotex began their sustainability journey in 2009. Their new vision required drastic changes to their operations, for example: replacing their entire dye house and control system with the newest technology available. This allowed the business to optimise dyeing processes and reduce water consumption – and consequently reduce energy consumption, chemical requirement, and effluent generation. As a result, the water required per kilogram of fabric produced dropped from 120 litres to 36.4 litres.*

*In addition to improved technology and system optimisation, training, optimising machine loading and improving 'right first time' are also cited as strong contributors to these savings. Even with a devastating fire in October 2016, the facility is now being rebuilt, using these learnings, to result in even better water, energy, and waste performance. Given the water stress currently being experienced in Cape Town, these exemplary improvements are serving to improve resilience of the business against increasingly stringent water restrictions, now and in the future.*

## CATCHMENT REHABILITATION

Woolworths invests annually in WWF-SA's Water Balance project, which aims to protect some of South Africa's most important water source areas through removal of alien (invasive) vegetation that is estimated to capture up to 7% of South Africa's already scarce water resources. Through this initiative, clearing of 173 condensed hectares, spread over an area of over 440 hectares, has been completed, generating approximately 5 063 person days of work and resulting in an estimated 330 000 kilolitres of water being availed back into the catchment. Going forward, Woolworths and WWF-SA will support the clearing and maintenance of 23 hectares of another critically important watershed, contributing to two kilometres of cleared river frontage in the Riviersonderend catchment, to serve as a demonstration site for both landowners and potential funders.



Endangered 'Palmiet' wetland demonstration site – the site of Woolworths new clearing partnership (Image: WWF)

## COLLECTIVE ACTION

Woolworths' first water stewardship pilot began in 2013, when a partnership was formed between WWF-SA, the Alliance for Water Stewardship (AWS), and Marks and Spencer together with nine stone fruit farmers in the Western Cape of South Africa. In working through the AWS certification standard, participants first understood and put into place steps to reduce farm level risks, and then collectively identified catchment level risks. In the last year, the focus has been on bedding down catchment level work which has included the formation of a voluntary community 'water savers' initiative to address challenges related to litter and sanitation in the local community, and coordinating alien clearing in the upper reaches of the catchment to provide better assurance of water supply to downstream users. Funding from Woolworths has been used to appoint a local clearing coordinator. This has served to unlock significant additional funding from other donor agencies and contribute to further clearing efforts.



Witzenberg Water Savers teach school learners about water quality (Image: WWF)

*case study:*  
**UMGENI WATER STEWARDSHIP INITIATIVE**

*Following from the success of the first water stewardship pilot study in Ceres, Woolworths is in the process of initiating another water stewardship project in the uMgeni Catchment, in KwaZulu-Natal, South Africa. The catchment's water supply is significantly under pressure as a result of urban demand from two major cities, and also farming, forestry, and some industry. Woolworths has identified the dairy industry as a strategic entry point, and has been engaging with a major dairy supplier around the development of a collective action project, and hosted a multi-stakeholder workshop in November 2016 to kick-start the process. Woolworths also provided sponsorship to the Karkloof River Catchment to Confluence Walk in partnership with WWF-SA, Endangered Wildlife Trust, Groundtruth and others, aimed at sampling and documenting river health along a 64 km length of the river and also testing a new app, 'GeoODK', for recording river health data.*



*(Image: Scott Ramsay)*

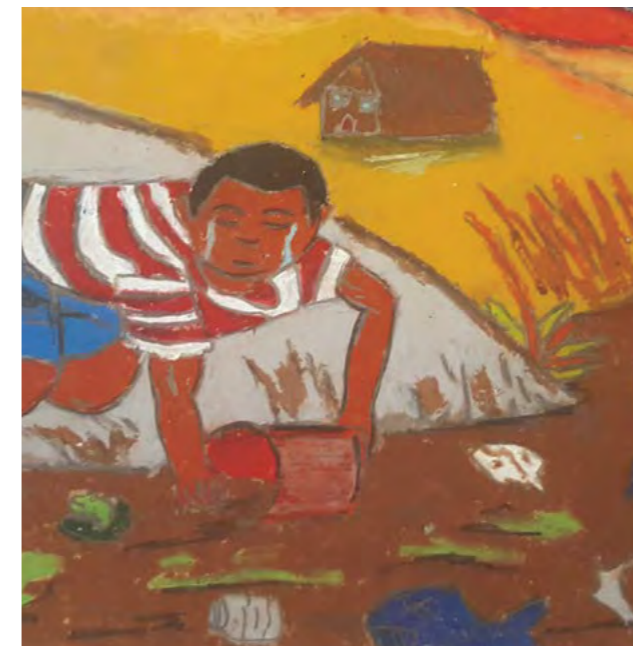
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## COMMUNITY ENGAGEMENT

Over the course of the last year we have seen significant uptick in concern about water from customers and communities as a result of the drought. We remain committed to water conservation – especially assisting to educate customers, school learners, and community groups around water conservation. In support of this, Woolworths also sponsored SmileFM Water Warriors and 'Waterless Wednesday' Campaign.

In support of National Water Week (20 – 26 March), Woolworths Making the Difference 'Thirsty for Action' competition provided primary and high school learners with the opportunity to win one of eight rainwater harvesting systems for their school by submitting a water saving poster. Ten thousand entries were received for this competition which was supported by water-themed class lessons in schools across the country for the month of March.

This year we collaborated with MySchool MyVillage MyPlanet in a 'swipe to give' drive throughout March and April to raise funds for much needed rainwater harvesting tanks for under-resourced schools in the drought stricken Western Cape of South Africa.



*One of the winning designs from this year's Thirsty For Action competition*

## TRANSPARENCY

We report transparently on our water management performance and material risks posed by water resources in our business through various voluntary reporting mechanisms. For the last six years, we have voluntarily reported our performance through the CDP Water disclosure, our annual sustainability report, and website.

## PUBLIC POLICY

We support clear and decisive policy on water strategy and implementation planning and maintenance to ensure preservation of South Africa's scarce water resources, and are committed to working in partnership with government, NGOs, and the private sector. We continue to engage through membership of the United Nations CEO Water Mandate and the NBI to advance sustainable water policies and management across the industry. Woolworths is a signatory to the 'We Mean Business' coalition, a global coalition who support the transition to a low carbon economy. Through this, we have committed to:

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

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**OVER THE COURSE OF THE LAST YEAR WE HAVE SEEN SIGNIFICANT UPTICK IN CONCERN ABOUT WATER FROM CUSTOMERS AND COMMUNITIES AS A RESULT OF THE DROUGHT**

# ENERGY AND CLIMATE CHANGE

### Our Strategy

*Transitioning into a low carbon economy has created unlimited opportunities for businesses to innovate. As climate change tightens its grip on the natural environment, deploying new strategies for this 'new normal' becomes a business imperative.*




Through our efforts, we continue to reduce our energy consumption, carbon emissions, and waste to landfill across our value chain. We are also working closely with our clothing and foods suppliers on innovative ways to ensure that going forward, our products are produced from factories that are efficiently using natural resources.

In Australia, the release of the Independent Review into the Future Security of the National Electricity Market and announcements by Federal and state governments have started to provide some greater certainty in respect of the transition to renewable energy and other low-carbon forms of electricity generation over time, but these policy settings will take some time to be formalised and then materialise into investment decisions.

We have made public commitments to align ourselves with global best practice by committing to setting targets that are in line with science. Working with relevant stakeholders in our supply chain will be important to meeting our targets.

### MAPPING OUR RISKS

KEY: ● Major ● Significant ● Moderate ● Not applicable

RISKS	SUB-ISSUES			
<b>Energy prices</b>	<ul style="list-style-type: none"> <li>Fluctuating commodity pricing affecting energy prices and high energy costs</li> </ul>	●	●	●
<b>Extreme weather events</b> Adopting to changing weather patterns and climate shocks	<ul style="list-style-type: none"> <li>Climate change mitigation and adaptation</li> <li>Climate change adaptation across supply chain</li> </ul>	●	●	●
<b>Climate Framework</b> Global and local climate policy	<ul style="list-style-type: none"> <li>Carbon tax, carbon budgets, and mandatory emissions reporting</li> <li>Constrained investment in renewable energy and other low-carbon generation due to uncertainty about government policy</li> </ul>	●	●	●
<b>Consumer use</b> Energy consumed in caring for products	<ul style="list-style-type: none"> <li>Caring for products</li> </ul>	●	●	●

Energy & Climate Change alignment with SDGs



## SNAPSHOT



# R494M

WORTH OF ELECTRICITY SAVED  
TO DATE THROUGH ENERGY  
EFFICIENCY INTERVENTIONS



**20% OF CRG'S OMNI-  
CHANNEL FULFILMENT  
CENTRE'S ENERGY FROM  
RENEWABLES**

**47% INCREASE  
IN RENEWABLE  
ENERGY GENERATION  
FROM 2015**



# 122



**STORES MEET OUR GREEN STORE STATUS**  
AS PER OUR RATING MODEL BASED ON SUSTAINABILITY FEATURES



**42% RELATIVE REDUCTION IN ENERGY  
ACHIEVED FROM 2004 BENCHMARK IN  
WOOLWORTHS STORES**



## ENERGY USAGE

We have put in place a coordinated energy programme that addresses all aspects of energy and climate change across our direct and indirect operations. Having real-time visibility of energy use across our direct operations is one investment that we have been actively driving. Currently, we are able to monitor over 97% of our facilities in South Africa using Metering Online, a programme used to assist us in detecting areas that require attention with regards to energy efficiency.

Woolworths' electricity consumption for 2016 (January – December), verified as part of our carbon footprint verification, was 377 705 745 kWh (2015: 361 065 568 kWh, restated to account for previously undetected metering inaccuracies). This only includes South African and African stores, corporate buildings and distribution centres. Our overall usage has increased due to an increase in actual footprint of stores and also increased accuracy in our reporting. Our relative energy

usage for trading stores was 376 kWh/m<sup>2</sup> for this year based on gross lettable area compared to 369 kWh/m<sup>2</sup> in the previous year. This figure is the measure of our energy efficiency at stores level – the average electricity used will continue to increase as we expand, but due to increased efficiency measures, the average used per square metre should decrease as we improve efficiency.

David Jones has achieved a 38% relative reduction in energy achieved from a 2005 benchmark in David Jones' stores. It is as a result of having enhanced its monitoring capability by leveraging existing metering infrastructure in all David Jones' stores to develop an Energy Management Centre (EMC). One of the key features of the EMC is the ability to monitor energy usage in real time, to track the environmental and financial impact of electricity that is consumed outside of the business rules David Jones has established for energy consumption.

## case study:

### COUNTRY ROAD GROUP'S ENERGY EFFICIENCY DASHBOARD LIGHTS UP

*In 2016, Country Road Group partnered with Cherry Energy Solutions to trial energy-smart metres in an initial 20 stores located in Melbourne and Sydney. Following the success of this trial, energy monitoring was rolled out to a further 30 stores across Australia in 2017. The business now monitors energy usage at a total of 50 stores, as well as at the head office and Omni-channel Fulfilment Centre in Melbourne, via an online portal.*

*Not only is Country Road Group now able to effectively measure and monitor energy consumption on a real-time basis, but the data is instrumental in identifying opportunities for reducing energy consumption and carbon footprint. Some of the initiatives CRG has been working on include:*

- *Using the data to investigate and resolve site-specific issues. For example, cases where the dashboard has indicated a spike in energy usage as a result of equipment being left on overnight*

- *Understanding the benefits of LED lighting, and the opportunity this offers the business in reducing energy consumption and costs. In the case of Country Road South Yarra, we were able to track energy consumption before and after retrofitting the ground floor with LED lighting. The retrofit resulted in an energy reduction of around 30%*

- *Working with the Store Design team to identify ways to reduce consumption in current and future sites. For example, developing a green store design concept that can be replicated across all brands*

*CRG has also developed an energy efficiency dashboard to create further awareness among employees around the need to reduce energy usage and costs to the business. The dashboard is easily accessible on the intranet homepage and tracks total power usage, costs, carbon emissions, and solar generated, comparing this week's performance to last week's, as well as providing a list of the most energy-efficient stores.*



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## GREEN BUILDING INNOVATION

Our approach to green buildings has primarily focused on implementing our own certification programme developed by our real estate team. In South Africa, this certification involves rating and classifying our buildings into three categories (Platinum, Gold and Silver) in accordance with the green design features they possess. These features not only enable us to ensure that our store facilities run efficiently, they also help to identify stores that need improvement. 122 stores have been assessed and rated to date.

In Australia, David Jones and Country Road Group have both been first-to-market with respective Green Star rated projects. In 2015, Country Road Group's Omni-channel Fulfilment Centre was the first facility in Victoria to receive a 'Five Star Green Star – Industrial As Built v1' rating from the Green Building Council of Australia (GBCA); and in 2017 David Jones' new store at Barangaroo was submitted for assessment as Australia's first Green Star rated department store, using the GBCA's Interiors assessment tool.

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### case study: INDUSTRY FIRST - WHL GREEN STAR RATING

*In an industry first for South Africa and Australia, two of our buildings received Green Star ratings: the Woolworths Palmyra store in Cape Town and the David Jones store in the Barangaroo precinct in Sydney.*

*The Palmyra store became the first retail outlet to achieve a 5-star rating certified by the Green Building Council South Africa (GBCSA), using the Green Star SA – Existing Building Performance Custom Tenant rating tool.*

*Palmyra Junction, a Foodmarket built in 2010 as Woolworths' greenest store at the time, became an important blueprint, and we use it as a model in our on-going efforts to develop greener retail environments across the Group.*

*Its rating recognises the design and construction features such as automated doors to help maintain the interior temperature, natural ventilation, and reclaimed heat from the store's refrigeration system and heat pumps used for under-floor heating. The store is also equipped with a CO<sub>2</sub> refrigeration system, skylights for maximum use of natural light, with fully automated lighting which adjusts to light conditions in the store. LED lights are used for bulkheads, external signage and internal spot lights. The store is also monitored continuously using Woolworths' online metering system to constantly monitor the amount of electricity and water being used. An automated load control system ensures that optimal use of energy is achieved and the store also has a system for using harvested rainwater for its toilets.*

*David Jones opened its first small-format store, in October 2016, in Sydney's iconic Barangaroo precinct, Australia's largest urban regeneration project since the 2000 Olympic Games. The vision for the Barangaroo precinct is to bring together the best in sustainable technologies and practices into a world-class commercial hub for the benefit of the community, today and into the future. David Jones is an equal partner in bringing that vision to life, having agreed to support the landlord's vision for Barangaroo, which is to become carbon neutral and water positive, create zero waste and contribute to community wellbeing.*

*In meeting this commitment, David Jones has incorporated sustainable building elements into the fit-out for its Barangaroo store, including energy efficient lighting and equipment, water efficient fixtures and fittings, and environmentally sensitive building materials. David Jones Barangaroo was the Company's first store to offer paper bags and compostable food packaging to its customers, and was also the first David Jones store to have a robust process to ensure food waste is diverted from landfill to facilities that generate green energy.*

*David Jones Barangaroo has recently been submitted for a Five Star Green Star (Interiors) rating by the Green Building Council of Australia (GBCA) for excellence in sustainable design.*

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## CLEAN ENERGY

During the course of 2016 a total of 839 423 kWh of renewable (solar) energy was generated across WHL operations, representing a 47% increase from 2015.

In South Africa, 56% of the 502 455 kWh of energy generated was from the Midrand DC's solar power in its first year of operation.

In Australia, 20% of the CRG OFC's energy is now powered by renewable energy and 100% of DJ's Barangaroo store.

## CARBON FOOTPRINT

WHL's greenhouse gas (GHG) emissions were calculated for the period 1 January 2016 to 31 December 2016 with a focus on the company's South African and international operations - independently verified by Global Carbon Exchange (GCX). David Jones continues to report in accordance with the National Greenhouse and Energy Reporting Act (NGERA) of Australia.

The verification statement (available on the WHL website) was carried out in accordance with ISO 14064 Part 3 'Specification with guidance for the validation and verification of greenhouse gas assertions'. Guidelines from the GHG Protocol Corporate Standard ([www.ghgprotocol.org](http://www.ghgprotocol.org)) were also followed during the verification process.

### REPORTING BOUNDARY

WHL has stores and corporate buildings in the following countries:

- Woolworths: Namibia, Botswana, Ghana, Kenya, Zambia, Mozambique, Tanzania, Uganda, Swaziland, Lesotho, South Africa, and Mauritius
- Country Road Group: Australia and New Zealand
- David Jones: Australia and New Zealand

The boundary excludes activities where data is currently not available (see verification statement online) – this data is deemed not materially relevant but where relevant, systems are being put in place to ensure we are able to account for this data.

### KEY FINDINGS

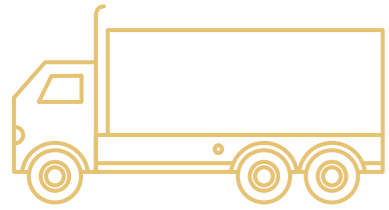
Following verification by GCX, the WHL total Scope 1 and 2 GHG emissions increased by 1.48% (2016: 0.76%) and decreased by 0.77% (2016: 0.38%) with Scope 3 included. This brings WHL's progress against the target to reduce emissions by 50% in 2020 from our 2014 baseline to 42%.

This is a result of:

- Organic business growth from store expansion coupled with increased operational efficiency
- Inclusion of more facilities for the carbon footprint as data. For Woolworths, almost all stores now have Metering Online
- Country Road Group and David Jones reported detailed flight data under Scope 3 for business travel for the first time this year
- Online metering is now available at 50 Country Road Group stores, head office, and Omni-Channel Fulfilment Centre
- During the verification, it was found that the non-trading gross lettable area for Woolworths facilities had been under reported since 2007, meaning that our overall efficiency has been understated as a result
- Our renewable energy projects continue to have a positive impact on our overall energy footprint across the Group
- The Carbon footprint is depicted overleaf

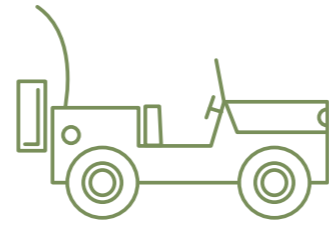
WHL 2016 CARBON FOOTPRINT

SCOPE 1\*



MOBILE FUEL

**2 098** tCO<sub>2</sub>e  
(2015: 1 762 tCO<sub>2</sub>e)



STATIONARY FUEL

**2 437** tCO<sub>2</sub>e  
(2015: 2 816 tCO<sub>2</sub>e)



AIR-CONDITIONING  
AND REFRIGERANT GASES

**47 364** tCO<sub>2</sub>e  
(2015: 37 698 tCO<sub>2</sub>e)

SCOPE 2\*\*

PURCHASED ELECTRICITY

**466 896** tCO<sub>2</sub>e  
(2015: 442 673 tCO<sub>2</sub>e)



ELECTRICITY FROM RENEWABLE SOURCES

**839 423** kWh  
(2015: 442 935 kWh)

SCOPE 3\*\*\*

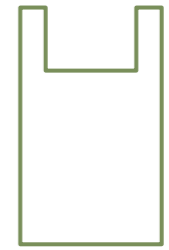
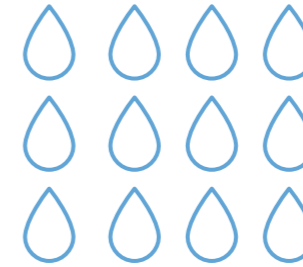


BUSINESS TRAVEL  
(CAR RENTAL, AIRLINES  
AND BED NIGHTS)

**13 647** tCO<sub>2</sub>e  
(2015: 13 215 tCO<sub>2</sub>e)

MUNICIPAL WATER

**1 198** tCO<sub>2</sub>e  
(2015: 597 tCO<sub>2</sub>e)



PLASTIC BAGS SOLD

**3 836** tCO<sub>2</sub>e  
(2015: 3 599 tCO<sub>2</sub>e)



FUEL AND ENERGY RELATED  
ACTIVITIES  
(TRANSMISSION AND  
DISTRIBUTION LOSSES)

**41 847** tCO<sub>2</sub>e  
(2015: 39 434 tCO<sub>2</sub>e)



OFFICE PAPER

**242** tCO<sub>2</sub>e  
(2015: 330 tCO<sub>2</sub>e)



CARDBOARD  
PACKAGING

**11 206** tCO<sub>2</sub>e  
(2015: 8 879 tCO<sub>2</sub>e)



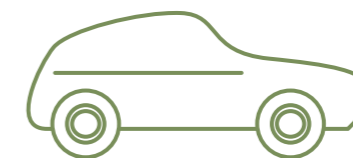
CONTRACTED SOLID  
WASTE DISPOSAL

**2 785** tCO<sub>2</sub>e  
(2015: 2 590 tCO<sub>2</sub>e)



EMPLOYEE  
COMMUTING

**21 997** tCO<sub>2</sub>e  
(2015: 20 877 tCO<sub>2</sub>e)



THIRD-PARTY  
DISTRIBUTION (IMPERIAL)

**44 929** tCO<sub>2</sub>e  
(2015: 40 022 tCO<sub>2</sub>e)

\* Emissions from sources owned and controlled by WHL (generators, refrigeration and air-conditioning units).  
\*\* Emissions associated with the generation or consumption of electricity.

\*\*\* Emissions from sources not directly owned by WHL, but relevant, excluding electricity.

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## SUSTAINABLE TRANSPORT STRATEGY - IMPERIAL PARTNERSHIP

The partnership with Imperial Logistics in transporting our products continues to offer Woolworths a sustainable solution for logistics. This is achieved through the initiatives that Imperial Logistics embark on to ensure that their logistics operations are as sustainable as possible. Initiatives range from vehicle tracking systems and driver training for efficient and safe driving, as well as technology to ensure the fleet poses as little impact to the environment as possible. As a partner, Woolworths is in an opportune position to be a part of some of the initiatives trialled or implemented by Imperial Logistics. Some of the initiatives that will assist us in improving our logistics carbon footprint are:

### • ROUTE OPTIMISATION

A vertically integrated transport system (inbound/outbound from suppliers) assisted by a logistics integration centre to house advanced logistics planning and also support more transparent reporting. This ensures full visibility of our operations as well as optimisation of routes from suppliers to stores for more sustainable transportation of products.

### • FLEETBOARD

A telematics supporter, internet-based vehicle management system that provides real-time information on the operational performance of individual vehicles, fuel levels and consumption via a network.

### • TRANSFRIG – CRYOFRIDGE

This fridge uses liquid nitrogen as a coolant, it is completely emission free and silent. CryoFridge is a closed loop system, where the air inside the trailer is distributed over pipes which are filled with liquid nitrogen gas, cooling the air. This fridge is

operated using solar panels mounted on the trailer to power the batteries and internal load body lights. A broader roll-out of this technology is at planning phase currently as a result of a successful trial on one of the fleets at our distribution centre.

### • MIX TELEMATICS

MiX Telematics is a global provider of fleet management, driver safety and vehicle tracking solutions. The Imperial Group has standardised with MiX Telematics technology to ensure that the entire fleet has MiXVision (in-cab cameras), MiXVoice (communication) and MiXTracking.

### • OPTALERT EAGLE

This technology offers early-warning drowsiness alerts, the evolution of scientifically proven technology suitable for harsh and humid environments. Operators are measured in real-time so they have an accurate reading of their alertness levels at all times.

## CLIMATE FRAMEWORK AND STAKEHOLDER ENGAGEMENT

Our progress in meeting the goals we have set would not be possible without the guidance of global policies that advocate for collective effort. Our energy management commitments have also taken a holistic approach to enable meaningful contribution from our stakeholders, customers, and employees.

### LEGISLATIVE REQUIREMENTS

Government departments are crucial in assessing and discussing regulatory risks associated with climate change and, in turn, assisting us in finding ways and partnerships to mitigate where required. We are also able to provide input on policy formation through these engagements.

### COLLECTIVE ACTION

Woolworths has been a member of the National Energy Efficiency Leadership Network (EELN) since 2006 and is working

towards achieving the National Energy Efficiency Strategy targets as part of the EELN.

We also have a formal and broad-based sustainability partnership with WWF-SA to drive greater sustainability through selected Woolworths products and operations. Through this partnership, we have agreed to collaborate around a proactive response to addressing climate risk in the supply chain.

Our engagement with the National Business Initiative allows us to partner and contribute to collective engagement with other corporates on issues regarding climate, energy, and water in South Africa and how businesses can actively respond to these challenges.

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## CLIMATE FRAMEWORK AND STAKEHOLDER ENGAGEMENT (CONTINUED)

### CUSTOMER ENGAGEMENT

We communicate with customers on our energy management initiatives and how they can contribute towards them through a suite of platforms. We also guide customers on textiles care using a wash care label on our textiles that encourage washing at 30°C.

### EMPLOYEE ENGAGEMENT

Across our corporate buildings, we ensure visibility of our energy savings focus through strategic communications, including plasma screens. We conduct training workshops for our store employees through the GBJ Champ programme and continue to distribute energy and water packs to all stores containing a DVD, stickers and a poster guiding our Champs on how to implement water and energy saving initiatives in their stores.

In Australia, increased investment in energy monitoring and reporting also supports engagement with store management teams, helping to reduce the financial and environmental impact of unnecessary energy usage.

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## TRANSPARENCY

Woolworths is committed to improving disclosure about the financial and material risks posed by energy resources and our own usage reduction strategies. We voluntarily report WHL's performance through the CDP Climate Change programme. We also respond to the Dow Jones Sustainability Index and FTSE/JSE Responsible Investment Index. David Jones also reports under the National Greenhouse and Energy Reporting Act (2007) (NGER), a mandatory federal legislation in Australia that establishes a national framework for the reporting of greenhouse gas emissions and energy consumption.

We have also made a commitment via the 'We Mean Business' call-to-action to set science-based targets for emissions reduction.

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### case study:

## WOOLIES POTTED FLOWER SUPPLIER INVESTS R25 MILLION IN HARVESTING SUNSHINE

*LVG Plants is a family business and the largest indoor plant supplier in southern Africa trading for almost 30 years. LVG supplies Woolworths with a wide range of potted plants including orchids, roses, anthurium, cyclamen arum and oriental lilies, and poinsettias. In 2016, LVG made an investment of R25 million towards the installation of the largest solar water heating facility in the southern hemisphere. Covering just over a hectare, the solar collector field installation aims to harvest solar energy to heat a 2.1 million litre heat storage tank from which hot water is transported via a network of pipes into eight climate-controlled*

*greenhouses spanning 100 000 m<sup>2</sup> where they grow delicate potted flowers such as orchids. In the harsh, variable African climate, the production of many of these indoor plants would not be possible without maintaining a constant greenhouse temperature of 28°C.*

*About 80% of LVG Plants' greenhouse heating will now be powered through their solar collector field. Apart from greatly reducing their carbon footprint, LVG will also reap significant energy cost-savings and they expect their investment in the solar infrastructure to break even within five years.*



# WASTE




### Our Strategy

The disposal of waste to landfill is a global developmental pressure, which is resulting in significant environmental, social, and economic costs. There has been growing pressure for companies to innovate towards circular economy models to address resource wastage and maximise efficiency. In addition, an estimated 1.3 billion tonnes of food produced worldwide (around a third of all food) and the resources used to produce it are going to waste each year. Given the context of hunger and poverty, particularly in Southern Africa, there is an imperative to reduce food waste across value chains.

With this in mind, it has become increasingly important for us to ensure the responsible production and consumption of our products and packaging. Customers continue to give us lots of feedback in terms of their expectations around packaging and the use of plastic. This not only puts pressure on us as a retailer on a sustainability journey, but also creates an opportunity for developing more innovative, closed-loop solutions.

### MAPPING OUR RISKS

KEY: ● Major ● Significant ● Moderate ● Not applicable

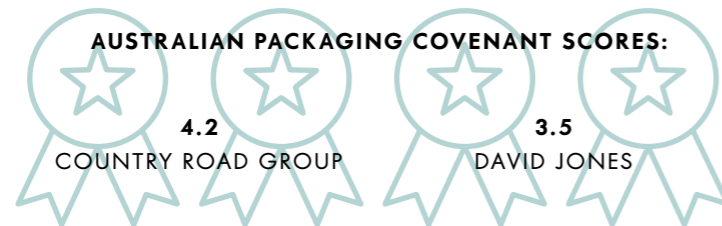
RISKS	SUB-ISSUES			
<b>Waste generation</b> Many cities running out of landfill space – solutions will come with increased cost Increasing consumer activism regarding packaging and plastic bags	<ul style="list-style-type: none"> <li>• Packaging</li> <li>• Plastic bags</li> <li>• Packaging legislation (tax)</li> </ul>	●	●	●
<b>Food waste</b> Poverty and food security concerns	<ul style="list-style-type: none"> <li>• Product labelling</li> <li>• Food donations</li> </ul>	●	●	●
<b>Waste disposal</b> Enabling the increased development of recycling markets and collaborations around waste management	<ul style="list-style-type: none"> <li>• Recycling</li> <li>• Product labelling</li> </ul>	●	●	●
<b>Natural resource consumption</b> Environmental and economic cost of using virgin and non-renewable materials	<ul style="list-style-type: none"> <li>• Product light-weighting</li> <li>• Sustainable materials</li> </ul>	●	●	●

### Waste alignment with SDGs



## SNAPSHOT

**DAVID JONES CONDUCTED SUSTAINABLE DESIGN REVIEWS ON 85 PRIVATE LABEL PACKAGING CONCEPTS REPRESENTING 1 267 DIFFERENT PRODUCT LINES**



**FOOD PACKAGING COMPLAINTS ARE ONE OF THREE MOST OFTEN RAISED ISSUES BY CUSTOMERS**

**100% OF WOOLWORTHS BRANDED BEAUTY PRODUCTS ARE FREE OF PLASTIC MICROBEADS**



## WASTE GENERATION

Within our own operations, we are working towards achieving zero operational waste to landfill. As a result of this, we conducted a waste audit to understand our entire waste management processes in order to streamline our strategy across our direct operations. We still face challenges in that many waste materials are not currently recyclable in South Africa as a result of the available scale and infrastructure. However, despite this, we sent 20% (FY2016: 9%) of waste generated at our head office to landfill, and 3.5% (FY2016: 5%) overall from distribution centres during the course of FY2017. A new process is being instituted at head office to reduce contamination of recycling.

In Australia, David Jones and Country Road Group have recently appointed two national service providers, one for waste collection and one for recycling. David Jones has already reduced its waste to landfill by 52% since 2006, and conducted an independent waste audit in early 2017 to identify future opportunities to divert end-of-life office-furniture and equipment, paper, and stationery away from landfill.



**WE ARE CURRENTLY ACHIEVING A RECYCLING RATE OF 96.5% AT OUR DISTRIBUTION CENTRES**

## PACKAGING

Through using recycled material in our packaging, Woolworths is dedicated to reducing virgin raw materials consumption from our operations. We also support the growth of the green economy through waste recycling initiatives and making it possible for customers to recycle more easily.

Packaging reduction is an important environmental factor we are trying to address, but it needs to be balanced. We see it necessary to make sure that our products continue to stay protected; in the case of food we want it to remain safe and hygienic. It is also essential to extend shelf-life for as long as possible so that food waste is not created. To us, this means using packaging responsibly. While we recognise there are challenges, particularly in the South African context, our packaging policy aims to achieve the following:

- Using the lightest weight of materials to do the job
- Purchasing packaging materials from certified, renewable sources wherever possible
- Encouraging the use of packaging materials which contain recycled content to help create a market for consumer waste and help build a recycling economy
- Designing packaging holistically with the product in mind in order to optimise overall environmental performance and considering the opportunities for recycling at the end of its life
- Working with various industry bodies to encourage the development of recycling facilities to make recycling even easier
- Printing clear, simple labels on all our packaging to help customers identify the packaging material used and know if it can be recycled
- Taking advice from leading experts and listening to our customers to ensure we deliver our goal of responsible packaging
- Understanding more about the impact packaging can have on climate change and using this to help inform our decision making

Our Good Business Journey targets place emphasis on achieving packaging improvements every year. This includes lightweighting, substituting virgin material with recycled material or plant-based by-product material, designing for local recyclability, and supplying customers with clearer disposal instructions. We are also committed to ensuring that where renewable materials are used, these are sourced from well managed forests and other controlled sources (e.g. paper and board with certified chain-of-custody) certified by the Forest Stewardship Council (FSC™).

Customer feedback around over-packaging and the non-recyclability of certain types of packaging continues to increase. We continue to engage with customers and other stakeholders around this issue, balancing the role that packaging plays, as well as working with suppliers, other retailers and the recycling sector to develop collaborative solutions.

### AUSTRALIAN PACKAGING COVENANT ORGANISATION

The Australian Packaging Covenant Organisation (APCO) is a federal government initiative focused on reducing the amount of used packaging that reaches landfill. Signatory responsibilities include the submission and execution of a packaging and waste action plan. The APCO provides a rating based on previous year's performance. For the most recent rating period, Country Road Group achieved a rating of 4.2 out of 5 (FY2016: 4) and David Jones' rating remains stable at 3.5. Both Country Road Group and David Jones are rated above the industry average.

David Jones has also committed to developing sustainable packaging solutions with private label suppliers and collaborating with like-minded branded suppliers who are also seeking to improve packaging design.

Through FY2017, David Jones conducted 85 reviews of private label packaging against David Jones Guiding Principles for Sustainable Packaging in order to reduce the lifecycle impact of packaging, minimise resource depletion and improve the recyclability of packaging. All buying teams were engaged with across 1 276 different product lines.



### case study: ECO-DOWN OUTERWEAR

Trenergy has been proactive in improving traceability and sourcing more sustainable materials for our apparel and accessories. This focus has included launching a capsule range of weekend ready outerwear quilted with Thermore® Ecodown®. Using fibres made entirely from recycled polyethene terephthalate (rPET) (plastic water bottles), Ecodown® is an alternative to down which is soft and durable, bringing superior warmth to jackets and anoraks.

## GREEN MILK BOTTLE

The launch of our 'green' milk bottles containing 30% plant-based substrate made from sugarcane waste in late 2016 was a significant milestone for Woolworths packaging. The renewable polymer replaces typical oil-based plastics and is 100% recyclable in South Africa. This builds on Woolworths' commitment to look at alternative ways to develop products and packaging. Woolworths was the first retailer in SA to offer packaging made out of recycled polyethylene terephthalate (rPET) plastic bottles, and has since incorporated rPET into numerous other products including jeans, t-shirts, duvet and pillow inners, as well as reusable bags. It is estimated that 8.5 million plastic bottles are diverted from landfill each year through this process.

## WOOLWORTHS BEAUTY MICROBEAD COMMITMENT

In late 2016, Woolworths reached a significant beauty milestone and became the first retailer in South Africa to eliminate plastic microbeads (used as exfoliants) from all private label beauty and personal care products, making it easier for consumers to avoid being part of an environmental problem that is causing worldwide concern in terms of ocean plastic waste. These have been replaced with natural and biodegradable alternatives such as jojoba oil beads, apricot kernels and synthetic wax beads.



## CUSTOMER FEEDBACK AROUND OVER-PACKAGING AND THE NON-RECYCLABILITY OF CERTAIN TYPES OF PACKAGING CONTINUES TO INCREASE

## FOOD WASTE

Food loss and waste refers to food that was intended for human consumption but gets lost or wasted before it reaches people's plates. This amounts to billions of dollars' worth of loss annually with \$4 billion attributed to sub-Saharan Africa. With one in four people going hungry in this region, it is critical to ensure that we address the wastage that happens at food production, transit, and retail. Through various means such as excellent temperature control in our logistics chain and stores, as well as clear on-pack information pertaining to 'Sell By', 'Best Before' and 'Use By' dates, we try to minimise this waste as far as possible. As an on-going initiative, Woolworths SA donates surplus food which would otherwise go to landfill from our stores to local charities. This is food that has gone past its 'Sell By' date but not over its 'Use By' date. In FY2017, we donated food to the value of R556 million (FY2016: R485 million).

In Australia, David Jones has focused its efforts on minimising the amount of food waste generated by the business, but does also have relationships with local charity partners who accept donations of surplus food. Additional research to divert food waste from landfill is underway, with life trials of on-site organic waste processing planned for the year ahead.

Further focus is now being applied to waste across our entire value chain in the growing, making, and manufacturing of our products as well as in our customers' homes, and forms one of our key partnership objectives with WWF-SA. To date we have completed a food waste scoping study to understand the extent to which food waste is occurring across the value chain. Aiming to identify waste hotspots and means of reducing food and packaging waste delivered to landfill, the study found that, among other areas, significant volumes of waste are generated in the post-harvest phase of produce processing.

A second phase of the research zoned in on tracking food loss and waste through the supply chain – a pilot testing of the WRI Food Loss and Waste Accounting and Reporting Standard (FLW Standard). We continue to implement the findings of this study across our supply chain to ensure that the identified hotspots for food loss are addressed.

## GENTLY WORN CLOTHING

### THE CLOTHING BANK

The Clothing Bank has not only created an outlet for our surplus clothing, but it remains one of our flagship partnerships. Woolworths donates surplus clothing as well as employees' and customers' pre-owned clothing to The Clothing Bank. The Clothing Bank aims to empower unemployed women and men from disadvantaged areas in South Africa through a programme of life skills and financial and career development to start sustainable clothing micro-businesses. This successful programme is currently being replicated across South Africa and now has outlets in Cape Town, Johannesburg, Paarl, Durban, Hermanus, and East London. This helps not only to create much-needed employment, but also divert surplus textiles from landfill. Due to the success of their business model, they have recently introduced a stream to fix and re-sell appliances that are donated by other retailers.

The programme was launched in 2010 as an enterprise development programme through R1.5 million start-up capital from Woolworths. The Clothing Bank has trained over 1 900 women. In the past 12 months, they have cumulatively generated profits worth R31 million, and R72 million since inception.

In the last 12 months, Woolworths contributed 600 000 garments to the value of R44.7 million.

We currently have clothing recycling units in 30 selected stores for customers to support The Clothing Bank, and will assess the level of customer support before looking at further roll-outs.

### FASHION TRADE

Since 2010, Country Road has partnered with the Australian Red Cross and New Zealand Red Cross on Fashion Trade, a clothing exchange programme that rewards customers with a A\$10 voucher for donating pre-owned Country Road clothing to the Red Cross, and thereby saving clothing from going to landfill. During the past year over 42 000 (FY2016: 60 000) items of clothing and accessories were donated to the Red Cross and saved from landfill. Of these, 31% was donated by customers, and 69% was donated by Country Road Group.

### THE SMITH FAMILY

David Jones works with The Smith Family on a clothing donations programme of Woolworths private label product. This programme has generated A\$850 000 to date in proceeds to support educational outcomes for Australian children from disadvantaged backgrounds.

## CUSTOMER RECYCLING

Woolworths committed to introducing a nationwide programme supporting the recycling of customers' waste by providing recycling facilities at selected Woolworths stores and schools. Due to collection challenges and concerns from Engen dealers, we have had to withdraw recycling bins from a number of Engen sites and reallocated these to schools in collaboration with the Wildlands Conservation Trust, to be distributed among schools in KwaZulu-Natal and Gauteng.

As part of our MySchool programme, we also have recycling facilities at 30 schools in the Western Cape, and are looking to roll these out at selected schools in other areas of the country. The relatively low oil price at present is putting major financial pressure on the recycling industry, and we continue to look for new partners and ways of working in this area.

### case study: WASTEBUSTER VIRTUOUS CIRCLE

*Together with a number of partners including DuPont, Wildlands, FutureLife, Amcor, Wastebuster, and RWPA, Woolworths has been involved in a very exciting project called the Virtuous Circle. The project has three pillars:*

- *Feeding: Providing schoolchildren in South Africa with meals, packed in plastic pouches, designed to provide optimum nutrition at the start of the school day while simultaneously minimising food waste*
- *Recycling: Recycling the waste packaging pouches into school desks using ground-breaking new technology*
- *Education: Educating the school children about the importance of recycling*

*Five hundred 'green' twin school desks have so far been built, two hundred of which were sponsored by Woolworths. It's a great example of a circular economy in action. The full report is at <http://thevirtuouscircle.co.za>*



## STORE OPERATIONS

In our stores we are continually discovering ways to reduce and recycle waste. This comprises using recycled plastic in the lugs used to transport products to and from stores, and recycling all transit packaging used to protect clothes during transportation. Our hangers are made of recycled material, as are our store signage, shopping baskets, and trolleys. Through our partnership with Hangerman we have recycled nearly 362 million hangers since the project's inception. We also work with a number of partners on international coastal clean-up campaigns.

### PLASTIC AND REUSABLE BAGS

The use of plastic bags at till points has long been a concern for us, as well as for many of our customers and the government. It is for this reason that a plastic bag levy was introduced by the South African government in 2003. While it has not been feasible to eliminate the sale of plastic bags at till points, we have taken a number of steps in order to reduce the impact of single-use plastic bags throughout our operations, firstly, encouraging customers to buy and reuse one of our cause-related polypropylene or recycled plastic reusable shopper totes, and secondly, promoting the use of recycled content within our single-use plastic bags.

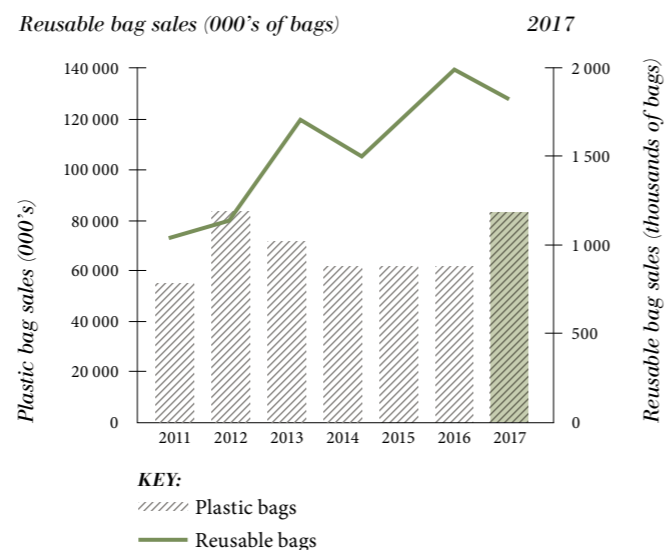
Our plastic food carriers contain a minimum of 75% post consumer and manufacturing waste, while the shopping bags used for clothing and general merchandise contain 55% recycled material. We have also re-designed our bags to reduce the amount of raw material required to manufacture a single bag.

Plastic bag usage has decreased marginally with 0.83 bags used per transaction compared to 0.88 last year. We have some work to do in continuing to encourage customers to opt for reusable bags and in incentivising behaviour change. Reusable bag sales remained fairly stable with 1.85 million bags (FY2016: 1.89 million) sold in FY2017.

Our ranges of the colourful fabric bags are made using 85% post-consumer PET waste. Woolworths has used 1 332 tonnes of fibre to date made from recycled PET bottles to make the fabric bags. This translates to approximately 14.8 million bottles diverted from landfill, which saved approximately 4 164m<sup>2</sup> of landfill space.

During the year Country Road offered customers in Australia a reusable cloth bag as an alternative to plastic carrier bags – of which 1 665 (FY2016: 2 617) units were sold in FY2017.

David Jones research shows that the use of plastic bags is the greatest environmental concern for customers. As a result a strategic carry bag programme review was conducted in FY2017. This review has been informed by the successful trial of paper bags provided to all customers over the Christmas sales period, and the launch of paper bags into David Jones' new stores at Barangaroo and Wellington. The business will continue to monitor community sentiment and market developments as it builds a business case for meeting its target of reducing plastic bag usage by 50% by 2020.



### case study: EGGYPLAY EGG BOXES

*In January 2017, Woolworths launched a new range of free range whole eggs in 'EggyPlay' egg boxes. The boxes, made from recycled plastic, were intended to be a playful take on a 'lego block' to be reused or used as a toy following purchase. Shortly after product launch, Woolworths began to receive a large number of customer complaints via social media and other channels, criticising Woolworths for the environmental irresponsibility of selling plastic egg containers. Even though these containers were 100% recyclable, and intended for reuse, Woolworths took the overwhelmingly negative feedback from customers to heart and removed the product from shelves shortly thereafter. Although this was commercially very costly to our business we do believe it's a positive example of how our customers and wider stakeholders can influence our business and provide invaluable learnings to us on our journey to becoming a better business.*



## I.T. PRODUCTS AND CONSUMABLES

We continue to drive reductions in printer consumables such as paper and ink. In partnership with Lexmark, we recycle all waste printer cartridges in our stores. In the last year, we diverted 8 050kg (FY2016: 5 300kg) of cartridges from landfill as a result of our ongoing collection initiative. The proceeds generated from the recycling initiative are donated to the charity 'Cotlands', which supports learning and development for vulnerable children in poor communities from birth to six years old.

### E-STATEMENTS

Over the last few years, Woolworths Financial Services has been driving significant printing deductions through the implementation of electronic statements. We continue to see an increase in uptake as customers switch from traditional paper statements to e-statements, and today 68.3% of customers have made the switch, up from 64% in previous years.

**THROUGH SELLING REUSABLE BAGS, WE SUPPORT 140 JOBS AND SKILLS DEVELOPMENT AT WOOLWORTHS' TWO MAIN REUSABLE BAG SUPPLIERS, ISIKHWAMA, BASED IN CAPE TOWN, AND GUSCO, BASED IN UTTEHAGE**



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# KEY SUSTAINABILITY INDICATORS

	INDICATOR	2017	2016	2015	2014	2013	2012	2011	PROGRESS	2017 TARGETS
	Revenue	R69.5bn	R66.9bn	R58.1bn	R39.9bn	R35.4bn	R28.8bn	R25.8bn	▲	-
	Return on equity (ROE)	20.8%	25.6%	26.3%	46.7%	49.7%	47.1%	44.1%	▼	-
	Adjusted Headline Earnings per Share (aHEPS)	420	456.6	419.4	365.2	340.4	267.3	214.9	▼	-
	Share price appreciation	-2 074	604	2 092	1 228	1 402	2 129	567	▼	-
	Customer tracking study regarding Good Business Journey elements	39%	37%	35%	35%	26%	26%	29%	▲	38%
	Inclusion in FTSE/JSE Responsible Investment Index	✓	✓	✓	✓	✓	Top performer	Top performer	▶	✓
	Inclusion in Dow Jones index	✓	✓	✓	✓	✓	✓	✓	▶	✓
	Good Business Journey index overall score (new targets from 2012 to 2015)	81%	86%	87%	91%	90%	85%	86%	▼	80%
	Estimated GBJ savings (Woolworths)	R945m	R743m	R567m	R269m	R189m	R105m	R80m	▲	R900m
	Number of permanent employees (Woolworths only prior to 2016)	44 520	43 141	28 344	25 598	23 538	22 462	20 433	▲	-
	Training spend (Woolworths)	R116m	R117.7m	R131.4m	R110.2m	R99.8m	R75.1m	R58.2m	▼	-
	BEE score (Woolworths)	6 (2016 verification)	Level 7	Level 8	Level 3	Level 3	Level 4	Level 4	▲	-
	Corporate Social Investment contribution (2016 onwards includes WHL Group)	R757m	R693m	R588m	R518m	R500.1m	R438m	R370m	▲	R700m
	Health and safety – number of injuries on duty (Woolworths)	832	672	771	735	682	778	563	▼	-
	% of Woolworths Clothing products with a sustainability attribute	69%	65%	60%	60%	48%	50%	New focus areas	▲	75%
	% of Woolworths Food products with a sustainability attribute	69%	59%	63.3%	58.4%	57.4%	52%	New focus areas	▲	75%
	% of Country Road Group Clothing products with sustainability attribute	44%	-	-	-	-	-	-	▲	10%
	Woolworths produce suppliers qualifying for the Farming for the Future programme	91%	94%	98%	98%	98%	95%	70%	▼	95%
	Foods packaging (target has changed)	1 significant packaging project	1 significant packaging project	92 packaging improvements	238 packaging improvements	185 packaging improvements	105 packaging improvements	8.24% reduction	▶	2
	Water (reduction in relative consumption from benchmark Woolworths stores)	56%	41.9%	41.35%	34%	20%	1%	(5%)	▲	50%
	Energy (reduction in relative consumption from benchmark Woolworths)	43%	40%	40%	38%	31%	27%	22.5%	▲	42%
	Green buildings (as per Woolworths model)	122	96	64	45	29	24	18	▲	120
	Carbon footprint (total tonnes of CO <sub>2</sub> ) (2015 onwards includes WHL group)	695 257	657 965	621 132	444 249	398 568	411 522	452 997	▼	-

# AWARDS AND RECOGNITION

## WOOLWORTHS HOLDINGS LIMITED

- Woolworths Holdings was a finalist in the Responsible Retailer of the Year award, at the World Retail awards 2017
- For the first time Woolworths Holdings has been included in the FTSE4 Good emerging index
- Woolworths Holdings was included in the FTSE/JSE Responsible Investment Index for 2016/2017
- Woolworths Holdings was included in the Dow Jones Sustainability Index (DJSI), the world's most respected sustainability index, for 2016/2017. Woolworths is one of only four South African-listed companies included, and also included in the DJSI Emerging Markets Sustainability Index
- Woolworths Holdings was included in the Euronext Vigeo index: Euronext Vigeo – Emerging 70 (the 70 most-advanced companies in the Emerging Market Region)
- Woolworths Holdings rated as 'excellent' in the EY Excellence in Integrated Reporting awards
- Woolworths Holdings won the Remuneration Report of the Year Award from the South African Reward Association for 2016

## WOOLWORTHS

- Woolworths won the Corporate Citizenship Award at the 14th Annual National Business Awards as well as being Highly Commended for the Sustainability Award
- Woolworths was a finalist in the Headline Award at the 14th Annual National Business Awards
- Woolworths was a finalist for Energy Company of the Year and the Excellence Award in Energy at the Southern African Association for Energy Efficiency Awards
- Woolworths was once again ranked as the supermarket industry leader for customer satisfaction. The South African Customer Satisfaction Index (SACSI) measures the things that drive customer satisfaction
- Woolworths ranked sixth in Reputation Institute's (RI) National RepTrak™ Pulse survey for 2016. Our reputation score increased from 75.4 last year to 75.8 this year
- Woolworths was awarded the National Disability Company Award in the 2015 National Disability Awards
- Woolworths received an honorary Legends of Empowerment and Transformation Award at the 15th Annual Oliver Empowerment Awards
- The MySchool MyVillage MyPlanet programme won Best Loyalty Programme of the year for the Middle East and Africa for the MyPlanet Rhino campaign
- Woolworths is a finalist in two categories for the 2016 Mail & Guardian Greening the Future Awards:
  - Water Efficiency and Management
  - Innovations for Climate Change Adaptation
- Woolworths was rated the Coolest Grocery Store in the country in the 12th annual Sunday Times Generation Next youth survey. Our clothing business also came second in the Coolest Fashion Retailer category, which is a significant improvement from 4th position last year
- TASTE magazine won two categories at the 2016 Eddies and Ozzies Awards in New York.
- Woolworths was a finalist in the Vision 2030 Awards in the Australian Category
- Woolworths CEO Zyda Rylands won the inaugural Woman of the Year Award at the World Retail Congress
- Woolworths was recognised as the most valued apparel brand in South Africa's top 50 Brand Report and one of SA's three strongest brands
- Woolworths won the Graduate Employer of Choice Award in the Retail Category from the South African Graduate Employers Association

## WOOLWORTHS FINANCIAL SERVICES

- Woolworths Financial Services won the South African National Best Captive Call Centre Award

## DAVID JONES

- David Jones Eastland in Melbourne was named the best new department store globally in the Retail Design Institute's international store design competition
- David Jones received a B+ in the 2017 Baptist World Aid Ethical Fashion Report, a report that grades the efforts made by fashion brands to mitigate the risks of forced labour, child labour and worker exploitation in the supply chain

## COUNTRY ROAD GROUP

- Country Road Group received a B+ in the 2017 Baptist World Aid Ethical Fashion Report
- Country Road Group Logistics has been named a finalist in both the 'Logistics' and 'Sustainability' categories for the 2017 Wyndham City Business Awards
- Country Road Group has been named a finalist in the 'Clothing, Footwear and Fashion' category in the 2017 Australian Packaging Covenant Organisation Awards, in recognition of the business' ongoing commitment to meeting the goals of the Australian Packaging Covenant Organisation
- Country Road Group was named a finalist in the 2016 National Retail Association (NRA) Rewards for Excellence, in the Sustainability Excellence Award category



# KEY STAKEHOLDER GROUPINGS

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE IN
<b>OUR CUSTOMERS</b>	<ul style="list-style-type: none"> <li>To meet our customers' needs</li> <li>To enhance the WHL brand and thereby grow revenue</li> <li>Increase customer awareness and understanding of sustainability issues</li> </ul>	<ul style="list-style-type: none"> <li>Advertising</li> <li>In-store communication and campaigns</li> <li>Group company websites</li> <li>Social media</li> <li>Customer service centre</li> <li>Focus groups and surveys</li> <li>WRewards loyalty programme</li> <li>MySchool MyVillage MyPlanet programme</li> </ul>	<ul style="list-style-type: none"> <li>Product value and choice</li> <li>Service</li> <li>Rewards</li> <li>Key sustainability issues: animal welfare, packaging and recycling, and responsible sourcing are among the issues we receive the most customer feedback on</li> <li>Innovation</li> </ul>
<b>OUR EMPLOYEES</b>	<ul style="list-style-type: none"> <li>To share relevant information and get input and feedback</li> <li>Increase employee awareness and understanding of sustainability issues and our Good Business Journey</li> </ul>	<ul style="list-style-type: none"> <li>Exco talks and blog</li> <li>ShopTalk magazine</li> <li>GBJ Champ programme</li> <li>'Let's Talk' team meetings</li> <li>'Let's Ask' employee opinion survey</li> <li>Pulse survey</li> </ul>	<ul style="list-style-type: none"> <li>Business strategy and performance</li> <li>Rewards and recognition</li> <li>Training and development</li> <li>Employee wellness</li> <li>BBBEE and transformation</li> <li>Our Good Business Journey</li> </ul>
<b>UNIONS</b>	<ul style="list-style-type: none"> <li>To engage on collective employment issues in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Participation in CCMA, Nedlac, and other labour market institutions</li> </ul>	<ul style="list-style-type: none"> <li>Wages and conditions of employment</li> <li>Retail and textile-sector issues</li> </ul>
<b>OUR SUPPLIERS</b>	<ul style="list-style-type: none"> <li>To deliver consistent quality and standards</li> <li>To support the development of small black-owned businesses</li> <li>To deliver socially and environmentally responsible and innovative products</li> </ul>	<ul style="list-style-type: none"> <li>Supplier conferences</li> <li>Supplier visits and audits</li> <li>Supplier and Enterprise Development programme</li> </ul>	<ul style="list-style-type: none"> <li>Timely payment and favourable terms</li> <li>Product offering and innovation</li> <li>Infrastructure and logistical support</li> <li>BBBEE</li> <li>Resource efficiency</li> <li>Key sustainability issues in the supply chain – ethical trade</li> <li>Research, e.g. life cycle assessments, water foot-printing of key products</li> </ul>
<b>OUR BUSINESS PARTNERS</b>	<ul style="list-style-type: none"> <li>Support on issues of common interest</li> <li>Create better sustainability solutions</li> </ul>	<ul style="list-style-type: none"> <li>Joint projects</li> <li>Partner meetings and reviews</li> </ul>	<ul style="list-style-type: none"> <li>Strategy and product expansion</li> <li>Key sustainability issues</li> </ul>
<b>NGOs (SUCH AS WWF, THE RED CROSS, BAPTIST WORLD AID, FOOD &amp; TREES FOR AFRICA, CHILDSAFE AND THE UNITED NATIONS GLOBAL COMPACT)</b>	<ul style="list-style-type: none"> <li>To share expertise, industry insights, local knowledge, research capabilities, and networks</li> </ul>	<ul style="list-style-type: none"> <li>Formal partnerships and projects</li> <li>Participation in benchmarking and surveys</li> </ul>	<ul style="list-style-type: none"> <li>Driving sustainability through our operations, products, and supply chains</li> <li>Social development</li> <li>Ethical sourcing</li> </ul>
<b>DEBT FUNDERS</b>	<ul style="list-style-type: none"> <li>To enable effective funding of Group expansion and acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings held with funders through Group Treasury function</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance and strategic focus areas of the Group</li> </ul>

STAKEHOLDER	WHY WE ENGAGE	HOW WE ENGAGE	WHAT WE ENGAGE ON
<b>OUR COMMUNITY</b>	<ul style="list-style-type: none"> <li>To contribute to the socio economic development of the communities in which we trade</li> </ul>	<ul style="list-style-type: none"> <li>EduPlant workshops</li> <li>Making the Difference educational programmes</li> <li>MySchool MyVillage MyPlanet programme via charity partners</li> <li>CRG and DJ community partners</li> </ul>	<ul style="list-style-type: none"> <li>Education</li> <li>Capacity building on relevant issues such as food security, nutrition, and child safety</li> <li>Health and disease prevention</li> </ul>
<b>OUR SHAREHOLDERS AND INVESTORS</b>	<ul style="list-style-type: none"> <li>To create an informed perception of Woolworths and create a positive investment environment</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Biannual analysts results review</li> <li>Store walkabouts</li> <li>Annual Integrated Report</li> <li>Participation in the Dow Jones World Sustainability Index, FTSE/JSE Responsible Investment Index, Carbon Disclosure (CDP), and other assessments</li> </ul>	<ul style="list-style-type: none"> <li>Business performance, expectations and strategy</li> <li>Economic, social and environmental risks</li> </ul>
<b>INDUSTRY ORGANISATIONS (SUCH AS THE NBI, THE CONSUMER GOODS FORUM, PETCO, PLASTICS SA, AND THE AUSTRALIAN PACKAGING COVENANT ORGANISATION)</b>	<ul style="list-style-type: none"> <li>To discuss and contribute to issues of mutual concern and optimise opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Membership and engagement with industry bodies</li> <li>Commentary and advice on emerging issues</li> </ul>	<ul style="list-style-type: none"> <li>Policy development</li> <li>Retail sector-related issues</li> <li>Key sustainability issues</li> </ul>
<b>GOVERNMENT AND REGULATORS</b>	<ul style="list-style-type: none"> <li>To discuss issues of mutual concern and optimise opportunities</li> <li>To share our industry expertise and contribute to policy formation</li> </ul>	<ul style="list-style-type: none"> <li>Meetings and presentations</li> <li>Drafting of submissions</li> <li>Engagement via industry bodies</li> <li>Participation in government forums</li> </ul>	<ul style="list-style-type: none"> <li>Policy development</li> <li>Labour market issues and legislation</li> <li>Food standards and safety</li> <li>Consumer credit and protection issues</li> <li>Employment equity and transformation</li> <li>Social development and education</li> <li>Sustainability priorities for South Africa and Australia</li> </ul>
<b>ACADEMIC INSTITUTIONS</b>	<ul style="list-style-type: none"> <li>To contribute towards research</li> <li>To share our industry expertise and case studies</li> </ul>	<ul style="list-style-type: none"> <li>Participation in postgraduate research and surveys</li> <li>Experiential learning opportunities for students</li> <li>Presentations</li> <li>Participation in the Network for Business Sustainability (NBS)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate sustainability</li> <li>Reporting and governance</li> </ul>
<b>THE MEDIA</b>	<ul style="list-style-type: none"> <li>To influence stakeholder perceptions, differentiate the WHL Group company brands, and market our products</li> <li>Raise the profile of key sustainability issues in South Africa and Australia</li> </ul>	<ul style="list-style-type: none"> <li>Interviews and opinion pieces</li> <li>Press releases</li> <li>Publications</li> <li>Television</li> </ul>	<ul style="list-style-type: none"> <li>Retail and consumer issues</li> <li>Product information</li> <li>Key sustainability issues</li> <li>Good Business Journey</li> </ul>

## WHL CARBON FOOTPRINT

### EMISSIONS YEAR-ON-YEAR

SCOPE 1*	2016 (tCO <sub>2</sub> e)	2015 (tCO <sub>2</sub> e)	2014 (tCO <sub>2</sub> e)
Mobile fuel	2 098	1 762	1 509
Stationary fuel	2 437	2 816	2 102
Air-conditioning and refrigerant gases	47 364	37 698	20 389
<b>SCOPE 2**</b>			
Purchased electricity	466 896	442 673	436 867
<b>SCOPE 3***</b>			
Business travel – flights	12 953	12 320	8 693
Business travel – car rental	132	111	114
Business travel – accommodation	562	783	411
Employee commuting	21 997	20 876	18 984
Contracted solid waste disposal	2 785	2 590	4 447
3rd party distribution	44 929	40 022	38 542
Water	1 198	597	533
Office paper	242	330	101
Cardboard packaging	11 206	8 879	8 620
Plastic bags	3 836	3 598	2 897
Fuel and energy related activities	41 847	39 434	36 639
<b>Total Scope 1, 2, 3</b>	<b>660 482</b>	<b>657 965</b>	<b>580 848</b>
Fugitive emissions (non-Kyoto)	34 775	43 476	40 285
<b>TOTAL WHL</b>	<b>695 257</b>	<b>657 965</b>	<b>621 138</b>
Total Woolworths SA	580 628	551 593	510 412
Total Country Road Group	16 427	10 518	13 392
Total David Jones	98 202	95 855	97 329

\*Emissions from sources owned and controlled by WHL (generators, refrigeration and air conditioning units)

\*\*Emissions associated with the generation or consumption of electricity

\*\*\*Emissions from sources not directly owned by WHL but relevant, excluding electricity

### INTENSITY FIGURES YEAR-ON-YEAR

These figures below show our progress per unit measure for total emissions (Scope 1, 2, 3) for Woolworths.

INTENSITY FIGURES	2016	2015*	2014*
Emissions per full-time equivalent employee (tCO <sub>2</sub> e/FTE)	17.66	17.96	18.41
Emissions per square metre GLA including non-trading area (tCO <sub>2</sub> e/m <sup>2</sup> )	0.45	0.46	0.46
Emissions per square metre store/trading GLA (tCO <sub>2</sub> e/m <sup>2</sup> )	0.81	0.83	0.82
Emissions per million turnover (tCO <sub>2</sub> e/turnover) in rands	14.82	15.87	16.51

\*During the verification, it was found that the reported GLA for a number of facilities (dating back to 2007) was under reported by a factor of 37, this means that our previous intensities were misrepresented.

This year we are also able to report WHL intensity figures for Scope 1 and 2 emissions only as follows:

INTENSITY FIGURES	2016	2015
Emissions per full-time equivalent employee (tCO <sub>2</sub> e/FTE)	12.56	12.77
Emissions per square metre GLA including non-trading area (tCO <sub>2</sub> e/m <sup>2</sup> )	0.24	0.33
Emissions per million turnover (tCO <sub>2</sub> e/turnover) in rands	7.98	8.72

# GROUP EMPLOYEE INFORMATION

## EMPLOYEE FIGURES (AS AT 30 JUNE 2017)

	Permanent Headcount <sup>1</sup>	Temporary Headcount <sup>2</sup>	Total Headcount
WSA	29 637	258	29 895
Africa (countries outside of South Africa)	1 290	82	1 372
<b>WSA TOTAL</b>	<b>30 927</b>	<b>340</b>	<b>31 267</b>
CRC <sup>3</sup>	2 757	2 833	5 590
DJS	5 966	1 697	7 663
<b>WHL TOTAL</b>	<b>39 650</b>	<b>4 870</b>	<b>44 520</b>

<sup>1</sup>Permanent headcount = Permanent employees including limited period employees with service duration of more than 1 year.

<sup>2</sup>Temporary headcount = Limited period employees (LPE) with service duration of less than 1 year.

<sup>3</sup>Excluding Politix.

## LABOUR TURNOVER (AS OF 30 JUNE 2017)

Company	Average Permanent Headcount <sup>1</sup>	Sum of Terminations <sup>2</sup>	Labour Turnover Rate <sup>3</sup>
WSA	29 575	6 965	23.6%
Africa (countries outside of South Africa)	1 435	382	26.6%
<b>WSA TOTAL</b>	<b>31 009</b>	<b>7 347</b>	<b>23.7%</b>
CRC <sup>4</sup>	2 708	738	27.3%
DJS	7 803	2 483	31.8%
<b>WHL TOTAL</b>	<b>41 520</b>	<b>10 568</b>	<b>25.5%</b>

<sup>1</sup>Average Permanent Headcount = Sum of permanent headcount over a period of 12 months / 12.

<sup>2</sup>Sum of terminations = Sum of permanent headcount who terminated over a period of 12 months.

<sup>3</sup>Labour turnover rate = Sum of terminations including LPE 1 Year+ during the previous 12 months / average permanent headcount including LPE 1 Year+ during the previous 12 months.

<sup>4</sup>Excluding Politix.

# WOOLWORTHS SA EMPLOYEE INFORMATION

## EMPLOYMENT EQUITY PROFILE (AS AT 30 JUNE 2017)

Occupational Level	MALE				FEMALE				FOREIGN NATIONAL			TOTAL		TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total	Male	Female	
Top Mngmnt	1	2	0	3	0	1	1	2	1	0	1	7	4	11
Senr Mngmnt	8	12	12	48	4	12	5	38	10	3	13	90	62	150
Mid Mngmnt	187	289	95	295	196	315	94	399	20	32	52	886	1 036	1 922
Jnr Mngmnt	753	458	117	135	856	691	152	240	8	13	21	1 471	1 952	3 423
Semi-skilled	3 215	1 099	143	47	11 753	3 404	437	149	17	25	42	4 521	15 768	20 289
Unskilled	2 428	681	67	22	653	185	12	7	6	1	7	3 204	858	4062
Total	6 592	2 541	434	550	13 462	4 608	701	835	62	74	136	10 179	19 680	29 859
Temporary Employees	2	3	0	0	8	17	1	4	0	1	1	5	31	36
<b>Grand Total</b>	<b>6 594</b>	<b>2 544</b>	<b>434</b>	<b>550</b>	<b>13 470</b>	<b>4 625</b>	<b>702</b>	<b>839</b>	<b>62</b>	<b>75</b>	<b>137</b>	<b>10 184</b>	<b>19 711</b>	<b>29 895</b>

## WOOLWORTHS SA EMPLOYEE INFORMATION (CONTINUED)

### SKILLS DEVELOPMENT BY OCCUPATIONAL LEVEL (AS OF 30 JUNE 2017)

Number of employees trained	Black male	Black female	White male	White female	Grand total	Total black
Top management	1	0	0	0	1	1
Senior management	20	11	37	27	95	31
Middle management	488	506	250	323	1 567	994
Junior management & skilled staff	1 272	1 535	140	211	3 158	2 807
Semi-skilled	4 729	16 642	70	191	21 632	21 371
Unskilled	4 308	1 903	60	18	6 289	6 211
<b>Grand total</b>	<b>10 818</b>	<b>20 597</b>	<b>557</b>	<b>770</b>	<b>32 742</b>	<b>31 415</b>
Average number of employees in FY2017	9 688	19 077	639	917	30 321	28 765
Employees trained as a % of all employees*	112%	108%	87%	84%	108%	109%

\*Includes employees that have since left the business.

### SKILLS DEVELOPMENT PROFILE (AS OF 30 JUNE 2017)

Training and Skills Development Spend	2017
Total (R million)	R 115.5
Average spend per employee (R)	3 529
Percentage spend to black employees	96%
Number of learning interventions	99 376
<b>Training beneficiaries</b>	
Number of employees trained includes employees that have since left the business	32 742
> Number of black employees trained	31 415
> Number of female employees trained	21 367
<b>Learnership beneficiaries</b>	
Total number of learners	1 573
Total number of black learners	1 547
Total number of disabled learners	21
Total number of unemployed learners	107
Total number of unemployed absorbed	52
<b>Transformation</b>	
BBBEE Skills Development Score	11.10

# INDEPENDENT LIMITED ASSURANCE REPORT

## TO THE DIRECTORS OF WOOLWORTHS HOLDINGS LIMITED

### OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

- a) the selected key performance indicators (selected KPIs) as presented in the Woolworths Holdings Limited Good Business Journey Report for the 52-week period ended 25 June 2017 (Report), are not prepared, in all material respects, in accordance with managements' internally defined measurement and reporting criteria; and
- b) Woolworths' assertion that the Report is in accordance with the core-level GRI G4 Guidelines is not in all material respects in accordance with the GRI G4 Guidelines requirements for making that assertion.

Ernst & Young Inc. (EY) has undertaken a limited assurance engagement for the selected KPIs described below and presented in the Woolworths Holdings Limited (Woolworths) Good Business Journey Report for the 52-week period ended 25 June 2017 (Report), and for the assertion included on page 4 of the Report that the Report is in accordance with the core-level Global Reporting Initiative (GRI) G4 Guidelines. This engagement was conducted by a multidisciplinary team including social, economic, environmental and assurance specialists with extensive experience in sustainability reporting.

### SUBJECT MATTER

Our limited assurance engagement was performed for the selected KPIs listed below and related performance disclosures as presented in the Report.

Selected KPIs	Management's measurement and reporting criteria
Water usage – head office	Total water usage for the 52-week period ended 25 June 2017 of the five head office buildings (Woolworths House, Atlantic House, CTC, Corporation Street and Woolworths Financial Services) based on the metering online system.
Water usage – distribution centres	Total water usage for the 52-week period ended 25 June 2017 for the distribution centres owned by Woolworths – Midrand, Maxmead, Racecourse Gardens and Montague Gardens – based on the metering online system.
Water usage – stores	Total water usage for the 52-week period ended 25 June 2017 of the South African corporate stores based on the metering online system.

These selected KPIs, prepared and presented in accordance with management's internally defined measurement and reporting criteria (management's measurement and reporting criteria), are marked with a "\*" on the relevant pages of the Report where they appear.

Management's internally developed measurement and reporting criteria for these selected KPIs is available on Woolworths' website: <http://www.woolworthsholdings.co.za/corporate/sustainability.asp>

Our limited assurance engagement also included the GRI G4 Guidelines "in accordance with" assertion contained on page 4 of the Report.

The scope of our work was limited to the matters stated above in relation to the Report, and did not include coverage of data sets or information relating to areas other than the selected KPIs, information reported outside of the Report, comparisons against historical data, or management's forward-looking statements.

### DIRECTORS' RESPONSIBILITIES

You are responsible for presenting the Report in accordance with the core-level GRI G4 Guidelines, and for selection, preparation and presentation of the selected KPIs in the Report in accordance with management's internally developed measurement and reporting criteria. You are also responsible for determining the appropriateness of those measurement and reporting criteria in view of the intended users of the selected KPIs disclosed in the Report (i.e. Woolworths' stakeholders) and for disclosing those criteria for the intended users (i.e. disclosed on the website). Furthermore, you are responsible for the identification of stakeholders, stakeholder requirements and material issues; for, commitments with respect to sustainability performance; for the design, implementation and maintenance of internal control relevant to preparation and presentation of the selected KPIs free from material misstatement, whether due to fraud or error and Woolworths' assertion on the application of the core-level GRI G4 Guidelines in the Report.

### INHERENT LIMITATIONS

Inherent limitations of assurance engagements include use of selective testing of the information being examined, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement.

There are additional inherent risks associated with assurance engagements performed for non-financial information given the characteristics of the subject matter and associated with the compilation of source data using definitions and methods for determining, calculating, and estimating such information that are developed internally by management. The absence of a significant body of established practice on which to draw, allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third party information.

### OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants as well as the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### OUR RESPONSIBILITY

Our responsibility is to perform our limited assurance engagement to express our conclusion on whether anything has come to our attention that causes us to believe that the selected KPIs as presented in the Report are not prepared, in all material respects, in accordance with management's internally developed measurement and reporting criteria; and that Woolworths' assertion contained in the Report, that the Report is in accordance with the core-level GRI G4 Guidelines is not, in all material respects, in accordance with the GRI G4 Guidelines requirements for making that assertion.

We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with Woolworths, including performing the engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This Standard requires that we plan and perform our engagement to obtain limited assurance about whether the Report has been prepared in accordance with the GRI G4 Guidelines core level and whether the selected KPIs as presented in the Report, are free from material misstatement.



## INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of managements' internally developed measurement and reporting criteria as the basis of preparation for reporting the selected KPIs, assessing the risks of material misstatement of those selected KPIs, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, in performing the procedures listed above we:

- Reviewed Woolworths' activities, processes and documents at group-level that support the assertions and claims made in the Report
- Interviewed management and senior executives to obtain an understanding of the following that is relevant to the sustainability reporting process:
  - Governance and accountability of relevant sustainability issues
  - Objectives and priorities for embedding and managing sustainability expectations and the progress against these
  - The processes for reporting progress and providing internal assurance to management on sustainability issues
  - The process for determining materiality of sustainability issues
  - The control environment and information systems relevant to preparing the selected KPIs – but not for the purpose of evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness

- Inspected supporting documentation on a sample basis
- Performed analytical procedures to evaluate the relevant data generation and reporting processes against management's measurement and reporting criteria
- Inspected documentation to corroborate the statements of management and senior executives in our interviews
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the selected KPIs subject to assurance
- Evaluated whether the selected KPIs subject to assurance as presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Woolworths
- Inspected the GRI G4 content index prepared by management to assess the Report's adherence to the core-level GRI G4 Guidelines

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result the level of assurance obtained in our limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Report has been prepared in accordance with the GRI G4 Guidelines core level or whether the selected KPIs presented in the Report have been prepared, in all material respects, in accordance with management's internally developed measurement and reporting criteria for those KPIs.

### OTHER MATTERS

Information relating to prior reporting periods has not been subject to assurance procedures. Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Report.

The maintenance and integrity of Woolworths' website is the responsibility of Woolworths' management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the selected KPIs in the Report, the GRI G4 content index or our independent assurance report that may have occurred since the initial date of presentation on the Woolworths' website.

### RESTRICTION OF USE AND LIABILITY

Our work has been undertaken to enable us to express a limited assurance conclusion on the matters stated above in our report provided to the directors of Woolworths in accordance with the terms of our engagement, and for no other purpose. Our report is intended solely for the directors of Woolworths and must not be used by any other parties.

To the fullest extent permitted by the law, we do not accept or assume liability to any party other than the directors of Woolworths, for our work, for this report, or for the conclusion we have reached. We agree to the publication of this assurance report in the Report for the 52-week period ended 25 June 2017, provided it is clearly understood by recipients of the Report that they enjoy such receipt for information only, and that we accept no duty of care to them whatsoever in respect of this report.

### *Ernst & Young Inc.*

Ernst & Young Inc.  
 Director – Anthony Cadman  
 Registered Auditor  
 Chartered Accountant  
 3<sup>rd</sup> Floor, Waterway House  
 3 Dock Road  
 V&A Waterfront  
 Cape Town  
 31 August 2017

TO FIND OUT MORE ABOUT WHAT WE'RE DOING,  
VISIT

[WWW.WOOLWORTHS.CO.ZA/GOODBUSINESSJOURNEY](http://WWW.WOOLWORTHS.CO.ZA/GOODBUSINESSJOURNEY)  
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*We appreciate any feedback on our sustainability focus areas or reporting.  
Please contact the sustainability team at [GoodBusinessJourney@woolworths.co.za](mailto:GoodBusinessJourney@woolworths.co.za)*

