



WWHL

WOOLWORTHS HOLDINGS LIMITED

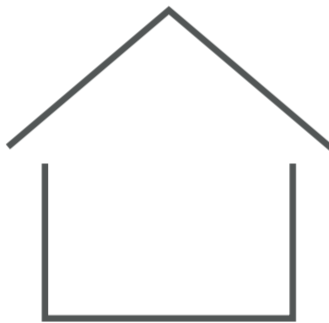
2021 Good Business Journey Report

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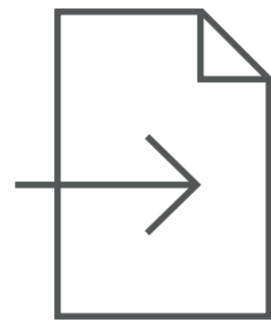
NAVIGATING OUR REPORT

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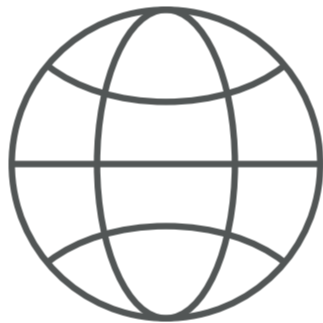
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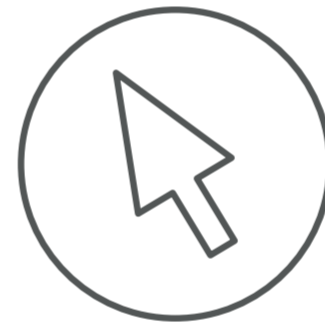
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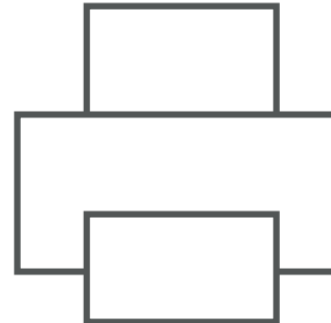
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OUR GOOD BUSINESS JOURNEY REPORT

This is the 2021 annual sustainability report of Woolworths Holdings Limited (WHL, or the Group). The report covers the 52 weeks ended 27 June 2021, and provides an overview of our Good Business Journey.

SCOPE AND BOUNDARY OF THIS REPORT

The companies covered by this report are Woolworths, Country Road Group, and David Jones. The report aims to provide an overview of our sustainability strategy and progress to date, as well as future plans. It is intended to be read in conjunction with the 2021 Integrated Annual Report and the 2021 Annual Financial Statements, as a compendium of our strategy and performance. The principles that underlie the precautionary approach inform our governance and enterprise risk framework, as well as our strategy.

REPORTING FRAMEWORK

As with our 2021 Integrated Annual Report, we have considered the application of the six capitals (as recommended by the International Integrated Reporting Council) in our thinking about sustainability. Where this report predominantly covers the aspects related to human, social and relationship, and natural capitals, the Integrated Annual Report offers details about financial, manufactured, and intellectual capitals. This report references the GRI Standards; the detailed GRI Content Index can be found [here](#). The Group is a signatory to the UN Global Compact, and this report also serves as our Communication on Progress (COP). We have also aligned to the UN Sustainable Development Goals (SDGs), as well as national development priorities of all the countries we operate in. The reporting suite also applies the King IV™ principles. We welcome any feedback on our programme and reporting. Contact details for this purpose can be found at the end of the report.

THE SCOPE AND BOUNDARY OF THIS 2021 GOOD BUSINESS JOURNEY REPORT ARE BROADLY SIMILAR TO THOSE OF THE 2020 GOOD BUSINESS JOURNEY REPORT.

Icons used throughout this report



2021 SUSTAINABILITY REPORTING SUITE

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

THESE REPORTS ARE THE:

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

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

FORWARD-LOOKING STATEMENTS

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

APPROVAL AND ASSURANCE

The Group has always looked at obtaining independent opinion on our progress as a crucial part of gaining and maintaining credibility with our stakeholders. Environmental Resources Management Southern Africa (ERM) was engaged to perform a 'Moderate' Type II level assurance engagement in accordance with the AccountAbility AA1000 Assurance Standard (AA1000AS v3) for selected information contained in this report:

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

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

Various other verifications and assurances by a range of audit, technical, and scientific experts are obtained over different aspects of our Good Business Journey. These are documented in an assurance summary in an [appendix](#) to this report. We feel that the combination of verification and assurance processes provides coverage for all our material focus areas.

THE SUSTAINABILITY COMMITTEE REVIEWED AND RECOMMENDED THE GOOD BUSINESS JOURNEY REPORT, WHICH WAS THEN APPROVED BY THE BOARD.

USEFUL LINKS
FOR MORE DETAIL



CONTENTS

PERFORMANCE HIGHLIGHTS

174%

improvement in the Group's energy productivity (m²/MWh) from a 2005 baseline (4% improvement year-on-year)

DAVID JONES LAUNCHED THE 'MINDFULLY MADE' HUB, ALLOWING CUSTOMERS TO SHOP ACCORDING TO FIVE SUSTAINABILITY ATTRIBUTES: 'AUSTRALIAN MADE', 'COMMUNITY MINDED', 'SOURCED WITH CARE', 'REDUCE AND RECYCLE', AND 'KIND TO ANIMALS'

R731M

worth of surplus food donated by Woolworths

2020: R643M
2019: R611M

A\$125 000

donated to Landcare Australia by Country Road as part of a partnership aimed at supporting the regeneration of Australian farmlands, with a focus on increasing biodiversity in cotton-growing regions

200 WOOLWORTHS AND ALL COUNTRY ROAD STORES ARE PLASTIC SHOPPING BAG-FREE

58%

of private label produce and horticulture lines on the Woolworths Farming for the Future programme

2020: 54%
2019: 52%

UPDATED THE WHL SUPPLIER CODE OF BUSINESS PRINCIPLES, AND PUBLISHED IT ON THE GROUP'S WEBSITE

A\$100 000 & NZD10 000

donated to the Australian and New Zealand Red Cross respectively by David Jones from the Christmas Appeal campaign

COUNTRY ROAD GROUP AND DAVID JONES SUBMITTED THEIR FIRST MODERN SLAVERY STATEMENT



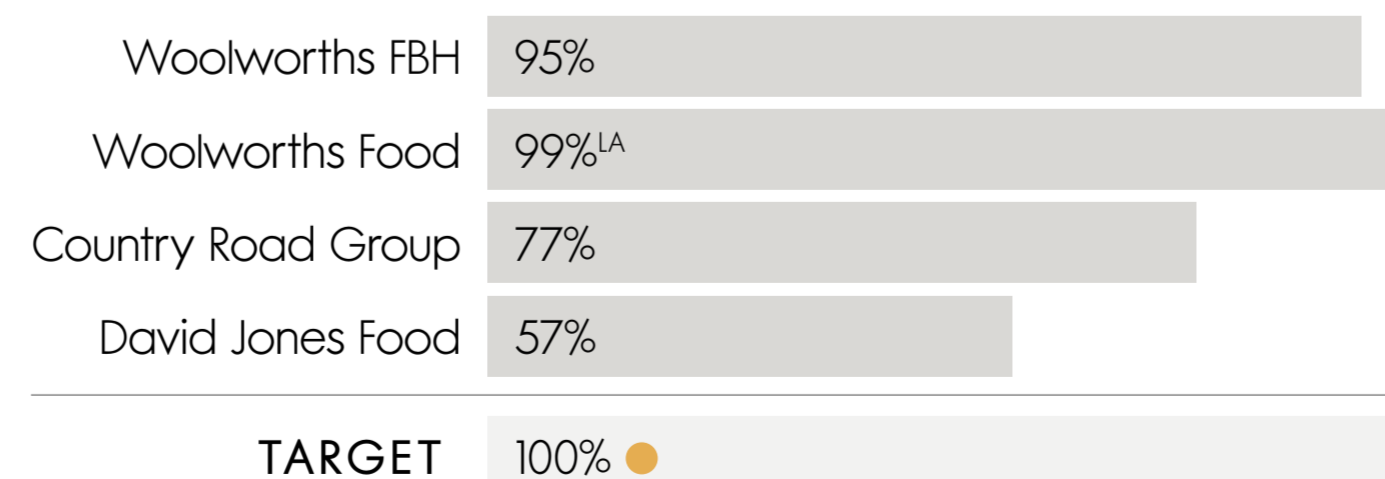
LAUNCHED THE INCLUSIVE JUSTICE INITIATIVE

98%

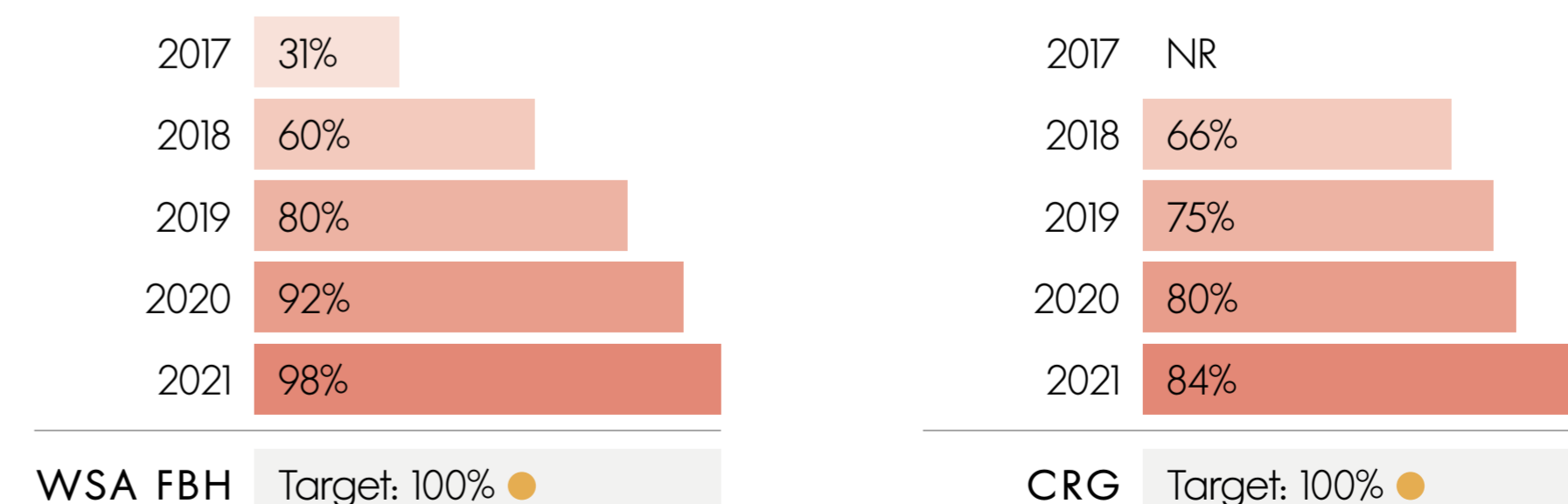
of Woolworths seafood by volume meets our wild-caught and aquaculture sustainability commitments

2020: 98%
2019: 84%

PERCENTAGE OF PRIVATE LABEL PRODUCTS CONTAINING SUSTAINABILITY ATTRIBUTES



PERCENTAGE OF RESPONSIBLY SOURCED COTTON



6

renewable energy installations across WHL to date

SUSTAINABILITY COMMITTEE CHAIRMAN & GROUP CEO'S REPORT

This year we launched our new Group-wide sustainability strategy, called Vision 2025+, with bold and ambitious goals and targets set to 2025 and beyond. The goals are future-focused, address our most material sustainability challenges, and are aligned with global sustainability commitments and initiatives. We believe that setting ambitious sustainability goals challenges our own business to do more and also inspires others to collaborate and contribute to this vital endeavour. Meaningful, enduring impact and progress requires deliberate collaboration amongst all our stakeholders. These new goals elevate our Group into challenging, yet exciting sustainability territory which will inspire collaboration, creativity and problem-solving.

Nine months ago, we initiated our Inclusive Justice Initiative (IJI) to realise our bold vision of 'Inspiring Inclusive Growth for all our People'. This initiative extends beyond transformation and our BBBEE strategies. It addresses aspects such as culture and leadership development in the business. It also embraces the ethos of diversity, inclusivity, equality and social justice.

IJI has evolved from a South African initiative, to become a Group-wide programme.

Demonstrating our commitment to sustainability, this year the Group joined 15 other corporations in signing the UN Global Compact World Water Day pledge and also joined other global retailers in calling for a UN Treaty on Plastic Pollution. For the first time, we are now also enrolled in reporting in line with the Task Force on Climate-related Financial Disclosure recommendations.

During this past year, we made significant packaging improvements and increased the percentage of responsibly sourced key commodities across the Group. The phasing out of plastic shopping bags has progressed well. Currently all Country Road Group and 200 Woolworths food stores are plastic shopping bag free. David Jones launched an in-store beauty packaging takeback scheme and has continued to partner with REDcycle on the collection of soft plastics for recycling. In addition both David Jones and Country Road launched partnerships with clothing rental service GlamCorner. Country Road also

continued with its long running Fashion Trade programme, which incentivises customers to donate their pre-loved clothing to the Australian Red Cross in exchange for a A\$10 Country Road voucher.

In a South African retail industry-first, the Group partnered with Standard Bank, to introduce a sustainability-linked loan facility that ties the terms of funding to sustainability outcomes. This specifically supports and incentivises responsible corporate behaviour. In addition, we have executed a sustainability-linked unlisted bond.

For us the sustainability imperative is clear and compelling. The positive environmental and social impact is undeniable. Furthermore, delivering on our sustainability commitments builds the resilience of our business, strengthens our stakeholder relationships and enables us to be a true force for good in the world. Our new Vision 2025+ strategy provides a relevant, revitalised platform where the Group, our employees, suppliers and partners can all work together for the greater good of the planet and its people.



ROY BAGATTINI
Group Chief Executive Officer



BELINDA EARL
Sustainability Committee Chairman



GOVERNANCE OF SUSTAINABILITY

BOARD OVERSIGHT

WHL BOARD

WHL BOARD SUSTAINABILITY COMMITTEE (A SUB-COMMITTEE OF THE WHL BOARD)

- Ensures that the sustainability strategy positions the Group as a leader in responsible retailing in the countries in which it trades
- Oversees that the sustainability initiatives and objectives are effectively integrated into the business, and that the Group operates in an environmentally responsible manner
- Together with the Risk and Compliance Committee, oversees climate-related risks and opportunities

For more information on the committees, including key topics discussed during the year and their 2022 focus areas, refer to the committees' Terms of Reference, as well as the Governance section of the Integrated Annual Report.

MANAGEMENT OVERSIGHT

EXECUTIVE COMMITTEES (EXCOS) – WHL, WSA, CRG, AND DJ

- Review sustainability (including climate change) strategy and performance on a regular basis

GROUP HEAD OF SUSTAINABILITY

- Reports into an Exco member
- Responsible, with Exco teams, for the Group's sustainability and climate change-related strategy and performance
- Reports twice yearly to the WHL Board Sustainability Committee on Sustainability Scorecard* scores, sustainability and climate change strategy, and performance
- Reviews Sustainability Scorecard scores, performance, challenges, and learnings with sustainability champions twice yearly
- Works with the sustainability teams and sustainability champions across the Group to implement the sustainability and climate change strategy
- Supports the Risk team in identifying environmental and climate-related risks that may have an impact on the Group

COORDINATION AND IMPLEMENTATION

SUSTAINABILITY TEAMS – WSA, CRG, AND DJ

- Coordinate, lead, and report on sustainability programmes linked to the sustainability and climate change strategy
- Manage the Sustainability Scorecard process

SUSTAINABILITY CHAMPIONS IN WSA BUSINESS UNITS, CRG, AND DJ

- Work to strategically embed sustainability into the business, and integrate it into the day-to-day operations and supply chain
- Report sustainability-related data and information to the Sustainability teams, including for the Sustainability Scorecard process

*SUSTAINABILITY SCORECARDS

- WSA business units, CRG, and DJ each have a Sustainability Scorecard against which their sustainability performance is measured twice yearly. These scorecards include a set of relevant sustainability key performance indicators (KPIs) and associated targets aligned to the eight Good Business Journey (GBJ) focus areas and the Group goals and commitments, covering climate change, renewable energy, water, biodiversity, responsible sourcing, sustainable farming, waste and packaging, health and wellness, social development, and people. A sustainability score is determined for each WSA business unit, WSA overall, CRG, and DJ by calculating the weighted average of each KPI's performance against its associated target.
- Relevant sustainability KPIs and targets are included in employees' and management's personal performance scorecards across the Group as part of our Integrated Performance Management system. Relevant KPIs would, for example, include carbon, electricity, waste, packaging, water and responsibly sourced commodities.
- The Sustainability Scorecard scores for WSA as a whole, CRG, and DJ are specifically included as one of the indicators used to measure performance of the Group strategy. The scores also thereby influence the calculation of the Group CEO and executive directors' variable pay. For more information thereon, refer to the Remuneration Report.

USEFUL LINKS
FOR MORE DETAIL

OUR GROUP

WOOLWORTHS HOLDINGS LIMITED (WHL) IS ONE OF THE TOP COMPANIES LISTED ON THE JSE SECURITIES EXCHANGE.

It consists of three trading divisions, Woolworths South Africa (WVSA), a leading South African retailer offering a range of primarily private label products, David Jones (DJ), one of Australia's leading premium department stores, and Country Road Group (CRG), a leading Australian speciality retailer. Woolworths Financial Services Proprietary Limited (WFS) is a joint venture with Absa Bank, which holds the controlling interest. From an operating perspective, Woolworths is the biggest contributor to Group turnover, profit, employee headcount, and carbon emissions, and thus has the largest sustainability impact across the Group.

The businesses all retail quality, innovative products that are responsibly sourced and conveniently available to our target markets. Through our shared Group purpose, vision and values, we share resources, skills and expertise while driving synergies and facilitating efficiencies to responsibly and sustainably create value for all our stakeholders.

* The weighted average of performance against all the sustainability targets tracked

R85.9bn

turnover and concession sales

R5.2bn

profit before tax

ADJUSTED EBIT BY GEOGRAPHY



AFRICA

60.7%



AUSTRALIA

39.3%

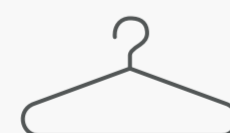
WHL

ADJUSTED EBIT BY CATEGORY



FOODS

43.4%



APPAREL, BEAUTY AND HOMEWARE

54.9%



FINANCIAL SERVICES

1.7%

OFFERING

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



BASED IN

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



91% OF TARGETS ACHIEVED ON SUSTAINABILITY SCORECARD*

CONTRIBUTION

- 60.2% of Group turnover and concession sales
- 60.7% of Group adjusted eBIT
- 63% of Group carbon emissions
- 74% of Group employees



TRADING SPACE
FBH: 453 000 M²
FOOD: 264 000M²

OFFERING

Leading international and local apparel, accessories, beauty and homeware brands



BASED IN

Australia and trading in Australia and New Zealand



94% OF TARGETS ACHIEVED ON SUSTAINABILITY SCORECARD*

CONTRIBUTION

- 25.8% of Group turnover and concession sales
- 13.8% of Group adjusted eBIT
- 29% of Group carbon emissions
- 14% of Group employees



TRADING SPACE
442 000 M²

OFFERING

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



BASED IN

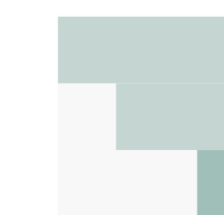
Australia and trading in Australia, New Zealand and South Africa



81% OF TARGETS ACHIEVED ON SUSTAINABILITY SCORECARD*

CONTRIBUTION

- 14.0% of Group turnover and concession sales
- 25.5% of Group adjusted eBIT
- 8% of Group carbon emissions
- 12% of Group employees



TRADING SPACE
111 000 M²

OVERVIEW OF THE GOOD BUSINESS JOURNEY

THE GROUP'S VISION IS TO BE ONE OF THE WORLD'S MOST RESPONSIBLE RETAILERS

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

Roll over our focus areas below for more information 

SUSTAINABILITY RISKS

The Group is faced with a multitude of sustainability-related risks to our direct operations and our value chain, which may impact our business and the GBJ programme.

In order to identify sustainability-related risks, including climate risks, across the Group, sustainability risk assessment is included in the Group's overall integrated risk assessment and management approach.

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

For more information on the sustainability-related risks identified for the Group, refer to the Sustainability Risks section in this report.

MATERIALITY DETERMINATION

A wide range of current and emerging economic, social, environmental, and ethical issues has an impact on the Group, either directly or through our global supply chain. Consequently, through our GBJ, we have to manage a continually evolving set of issues.

IDENTIFICATION AND REFRESH

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

In the 2020 financial year, we conducted both internal and formal external stakeholder engagement, and a desktop review. As such, for the purpose of this report, a materiality refresh exercise was performed in which only internal stakeholder engagement and a desktop review were conducted.

REPORT

The refresh exercise determined that the material issues identified in 2020 remain relevant and complete, and were used to inform the content of this report.

- Climate Change
- Biodiversity
- Packaging
- Circular Economy
- Responsible Sourcing
- Diversity and Inclusive Growth
- Waste
- Water
- Transparency and Traceability
- Health, Safety, and Wellbeing

These material issues were reviewed and approved by the WHL Board Sustainability Committee.

GBJ STRATEGY

DURING THE YEAR, WE LAUNCHED OUR REFRESHED GBJ STRATEGY TO 2025 AND BEYOND. THE UPDATED STRATEGY, ITS THREE PILLARS, AND THE UNDERLYING GOALS AND TARGETS WERE INFORMED BY THE MATERIAL ISSUES IDENTIFIED.

For more information, refer to the Vision 2025+ section in this report.

FOCUS AREAS

Implementation of our refreshed GBJ strategy to 2025 and beyond will occur through eight GBJ focus areas and their associated programmes.

Each of our focus areas is broadly aligned to the UN Sustainable Development Goals (SDGs), and has specific individual strategies and management approaches. The Vision 2025+ goals and targets will be tracked and reported under the relevant focus area.

VISION 2025+

Vision 2025+, our new Good Business Journey (GBJ) strategy, is intended to enable the Group to be a leading, purpose-driven, truly connected retailer, by aiming to address the complex and interconnected sustainability challenges and opportunities we face now and into the future. It is also intended to ensure that our GBJ continues to keep us at the forefront of sustainability leadership, pushing us to innovate and collaborate with others.

WHEN SETTING THE GOALS AND TARGETS FOR THIS NEW STRATEGY, WE AIMED TO ACHIEVE THE FOLLOWING:

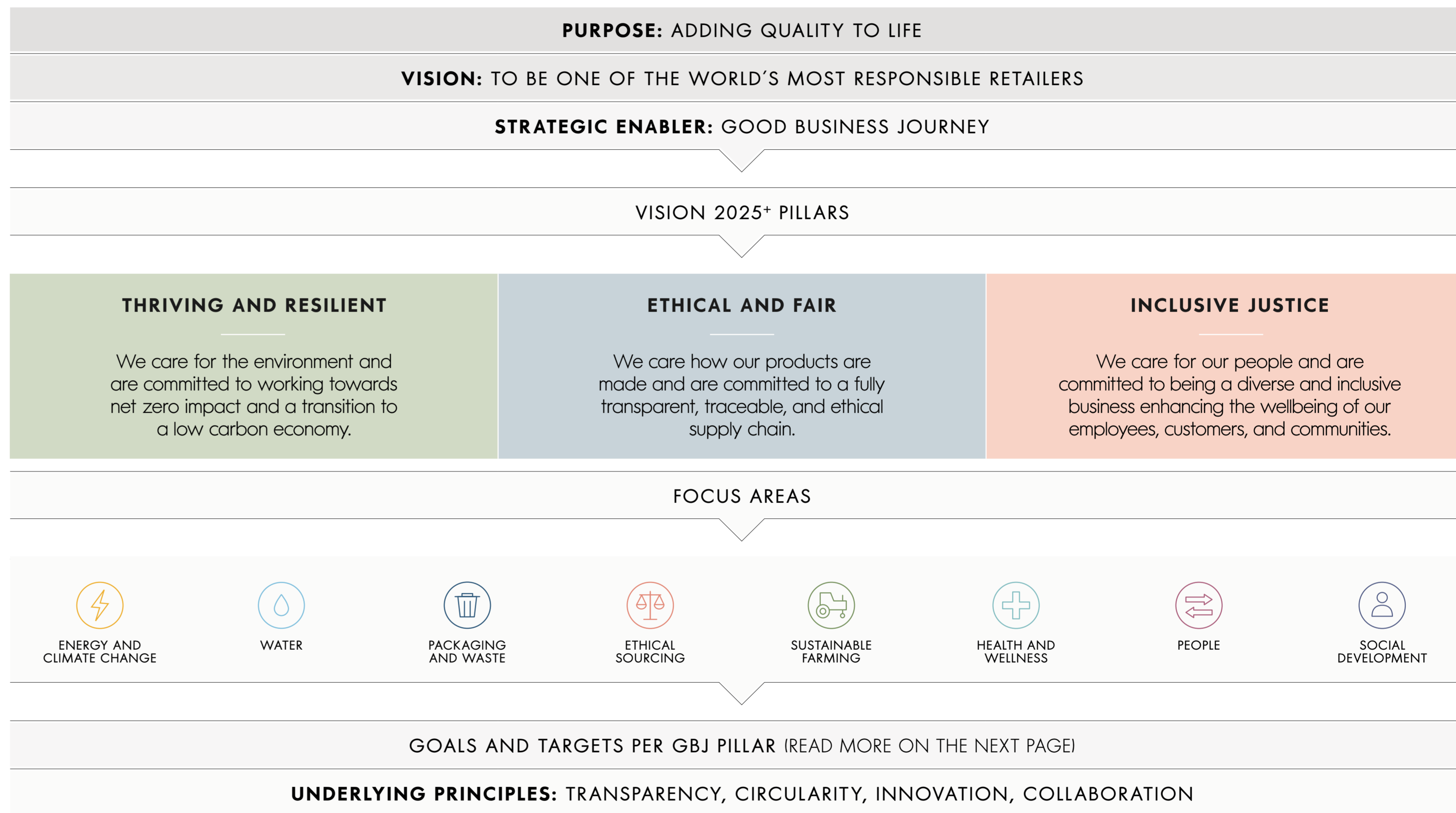
- Bold and ambitious targets
- Short-, medium-, and long-term targets set against baselines
- Science- or context-based targets where possible
- Alignment with global collective sustainability initiatives and commitments

“Our vision is to be one of the world’s most responsible retailers and to achieve this, sustainability is a key driving force across our business. It not only influences every aspect of what we do, it also shapes our culture and defines who we are as an organisation.

Since its inception in 2007, our Good Business Journey has been built around a range of ambitious commitments, targeted on the one hand at reducing our business’s environmental impact and on the other, increasing the positive social and economic impact we have throughout our entire value chain. As we continue our journey, we must ensure that we keep challenging and stretching ourselves to achieve even more significant goals.

Vision 2025+ outlines our sustainability strategy to 2025 and beyond. Within this strategy, we have set ourselves ambitious goals that will result in us having a real impact on various critical social, environmental, and supply chain issues and thereby making a meaningful difference to the world around us.”









– ROY BAGATTINI
Group Chief Executive Officer



In the section that follows, while we report on our current year performance against our new targets, it is important to acknowledge that this is our first year of implementation of Vision 2025+. Our performance will be thus reflective of the fact that we are still in the early stages of our Vision 2025+ journey. Our performance against these targets will improve over the coming years.

For some of the bold targets, there is currently uncertainty with regards to the pathway to achieve them. We will need to conduct groundwork to identify relevant certifications, programmes, technologies, and emerging innovation; put in place new or improved measurement and reporting processes and systems; set aside additional budget to support the business in implementation; and identify peers, NGOs, and other organisations with whom we can collaborate.

VISION 2025+ GROUP GOALS: THRIVING AND RESILIENT

| | | | | | | | | | | | | | | |
|---|---|--|---|--|--|--|--|--|--|---|--|--|--|--|
|  Achieve net ZERO CARBON IMPACT by 2040 | | | | | DEFINITION: Achieve net zero Scope 1 and 2 carbon emissions by 2040, with 50% reduction by 2030, and work with our top suppliers, representing 25% of total procurement spend (in rand), to set their own reduction targets. | | | | | | | | | |
| WHY Climate change will have far-reaching impacts on our value chain, and presents both physical and transition risks to our business. We know that, in order to ensure the long-term sustainability of the Group and its operations, climate change adaptation and mitigation are absolutely necessary. According to the Intergovernmental Panel on Climate Change (IPCC), in order to limit global warming to 1.5 °C above pre-industrial levels and avoid the most catastrophic impacts of climate change, the world must halve CO ₂ emissions by around 2030, and reach net zero CO ₂ emissions by mid-century. Recognising the importance of keeping global warming limited to 1.5 °C, we have adopted a science-based target for our direct operations, and have committed to working with our suppliers to set their own reduction targets. | | | HOW We will continue on our low-carbon transition journey, implementing energy-efficiency initiatives in our direct operations, increasing renewable energy sourced, and transitioning our fleet of delivery vehicles to being electric and/or employing more energy-efficient technologies. CHALLENGES FACED The electricity-efficiency gains to be achieved in our direct operations are close to being maximised using the technology available, as we have made significant investments therein since 2007, including rolling out the green stores model, and installing online metering, fridge doors, and LED lighting in stores. In order to increase our fleet of energy-efficient and electric vehicles, road and transport infrastructure needs to be put in place, and relevant technology needs to become more widely available at a reasonable cost. Reducing our Scope 1 and 2 carbon emissions, particularly in South Africa, is dependent on our ability to source renewable energy, and on whether load-shedding continues into the foreseeable future. | | | | | | | | | | | |
| RELATED SDG  | RELATED FOCUS AREA  | ASSOCIATED KPI Percentage change in Scope 1 and 2 carbon emissions | BASELINE FY19: 536 562 tonnes of CO ₂ e | FY20* PERFORMANCE 4% reduction against the science-based target projection  |  Source 100% of our energy from RENEWABLE SOURCES by 2030 | | | | | DEFINITION: Source 100% of our grid electricity from renewable sources by 2030. | | | | |
| WHY AS PART OF OUR CLIMATE CHANGE RISK ADAPTATION AND MITIGATION EFFORTS, WE NEED TO TRANSITION TO CLEAN ELECTRICITY SOURCES OVER TIME. | | | HOW We aim to achieve this goal by, as far as possible, installing solar panels on our own head office buildings and distribution centres, through renewable contracts in our Australian and New Zealand operations; and by working with landlords across the Group to access renewable energy installed in our leased store locations. CHALLENGES FACED In Africa, most of the electricity currently available is obtained from coal, and in Australia from coal and gas. In addition, there are currently no renewable energy contracts in South Africa, wheeling is not allowed, and the installation of or sharing in renewable energy generated by the building or mall where our stores are located is subject to negotiation with the landlord. | | | | | | | | | | | |
| RELATED SDG  | RELATED FOCUS AREA  | ASSOCIATED KPI Percentage of electricity sourced from renewable sources | BASELINE FY19: 0.5% | FY20* PERFORMANCE 0.6%  | | | | | | | | | | |

*Energy and carbon footprint data is reported annually in arrears

VISION 2025+ GROUP GOALS: THRIVING AND RESILIENT



Work with our suppliers and partners to create net **POSITIVE WATER IMPACT** in water-stressed basins in our value chain by 2050

DEFINITION: This will be a context-based water target aligned to the Water Resilience Coalition goal, the detail of which is still to be confirmed. Refer to the 'How' column.

WHY

A large portion of our supply chain is based in areas where water quality and availability remain a critical risk. In addition, Africa and Australia, where our direct operations are located, are among the most at-risk regions globally in terms of water availability. We need to work collectively with others, across our value chain, to address water challenges in the various regions in which we operate and source from. By doing so, we will be contributing to the preservation of the freshwater resources in water-stressed basins that will ultimately ensure continued supply of our products.

HOW

We are currently working with the UN Global Compact CEO Water Mandate's Water Resilience Coalition to unpack how this context-based goal will be defined, measured, and monitored. However, our work related to increasing water efficiency, availability, and quality across our value chain has continued. This includes working with our suppliers to reduce their water usage through the Farming for the Future programme, continuing with our water stewardship projects in conjunction with the WWF, and eliminating hazardous chemicals in our supply chain.



All our packaging will be **REUSABLE OR RECYCLABLE** by 2022

DEFINITION: All primary and secondary packaging on our private label products will be reusable* or recyclable* by 2022.

WHY

The world has finite resources. We cannot continue to operate in a linear take-make-waste approach in business.

WE RECOGNISE THAT WE NEED TO FUNDAMENTALLY RETHINK THE WAY WE DESIGN, USE, AND REUSE PLASTICS AND OTHER PACKAGING IN ORDER TO TRANSITION TOWARDS A CIRCULAR ECONOMY FOR PACKAGING, IN WHICH IT NEVER BECOMES WASTE OR POLLUTION.

HOW

In line with the work done to date, we will continue to identify packaging that is not reusable or recyclable, and will aim to remove and replace it. We will further drive packaging efficiencies by reviewing innovation opportunities for alternative sustainable packaging options or for packaging reduction. Cross-industry collaboration with key stakeholders in the retail and packaging industry, the inclusion of on-pack recycling labelling, and the provision of select takeback facilities in stores will continue.

CHALLENGES FACED



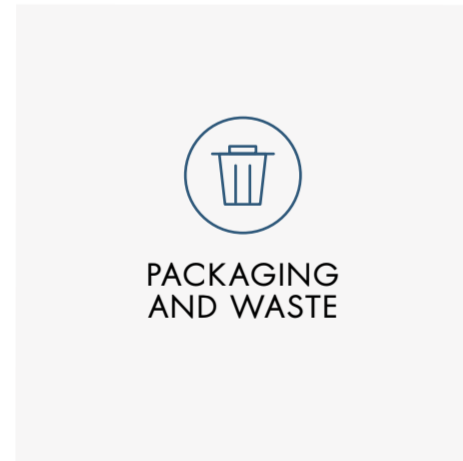
Some of our current packaging is technically recyclable; however, it is not effectively recyclable – i.e. there is no recycling infrastructure available in the country at scale to enable the recycling thereof. In other cases, there may be no commercially viable reusable or recyclable replacement options for certain packaging substrates. A challenge we will continue to face on our packaging journey is balancing the need for packaging to maintain quality and safety, and extend shelf-life, with the need for less packaging.

| RELATED SDG | RELATED FOCUS AREA | ASSOCIATED KPI | BASELINE | FY21 PERFORMANCE |
|-------------|--------------------|------------------------|------------------------|------------------|
| | | Still to be determined | Still to be determined | N/A |

| RELATED SDG | RELATED FOCUS AREA | ASSOCIATED KPI | BASELINE | FY21 PERFORMANCE |
|-------------|--------------------|--|--------------------------------------|---|
| | | Percentage of primary and secondary packaging of private label products that is reusable or recyclable | In progress for WSA FBH, CRG, and DJ | WSA Food: 97% (technically recyclable) WSA FBH, CRG, and DJ: Work commenced on establishment of a baseline |

*Our definitions for reusable and recyclable are aligned with the Ellen MacArthur Foundation New Plastics Economy Global Commitment definitions

VISION 2025+ GROUP GOALS: THRIVING AND RESILIENT

| | | | |
|--|--|---|--|
|  HALVE FOOD LOSS AND WASTE in our own operations and across our top 30 suppliers by 2030 | | DEFINITION: Halve inedible food loss and waste** in our own operations (stores, head offices, and distribution centres) and across our top 30 suppliers by procurement spend (in rand) by 2030.*** | |
| WHY It has been estimated that 1.3 billion tonnes of food goes to waste globally each year – around a third of all food produced. This is costing the global economy an estimated one trillion dollars annually (UN FAO). Not only is the food going to waste, but the resources used to produce the food are being wasted too. As a food retailer, we recognise that we have a responsibility to reduce food loss and waste in our value chain. | | HOW We have already made great strides in reducing edible food waste to landfill through our value chain by: <ul style="list-style-type: none"> • Working with farmers and suppliers to reduce their edible food waste to landfill • Donating surplus food from stores to charities • Allowing store staff to purchase at discounted prices food that is past its 'sell by' date, but before its 'use by' date • Instituting packaging solutions to ensure maximum shelf-life, without compromising product quality and safety • Providing clear guidance on the preparation, cooking, and storage of the private label food products we sell These initiatives will continue, and will be supplemented as we work to achieve this target. | |
| RELATED SDG  | RELATED FOCUS AREA  | CHALLENGES FACED We need to establish accurate measurement and reporting processes and systems for food waste in our direct operations, so as to be able to quantify our baseline and future reductions. We also need to continue challenging our packaging options to remain fit-for-purpose and ensure food quality and safety while at the same time maximising shelf-life. | |
| ASSOCIATED KPI Percentage reduction in edible food waste to landfill in own operations BASELINE Still to be determined FY21 PERFORMANCE Work commenced on the establishment of a baseline | | ASSOCIATED KPI Number of top 30 suppliers to sign the South African Food Loss and Waste Voluntary Agreement to halve food waste to landfill in their operations by 2030 BASELINE 0 FY21 PERFORMANCE 15 suppliers | |
| <div style="display: flex; justify-content: space-between; width: 100%;"> NOT YET STARTED BEHIND ON TRACK AHEAD </div> | | <div style="display: flex; justify-content: space-between; width: 100%;"> NOT YET STARTED BEHIND ON TRACK AHEAD </div> | |

| | | | |
|---|--|--|--|
|  All private label products to support REGENERATIVE FARMING PRACTICES by 2030 | | DEFINITION: All private label apparel and primary produce, for which naturally derived raw materials or ingredients constitute more than 80% of the product, and which are linked to farming practice and/or land management, are to support regenerative farming practices by 2030. | |
| WHY Nature is declining globally at unprecedented rates, and the extent of species extinction is accelerating. This increasing biodiversity loss is a critical risk to our business, the health and wellness of our customers and employees, the economy as a whole, and the inputs used in our products. | | HOW We consider our Woolworths Farming for the Future programme to be a regenerative farming programme. We will continue to improve and refine it over time, and increase coverage of our secondary suppliers. When it comes to apparel, we are just starting on the regenerative farming journey, and will need to align with best practices as it evolves over time. We aim to focus on cotton first; thereafter, we will phase in timber and leather. | |
| RELATED SDG  | | RELATED FOCUS AREA  | |
| ASSOCIATED KPI WSA Food: Percentage of WSA private label produce and horticulture on the Farming for the Future programme BASELINE 52% FY21 PERFORMANCE 58% | | ASSOCIATED KPI WSA FBH, CRG, and DJ: Still to be determined BASELINE Still to be determined FY21 PERFORMANCE N/A | |
| <div style="display: flex; justify-content: space-between; width: 100%;"> NOT YET STARTED BEHIND ON TRACK AHEAD </div> | | <div style="display: flex; justify-content: space-between; width: 100%;"> NOT YET STARTED BEHIND ON TRACK AHEAD </div> | |

Definitions aligned with World Resources Institute's Food Loss & Waste Protocol *This goal only applies to Woolworths Food

VISION 2025+ GROUP GOALS: ETHICAL AND FAIR



Have a fully transparent, traceable, and **ETHICAL SUPPLY CHAIN** by 2025

WHY

We are committed to ensuring that we and our suppliers operate in a way that respects workers' rights, maintains safe working conditions, upholds local employment laws, and protects the environment and the welfare of animals. Not only is this what our customers expect, but we believe that suppliers and business partners who share our values, with safe, environmentally responsible, and fair working conditions, produce the best quality goods.

In recognition of the move towards radical transparency, having a fully transparent and traceable supply chain published on our corporate website(s) will hold us to account for ensuring an ethical supply chain, and provide visibility to our customers and other stakeholders on where our products come from.

DEFINITION: Publish the Group's supply chain for private label products on our corporate website(s) by 2025. The supply chain to be published for Fashion, Beauty and Home will include finished goods, fabrics, yarn, and farm. The supply chain to be published for food products will only be for specific commodities.***

HOW

Our approach to ethical sourcing includes:

- Internal processes and systems to document our suppliers
- A supplier Code of Business Principles, to which all suppliers are expected to adhere
- Monitoring of suppliers (including their factories and farms) through regular social and ethical compliance audits
- Partnering with best-in-class organisations and certification schemes to tackle complex and systemic issues
- Building awareness capacity internally and with our suppliers

CHALLENGES FACED

Obtaining full visibility of the various tiers in the supply chain will require additional investment in information collection and reporting systems. As our suppliers change over time in response to changing business requirements, keeping our published list of suppliers up to date will require focused effort. Furthermore, disclosing our supply chain may put our competitive advantage at risk in areas where we have built and established enduring relationships with key strategic suppliers.



Develop a roadmap by 2022 for achieving **A LIVING WAGE FOR ALL WORKERS** across our supply chain

DEFINITION: Develop a roadmap by 2022 for enabling a living wage for all workers in our supply chain.

A living wage is the remuneration received for a standard workweek by a worker in a particular place, which is sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing, and other essential needs, including provision for unexpected events. The regional living wages and living wage reference values developed using the Anker Methodology will be used as our benchmark for a living wage.

WHY

Governments of countries in which we source raw materials and manufacture goods generally set minimum wages for their workers. However, it is widely recognised by corporations, NGOs, academics, and industry bodies that these minimum wages are often insufficient for workers to afford a decent standard of living. We need to understand how we can mitigate some of the challenges associated with the provision of a living wage, and work with peers, industry partners, suppliers, NGOs, and the workers themselves to enable systemic change that will result in living wages being paid to workers.

HOW

We are still early in the journey towards enabling a living wage for workers in our supply chain, particularly from a Woolworths perspective. Both CRG and DJ have published living wage commitments on their websites, outlining steps being taken in this regard. Work is currently underway on developing a responsible purchasing practices framework for the Group, and training is being conducted internally with buying teams on ethical sourcing programmes. Across the Group, we will continue to work together on developing a roadmap.

CHALLENGES FACED

- There is currently no clear benchmark for what constitutes a living wage in every region from which we source raw materials and manufactured goods. Living wage is also a fluid benchmark that is specific to both time and location. Living wage benchmarks increase with economic development, and fluctuate due to factors such as commodity-cost changes, inflation, tax, government policies, and food and rental costs. These factors can differ and fluctuate between countries, regions, cities, and towns, so benchmarking a living wage in one country – let alone globally – is challenging.
- The nature of the global supply chain means that a retailer paying higher prices for goods doesn't necessarily translate to higher wages for workers. Retailers are reliant on suppliers passing on benefits to their own suppliers and, in turn, their workers.
- In addition, while collective bargaining is often a way for workers to push for better wages, it is not allowed in certain countries, and/or is impacted by the macro-environment.

| RELATED FOCUS AREA | ASSOCIATED KPI | BASELINE | FY21 PERFORMANCE |
|--------------------|-----------------------------|---|---|
| | Publication of supply chain | Finished goods suppliers published by CRG and DJ No suppliers published by WSA | CRG and DJ private label finished goods suppliers published in prior years, with additional details published this year WSA FBH finished goods suppliers not yet published WSA Food finalised the list of commodities for which supply chains will be published <div style="display: flex; justify-content: space-between; width: 100%;"> NOT YET STARTED BEHIND ON TRACK AHEAD </div> |

| RELATED SDG | RELATED FOCUS AREA | ASSOCIATED KPI | BASELINE | FY21 PERFORMANCE |
|-------------|--------------------|--|---|--|
| | | Development of a group-wide roadmap for enabling a living wage for workers in our supply chain | No roadmap, but living wage commitments by CRG and DJ | Roadmap in development <div style="display: flex; justify-content: space-between; width: 100%;"> AHEAD ON TRACK BEHIND NOT YET STARTED </div> |

***This excludes David Jones Food

VISION 2025+ GROUP GOALS: ETHICAL AND FAIR



RESPONSIBLY SOURCE ALL KEY COMMODITIES FROM TRACEABLE SOURCES by 2025

WHY

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

DEFINITION: Responsibly source, under commodity-specific local or international programmes, roundtables, labelling or certification schemes, and/or internally developed programmes, all key commodities for private label products by 2025. A commodity is a raw material or primary agricultural product that can be bought and sold.

Key commodities for fashion, beauty, homeware, general merchandise: Cotton, man-made cellulose fibres, leather, timber, synthetics, and palm oil

Key commodities for food: Palm oil, cocoa, coffee, soy, fish and seafood***

HOW

We formally commenced responsible sourcing for key commodities in 2015, and have made significant progress since then. We have done so through partnering and working with labelling and certifications schemes, such as the FSC, RSPO, BCI, and others. We aim to continue with these, and also remain abreast of and investigate any other options and technologies that may become available in future to progress our responsible sourcing and traceability journey.

CHALLENGES FACED

Not all layers of our supply chains are certified from end-to-end through the current certification and labelling schemes we subscribe to or work with. We will need to evolve our traceability journey in line with best practice as it develops over time, and ensure appropriate investment in processes and systems that enable us to trace our commodities back to source.

| RELATED SDG | RELATED FOCUS AREA | ASSOCIATED KPIS | BASELINE | FY21 PERFORMANCE | |
|-------------|--------------------|--|---|--|--|
| | | Percentage of commodity responsibly sourced Percentage of commodity responsibly sourced and traceable | For percentage of commodity responsibly sourced: refer to the Ethical Sourcing section For percentage of commodity responsibly sourced and traceable: 0% | Percentage of commodity responsibly sourced: refer to Ethical Sourcing section AHEAD ON TRACK BEHIND NOT YET STARTED | Percentage of commodity responsibly sourced and traceable: N/A AHEAD ON TRACK BEHIND NOT YET STARTED |

***This excludes David Jones Food

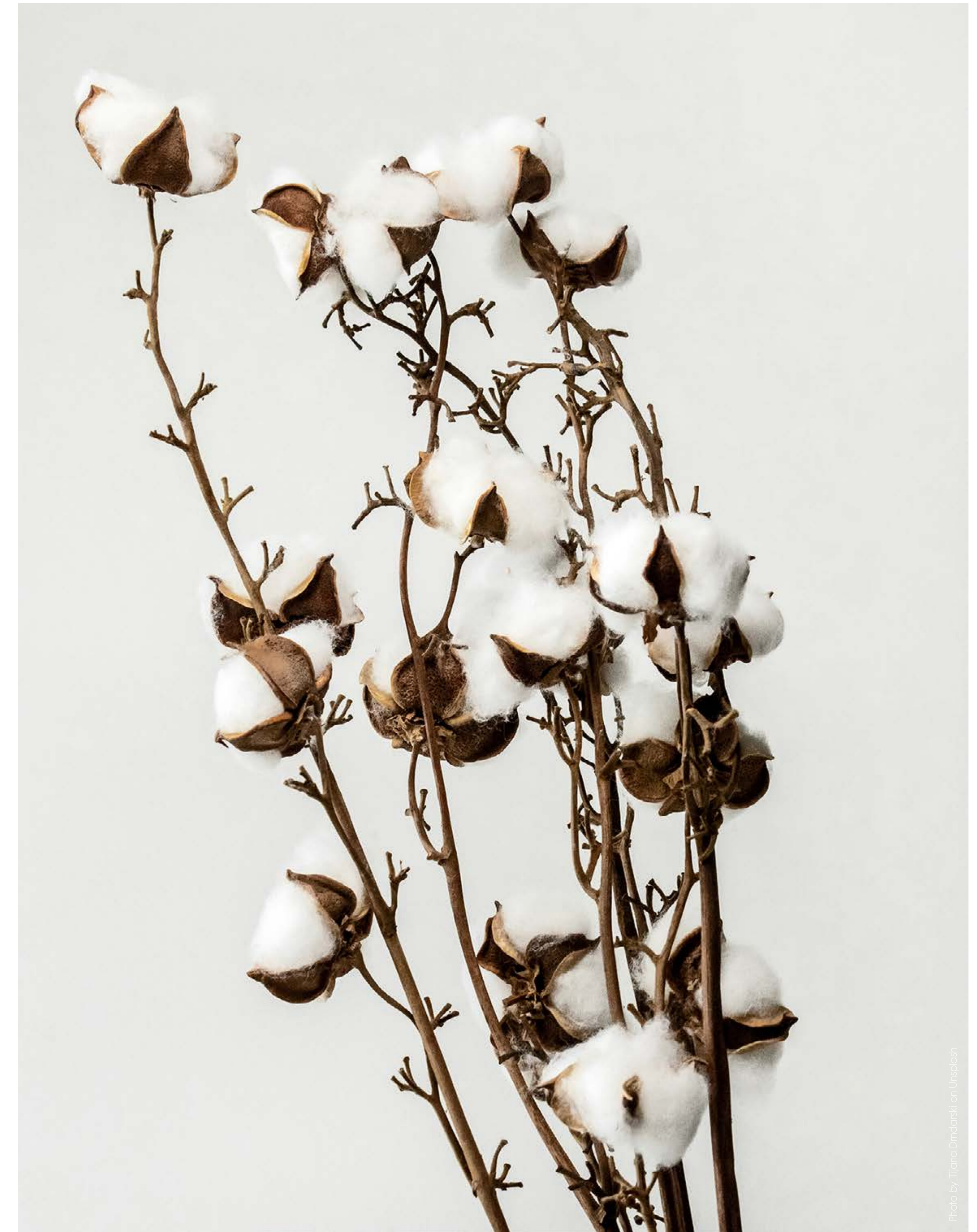


Photo by Jiffard Ordoñez on Unsplash

VISION 2025+ GROUP GOALS: ETHICAL AND FAIR



All our private label products can be REUSED, REPAIRED, RESOLD OR RECYCLED by 2025



All our private label clothing, beauty, and home products to contain at least ONE RENEWED, REUSED, OR RECYCLED PRODUCT MATERIAL input by 2030

DEFINITION: All private label clothing, fashion accessories, and home products are designed to be reused, repaired, resold or recycled at end of life.

Reuse: Product can be used again, in its existing form, via own or third-party systems

Repair: Product, in its existing form, can be (invisibly or visibly) repaired via own or third-party repair service

Repurpose: Product materials, in their existing form, are used to create/used in the creation of a new product via own or third-party systems

Recycle: Product materials are mechanically or chemically processed into new raw materials (for use in textiles or other industries)

DEFINITION: All private label clothing, beauty, and home products to contain at least one renewed, reused, or recycled product material input by 2030.

Renewed: Materials that are made from manipulating waste materials, in their existing form, into new and usable material

Reused: Materials requiring no intervention to be used again, in their existing form

Recycled: Materials made of raw materials/fibres derived from waste (pre- and/or post-consumer) that has been mechanically or chemically processed

WHY

As a fashion retailer, we have a responsibility to reduce the negative environmental impact of production and disposal of clothing, accessories, and home products. Ensuring that our products can be reused, repaired, resold, or recycled is one of the ways we can do this. In addition, by sourcing inputs and fibres that are renewed, reused or recycled, we are able to contribute to creating demand for circular inputs. Together, through both of these goals, we can progress towards a more circular fashion system.

HOW

While we have included recycled fibres in certain products and packaging for a few years now, and have focused on ensuring our packaging is renewable or recyclable, making a transition to a circular business model in our fashion and home business is still at an early stage. Training and upskilling of relevant teams and suppliers on circularity will be required to facilitate this transition.

CHALLENGES FACED

- We need to explore new business models, systems and partnerships to facilitate, track, and report on reuse, repair, and resale of our products
- Technology available for the recycling of fibres or the creation of alternative and renewed fibres is currently limited. In addition, these often do not necessarily have the same quality as virgin fibres, and are not being manufactured at scale as yet

INCLUSIVE JUSTICE



inclusive justice
initiative

GUIDED BY THE INCLUSIVE JUSTICE INITIATIVE, SPECIFIC GOALS AND TARGETS WILL BE SET TO DRIVE THIS PILLAR FORWARD. ALTHOUGH THIS PILLAR IS SET TO EVOLVE AND SERVE AS THE ETHOS OF OUR ENTIRE BUSINESS, OUR IMMEDIATE PRIORITY IS ALIGNING OUR HUMAN RESOURCES TEAMS TO BE ALIGNED WITH THE GOALS, AND DRIVE MEANINGFUL IMPACT FROM WITHIN.

RELATED SDG



RELATED FOCUS AREA



ASSOCIATED KPIs

Percentage of product that has been designed to be reused, repaired, repurposed or recycled
Percentage of product that contains at least one renewed, reused, or recycled material input

BASELINE

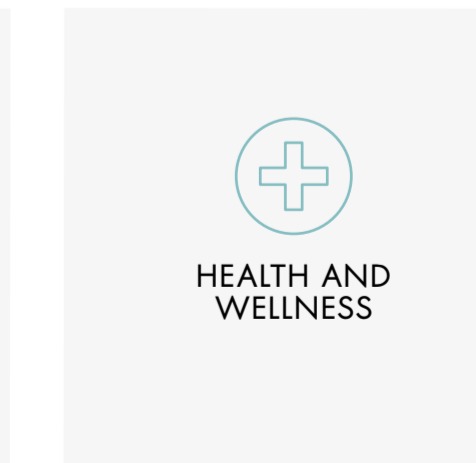
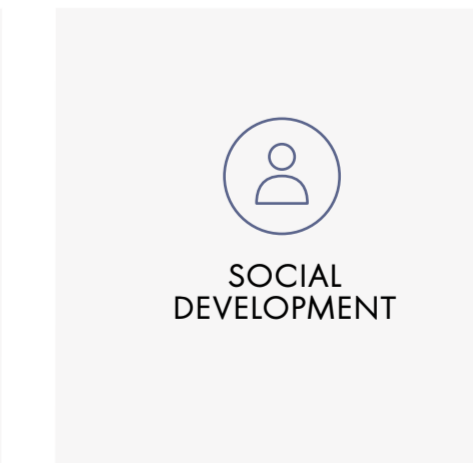
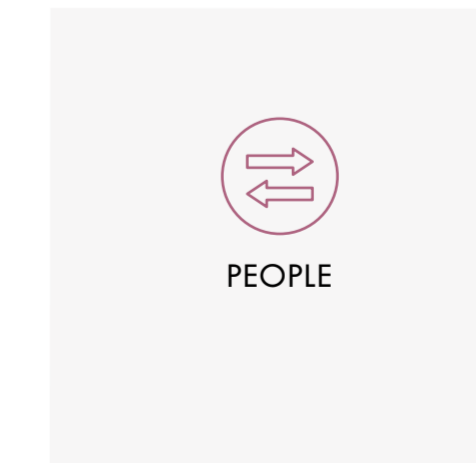
Still to be determined

FY21 PERFORMANCE

N/A



RELATED FOCUS AREAS



MILESTONES IN OUR GOOD BUSINESS JOURNEY



2007

GBJ PROGRAMME OFFICIALLY LAUNCHED BY WOOLWORTHS

2007 - 2014

• GBJ strategy embedded in Woolworths

2015 - 2020

• GBJ strategy rolled out to Country Road Group and David Jones and for the first time, Group-wide goals to 2020 announced

2021

• Launched refreshed Group GBJ strategy, Vision 2025+, with Group-wide goals to 2025 and beyond



WSA: Launched the BEE Employee Share Option Scheme, with the intention of empowering and benefiting Woolworths employees

WSA: Launched Farming for the Future and Fishing for the Future programmes
WSA: Launched Enterprise and Supplier Development programme

WHL: Named as one of the 16 Sustainability Champions in the Developing World by the World Economic Forum

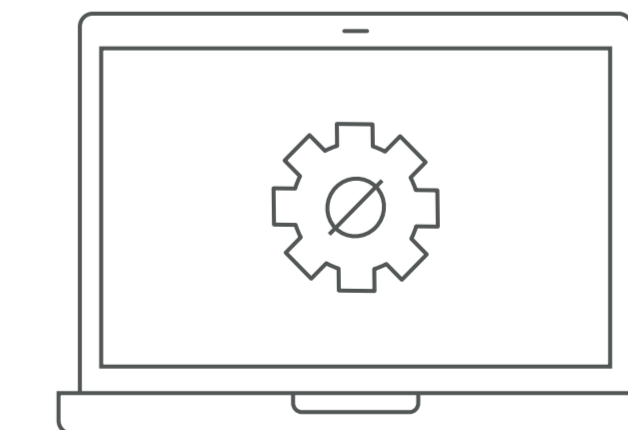


WSA: Launched Discovery HealthyFood™ programme to promote healthy eating
WSA: Joined the Better Cotton Initiative (followed by CRG in 2016)



WHL: Listed at #40 in Fortune's third annual 'Change the World' List of Companies That Are Doing Well By Doing Good
WHL: First retailer to sign up to EPI00 initiative to double energy productivity by 2020, a target we significantly outperformed

WHL: One of the top two African companies in the GlobeScan-SustainAbility Survey
WHL: First African retailer to have an approved science-based target for carbon emissions reduction
WHL: First African company to sign the Ellen MacArthur Foundation's New Plastics Economy Global Commitment



CRG and DJ: Published Tier 1 supplier details on their websites

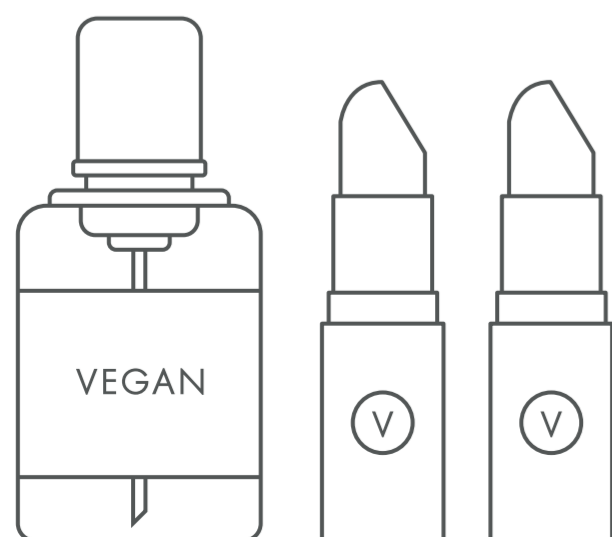
WHL: Launched Inclusive Justice Initiative (IJI) programme

WHL: Entered into the first sustainability-linked loan in the retail sector in South Africa

WSA: Implemented the first phase of salary adjustments for store employees, in line with our Just Wage initiative to close the remuneration gap

WHL: Winner of the World Retail Congress Responsible Retailer of the Year Award. Won again in 2009 and 2012 (finalist in 2016 and 2017)

WSA: Beauty Without Cruelty approved the entire Woolworths private label range of cosmetics and toiletries. In 2019, the WBeauty range became vegan



WSA: Initiated and introduced a new on-pack recycling label (OPRL), intended to assist recycling efforts in South Africa by making it easier for customers to recycle correctly. This has now been adopted by most major retailers in SA

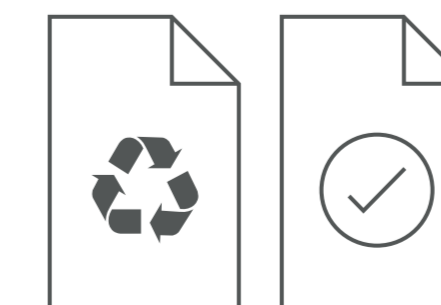
WSA: Joined SEDEX – a unique, innovative, not-for-profit web-based platform that helps companies to manage ethical supply chain risk, and streamline the challenging process of engaging with multi-tier supply chains. CRG and DJ subsequently joined too

WHL: Joined Canopy and the Leather Working Group

WSA: First South African member of the Round Table on Responsible Soy (RTRS)

CRG: The Omni-channel Fulfilment Centre becomes the first facility in Victoria to receive a 5 Star Green Star Industrial As Built v1 rating from the Green Building Council Australia. Across the Group, there are currently two stores and two distribution centres that are Green Star-rated

DJ: Finalist in UN Association of Australia (Victorian Division) World Environment Day Awards in the Sustainability Leadership Awards category (large organisations)



WHL: Launched new packaging commitments to phase out single-use plastic bags, and to ensure that all our packaging is reusable or recyclable

WSA: Recognised as one of the 10 Most Innovative Companies in Africa in 2012 by Forbes

WSA: Chosen as the winner in the Supplier Development category of the Oliver Top Empowerment Awards

WSA: Launched a partnership with the World Wide Fund for Nature South Africa (WWF-SA) – the first initiative of its kind for African retail

SUSTAINABILITY RISKS

We are faced with a multitude of sustainability risks that may impact our business, both in our direct operations and in our value chain. We follow a robust risk assessment approach to determine our risks across all focus areas and key stakeholder groupings. Risk registers are developed for key business areas to ensure that all identified risks are documented and weighted according to the agreed risk assessment method, and action plans are identified to mitigate the risk. Each risk below has been considered and incorporated into the development of the refreshed GBJ strategy to 2025 and beyond, Vision 2025. For more information on the Group's integrated risk assessment and management approach, refer to the Enterprise Risk Management section of the Integrated Annual Report.*

CLIMATE CHANGE AND ENERGY

RISK CONTEXT

- Failure to reduce carbon emissions and adapt to and mitigate against physical climate change impacts
- Threat to supply, quality, and availability of raw materials
- Supply chain and logistics disruptions
- Food security and food price inflation
- Availability and cost of electricity and/or low-emission technology
- Failing governmental and municipal infrastructure
- Business disruption due to energy interruptions and/or extreme weather events
- Reduced customer demand for unsustainable products

RELATED GBJ FOCUS AREAS



MITIGATIONS

- Implementation of energy-efficiency initiatives in our direct operations
- Renewable energy installations across the Group
- Implementation of the Woolworths Farming for the Future programme
- Implementation of the green factories programme with Woolworths suppliers
- Optimisation of Woolworths delivery footprint
- Working to ensure each private label product has a sustainability attribute

WE HAVE ALSO REPORTED ON OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES USING THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) RECOMMENDATIONS FOR THE FIRST TIME THIS YEAR.

WATER QUALITY AND SCARCITY

RISK CONTEXT

- Food security and food price inflation
- Contamination of available water resources through pollution
- Changing weather patterns resulting in regional droughts
- Threat to supply, quality, and availability of raw materials
- Failing governmental and municipal infrastructure

RELATED GBJ FOCUS AREAS



MITIGATIONS

- Implementation of water-efficiency initiatives in our direct operations
- Implementation of the Woolworths Farming for the Future programme
- Implementation of the green factories programme with Woolworths suppliers
- Implementation of a detox strategy to remove harmful chemicals from clothing manufacture
- Involvement in water stewardship projects in key Woolworths sourcing regions
- Installation of water tanks and handwashing stations at various schools

WASTE TO LANDFILL

RISK CONTEXT

- Lack of widely available recycling infrastructure and technology
- Availability of cost-effective and recyclable substrate and fibre alternatives
- Balancing the need for packaging to minimise spoilage and for product safety against increasing expectations for packaging reduction
- Increased customer demand for packaging reduction and customer takeback options
- Increased regulations and cost of compliance with applicable laws and regulations
- Threat to supply of non-renewable raw materials

RELATED GBJ FOCUS AREAS



MITIGATIONS

- Phase-out of single-use plastic shopping bags
- Proactive stakeholder engagement with the packaging and recycling industries
- Use of sustainable or recyclable packaging
- Recycling of waste from direct operations
- Provision of customer takeback facilities at stores
- Donation of surplus food and clothing to charities
- Inclusion of clear on-pack recycling labelling
- Use of recycled or renewed content in packaging, apparel, and homeware
- Implementation of the Woolworths Farming for the Future programme

ETHICAL SOURCING

RISK CONTEXT

- Increasing expectations for transparency and traceability and improved working conditions in the supply chain
- Increasing expectations regarding the protection of human rights, enablement of living wages and abolition of modern slavery in the supply chain
- Increasing requirements to manage third-party social and environmental risk and animal welfare in the supply chain
- Balancing increasing expectations for supply chain localisation with the quality, cost, and availability of goods

RELATED GBJ FOCUS AREAS



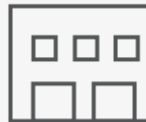








MITIGATIONS

- Publication of finished goods supplier lists for Country Road Group and David Jones private label
- Mandatory compliance by suppliers with our Codes of Conduct and sustainability-related position statement, monitored through regular audits
- Sourcing commodities through recognised international responsible sourcing programmes
- Ongoing training of staff and suppliers on ethical sourcing topics
- Proactive stakeholder engagement with governments and regulators
- Enterprise and Supplier Development programme
- Living wage commitments and modern slavery reporting

OUR VALUE CHAIN

As a retailer in food, fashion, beauty, and home products with a multinational footprint, we recognise the significant challenges associated with the complexity of working within a multi-tiered and geographically dispersed supply chain. Our impacts cut across the entire value chain, from raw material production to customers and the end-users of our products. With this understanding of our value chain, through the new GBJ strategy – Vision 2025 – and the eight GBJ focus areas, we are able to adopt a systems thinking-based approach to managing our impacts.*

| | | | | | |
|---|---|--|---|---|--|
| <p>VALUE CHAIN</p> | <p>AGRICULTURE & FISHING</p>  <p><i>Raw material production</i></p> | <p>SUPPLIERS & PROCESSORS</p>  <p><i>Processing, production, packaging, auditing</i></p> | <p>WHL OPERATIONS</p>  <p><i>Buying, logistics/distribution, retailing, core business functions</i></p> | <p>CUSTOMERS</p>  <p><i>Purchasing, market influence, use and disposal of goods</i></p> | <p>COMMUNITIES</p>  <p><i>Community</i></p> |
| | <ul style="list-style-type: none"> • More than 1 050 direct suppliers | | <ul style="list-style-type: none"> • 44 708 employees • More than 1 million m² of trading space | <ul style="list-style-type: none"> • Almost 8 million active loyalty customers | <ul style="list-style-type: none"> • More than R918 million contributed to charities and our local communities this year |
| <p>MAGNITUDE OF IMPACTS</p> | <p>HIGH</p> | | <p>MODERATE</p> | <p>LOW</p> | <p>LOW</p> |
| <p>OUR IMPACTS AND HOW WE MANAGE THEM</p> | <p>Through our supply chain, we are able to support employment, including for local and small and medium businesses. However, at the same time, we need to aim to ensure that the conditions under which workers are employed and remunerated are ethical, and that we demonstrate fair purchasing practices.</p> <p>Agricultural, fishing, and manufacturing activities in our supply chain may result in negative environmental impacts. We work with our suppliers to try to minimise and mitigate these potential negative impacts, including on water quality and availability, biodiversity, soil quality, and animal welfare. We also work with our suppliers to minimise their carbon emissions, pollution, and waste sent to landfill.</p> <p>We do this through our sustainable farming, fishing, ethical sourcing, and enterprise and supplier development programmes.</p> | | <p>In our direct operations, we create jobs, contribute to skills development, and endeavour to promote equality and diversity in our workforce. The Group’s culture and working environment created by the People strategy aims to positively impact the health, safety, and wellbeing of our employees.</p> <p>Our own direct operations may result in potential negative environmental impacts. It is our responsibility to manage and mitigate these, including those related to water quality and availability, carbon emissions, pollution, and waste.</p> <p>We do this through our water, energy efficiency, and waste reduction initiatives at head offices, distribution centres, and stores.</p> | <p>Through our store experience, product safety procedures, and wide product offering, we aim to positively impact the health and wellbeing of our customers. Driving packaging innovation and providing recycling facilities in-store for our customers is key to mitigating the impacts of our product and packaging waste.</p> <p>Through our social development programmes and cause-related products, we also provide opportunities for customers to give back to their local communities.</p> | <p>We are able to positively contribute to local communities through donations (including food and surplus clothing) to aid organisations and charities. The provision of recycling facilities – in-store and in the various malls where we operate – also reduces waste going to landfill at a community level.</p> |
| <p>RELATED GBJ FOCUS AREAS*</p> |  | |  |  |  |

*Read more about our impacts and how we manage them in the individual focus area chapters in this report

OUR STAKEHOLDERS

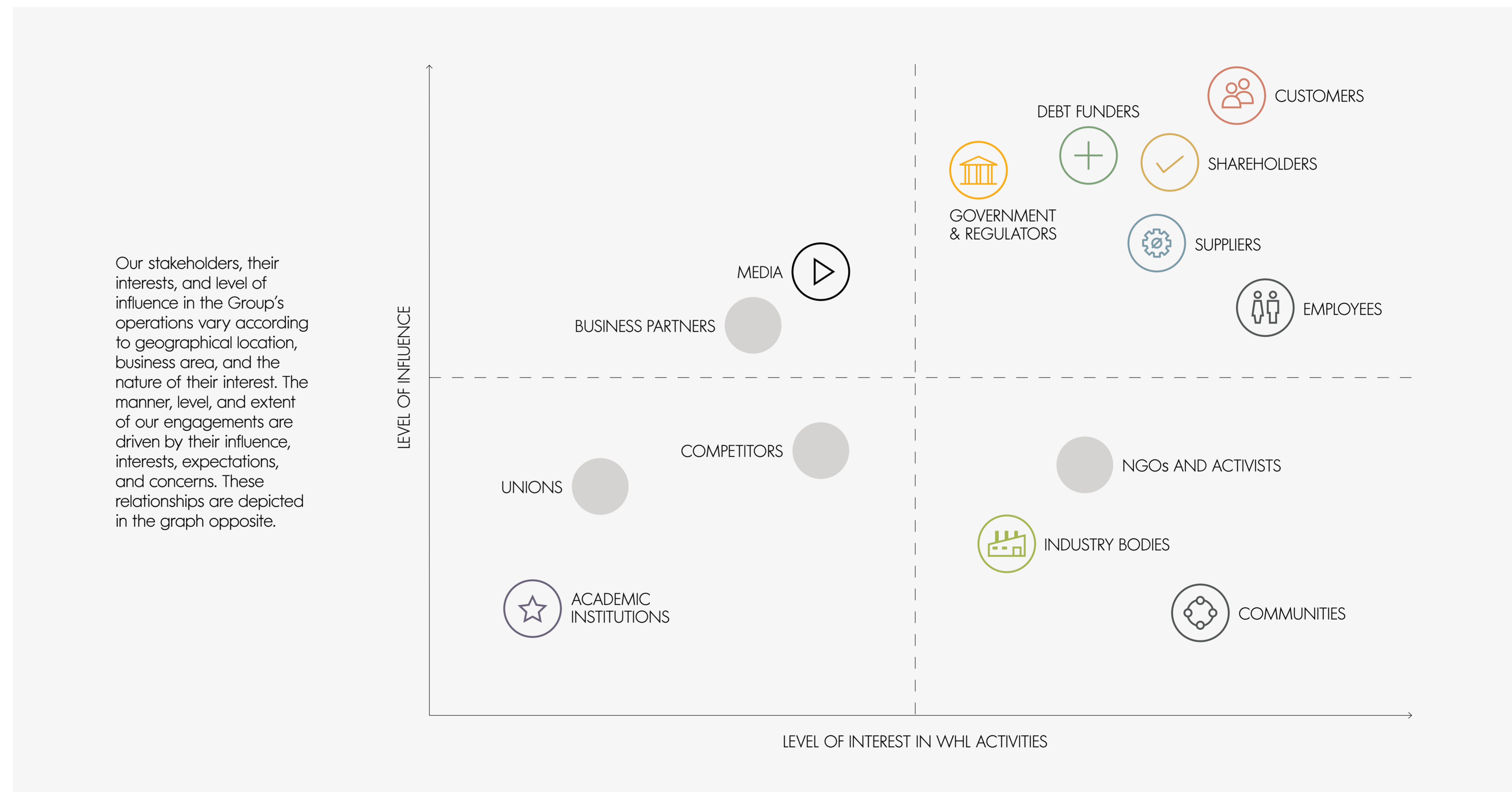
The Group believes that strong, sustainable stakeholder relationships form the foundation of our ability to create shared value in the short, medium, and long term. Unique to our value creation process is the extent to which our Good Business Journey supports and nurtures future access to our resources, which is key to building a more sustainable business and future as we endeavour to meet the demands of our current stakeholders without compromising the ability of future generations to also fulfil their wants and needs.

We are committed to developing and maintaining quality, long-term relationships with the broad range of stakeholders who have an interest in the Group, its products, activities, and initiatives and on whom our business has an impact.

Our philosophy is to engage authentically, openly, and inclusively with them, allowing us to better understand and benefit from their insights, concerns, and priorities; to seek areas of potential partnership; mitigate risks to the business; and create mutual trust and respect. This is integral to the ongoing, daily management of the Group and key to identifying the material issues that could significantly impact our performance and sustainability. We, therefore, ensure that we engage on issues that are salient both for stakeholders and the business.

OUR PHILOSOPHY IS TO ENGAGE AUTHENTICALLY, OPENLY, AND INCLUSIVELY WITH THEM, ALLOWING US TO BETTER UNDERSTAND AND BENEFIT FROM THEIR INSIGHTS, CONCERNS, AND PRIORITIES; TO SEEK AREAS OF POTENTIAL PARTNERSHIP; MITIGATE RISKS TO THE BUSINESS; AND CREATE MUTUAL TRUST AND RESPECT.

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



USEFUL LINK ⋮
FOR MORE DETAIL ⋮

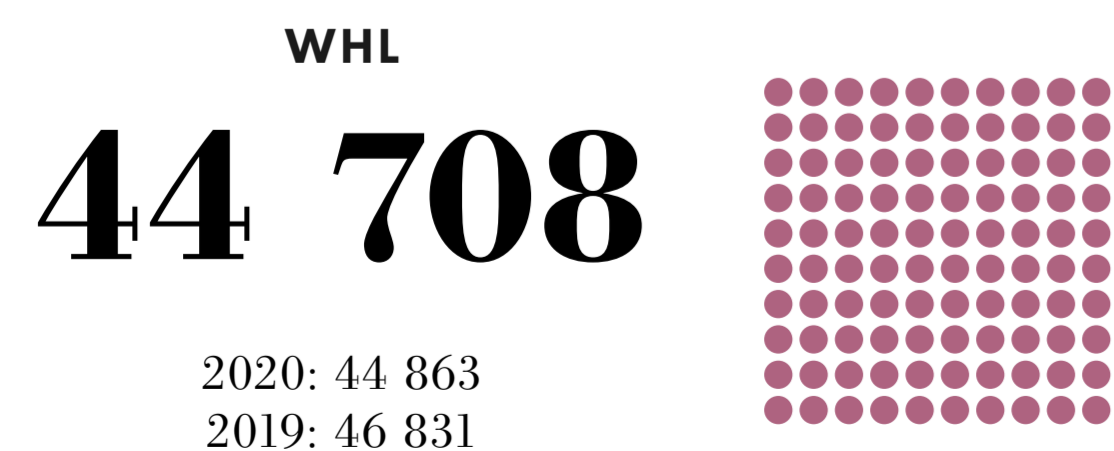
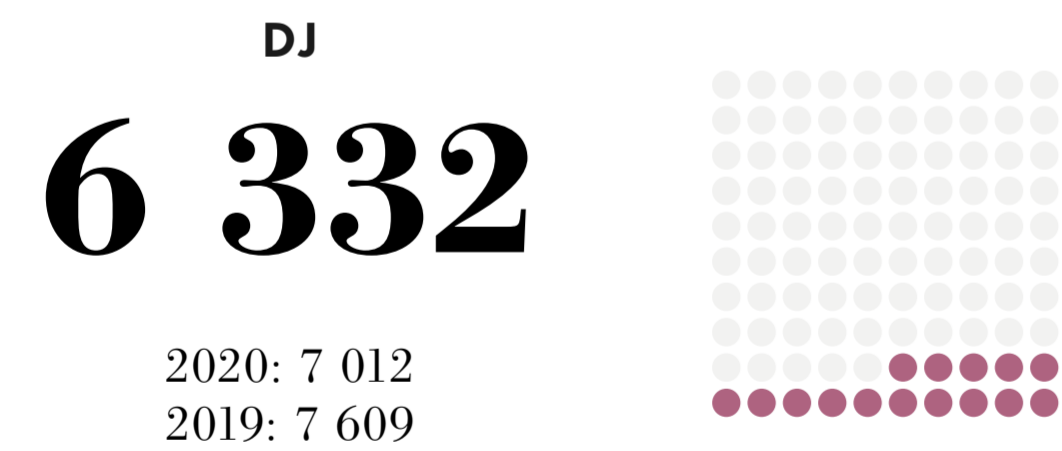
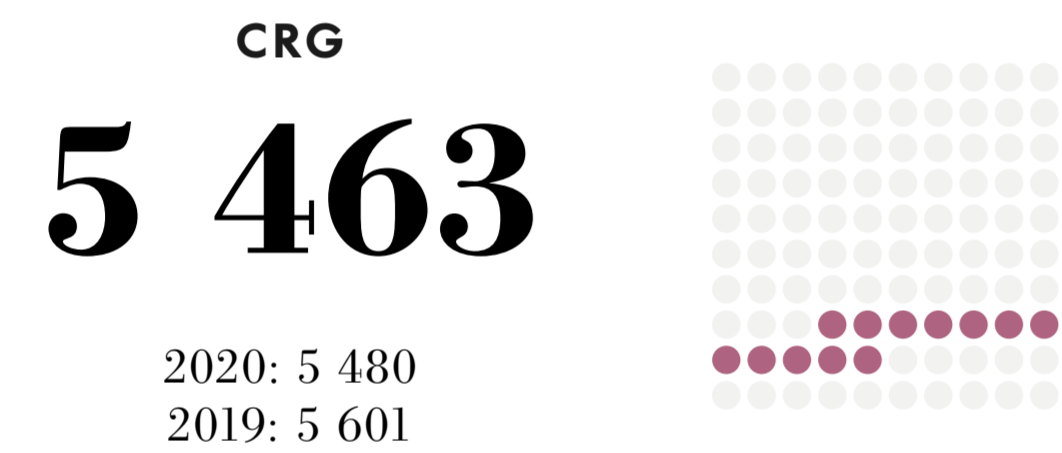
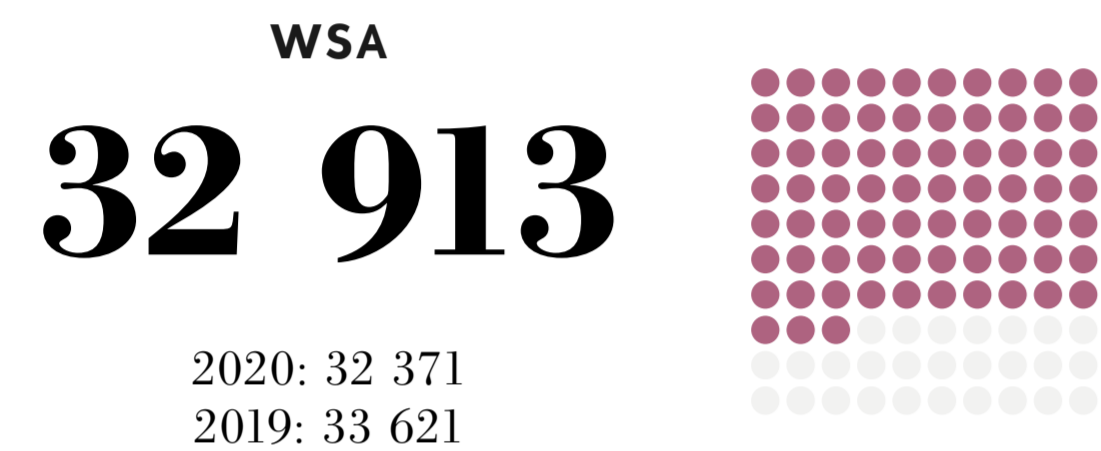
A photograph of two women standing in a field of tall grass under a clear blue sky. The woman on the left is wearing a light blue floral dress and is looking back over her shoulder. The woman on the right is wearing a darker blue floral dress and is looking towards the camera. The word 'PEOPLE' is overlaid in large white letters across the middle of the image.

PEOPLE

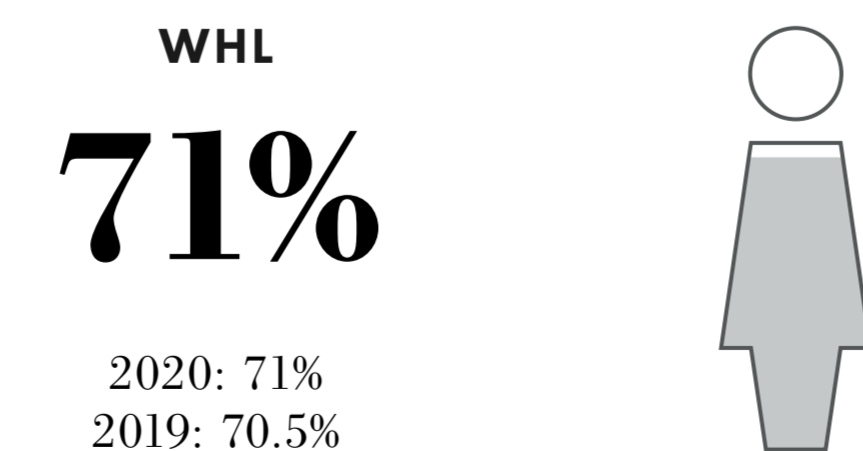
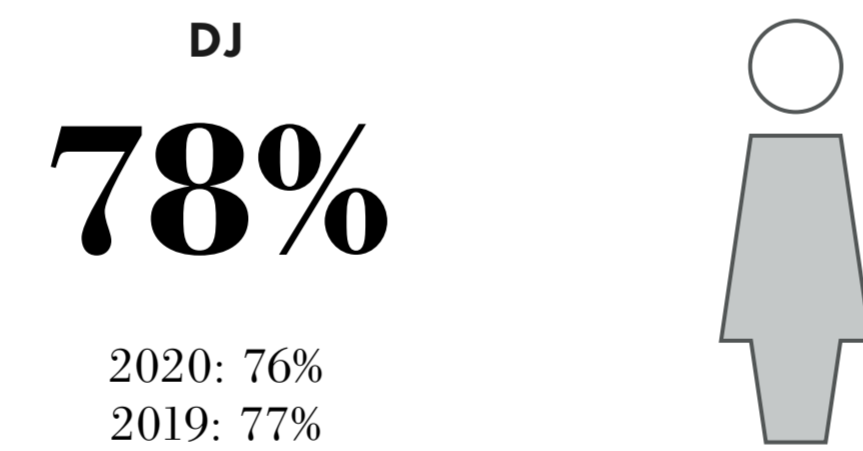
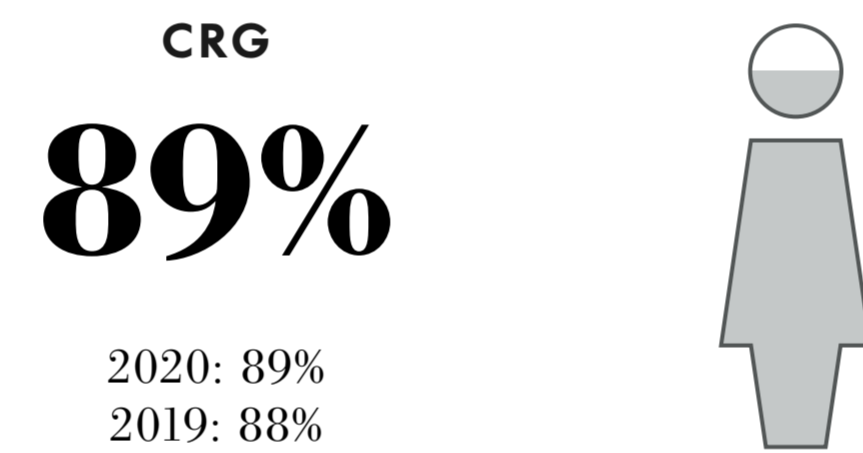
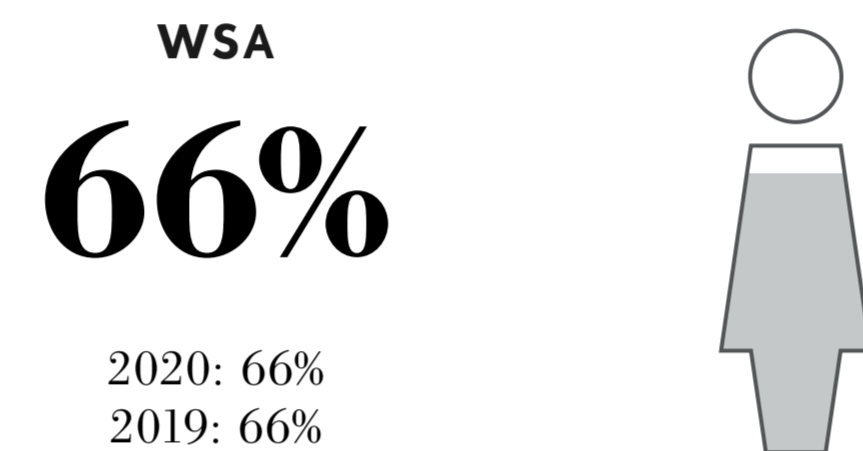
We remain focused on building an organisation in which our people can find meaning in their work, where the culture enables everyone to fulfil their potential, and where everyone works towards a better future.

PERFORMANCE SUMMARY

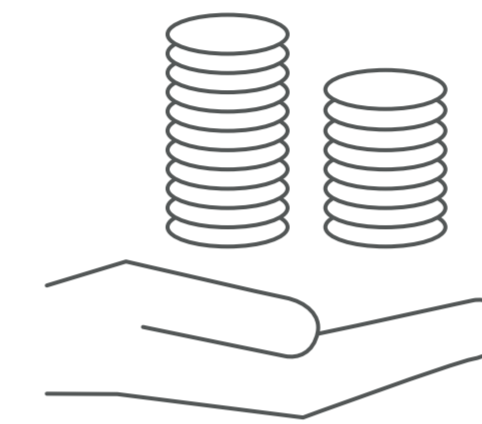
EMPLOYEE HEADCOUNT



FEMALE REPRESENTATION



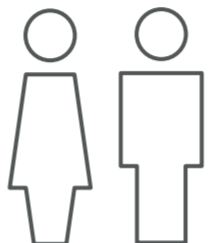





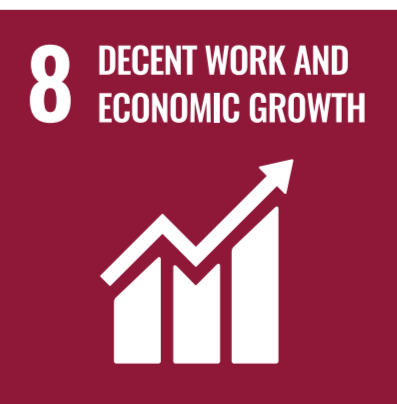

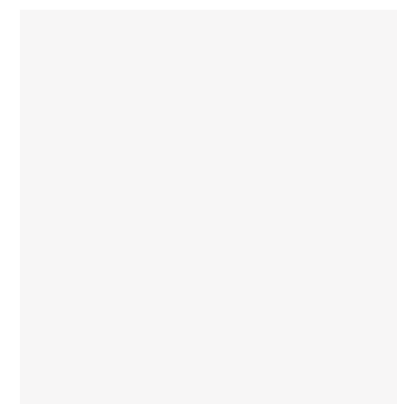
TRAINING SPEND



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



STRATEGY AND MANAGEMENT APPROACH

| STRATEGY | MANAGEMENT APPROACH | HIGHLIGHTS | LOOKING AHEAD |
|--|--|---|--|
| <p>Our Group purpose is to add quality to life. The fruition of this purpose is embedded in our people strategy, which is uniquely positioned for the different geographic regions in which we operate – Africa (referring to Woolworths South Africa in this chapter), and Australia and New Zealand (referring to David Jones and Country Road Group in this chapter). Its strategic intent remains anchored by our values, and is centred on delivering unique experiences for our people and our customers.</p> <p>As a Group, it is important for us to ensure that we employ and invest in people who share our brand purpose, values, and passion to help grow a future-fit business. Our Employee Value Proposition is aimed at attracting, developing, and retaining talent that enables us to create a diverse staff complement to deliver on our strategy. It is important that we implement an Employee Value Proposition that nurtures a unique employee experience. Through regional oversight of our people strategies, we are able to deliver a compelling value proposition that is customised towards meeting the unique employee needs in our areas of operation.</p> <p>The people strategies in Woolworths South Africa, David Jones and Country Road Group emphasise a people experience that will enable a differentiated customer experience, albeit in varying regional contexts. In Woolworths South Africa, the broader South African socio-economic and political context in which the organisation exists – and in which our people live – is considered. In David Jones and Country Road Group, the focus on business sustainability through ensuring the right culture and optimising processes to build a strong business in the region is a key focus.</p> <p>OUR GROUP PEOPLE STRATEGY HAS THREE STRATEGIC FOCUSES</p> <ol style="list-style-type: none"> 1. PROTECT Protecting our talent by attracting, developing, and retaining the talent 2. GROW Growing leadership competencies in order to shape an enabling culture 3. TRANSFORM By leveraging existing systems and talent, transforming the Group for alignment across both regions | <p>While navigating the new ways of working presented by the Covid-19 pandemic, we have continued our focus on driving streamlined regional strategies for Australia, New Zealand, and South Africa. The pandemic highlighted the focus on our people, who continued to remain committed and passionate during exceptionally difficult times. The imperative for both regions has, therefore, been to provide support to our people through initiatives such as wellness offerings, and to adopt ways of working that position us for shared growth as the long-term impacts of Covid-19 are understood and addressed.</p> <p>In the past year, we continued to entrench our purpose and values through continuous employee engagement, building our organisational leadership capability, as well as investing in the wellbeing of our people. Our people are looking for a differentiated experience. We also appreciate that there is a direct link between the people experience and the customer experience – and, one step further, that the people experience is largely a function of how they experience their leaders. Therefore, at a Group level, we continue to focus on building our competitive advantage through our people, with a focus on a leading and integrated talent experience, improving our talent processes, and building leadership capability among our senior leaders.</p> <p>Our strategies are driven through various mechanisms, including the WHL Exco and the excos of our businesses, the People Leadership Teams, human resources forums, and Town Hall sessions. In addition, at WSA, a Connected People Council (CPC) – a collective forum of senior executives, chaired by the WSA CEO – was established in 2016 to deliver a modern and connected people experience to our employees. The main aim of the CPC has been to systematically address the issues that hinder us from living up to our promise of a unique employee experience. Having identified a few pain points, we have also focused on further entrenching our values, building leadership capabilities that are aligned to our values, and digitising our operations – not only for better delivery to our overall business strategy, but also to facilitate agile communication with our staff.</p> <p>From a talent-management perspective, our Group talent forums are embedded as part of our Group talent practices, focusing on senior management across the Group to attract, develop, and retain the best talent.</p> <p>In response to the Covid-19 pandemic, a crisis response plan was implemented in our businesses. Its aim was to develop a Covid-19 People Plan that continues to deliver on our Employee Value Proposition even in the midst of a crisis.</p> | <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">  <ul style="list-style-type: none"> We have established a cross-regional project team to review the way in which talent is segmented and managed across the Group  <ul style="list-style-type: none"> The Group is embarking on a leadership competency framework to ensure capability in future ways of working in times of complexity, as well as post-Covid-19 </div> <div style="width: 45%; text-align: center;">  <ul style="list-style-type: none"> The Woolworths launch of the Inclusive Justice Initiative (IJI) programme was a big strategic shift this year </div> </div> <p style="text-align: center;"><i>Woolworths was able to meet its contractual obligations towards its employees. We are extremely proud of the fact that we managed to pay all our employees (including all those prohibited from working) during the lockdown. This was supported by a strong collaboration within the business, as well as being able to effectively claim from the government's Temporary Employer/Employee Relief Scheme (TERS)</i></p> <div style="text-align: center; background-color: #f0f0f0; padding: 5px;">LOWLIGHTS AND CHALLENGES</div> <ul style="list-style-type: none"> With Covid-19 taking priority, resources were redirected towards crisis management and future ways of working projects. This led to decreased focus on projects that relate to improving Group analytics, data, and reporting As a result of the constant lockdowns related to the pandemic and the need to maintain health protocols, we have had to transition from classroom-based to virtual training to ensure that we continue to deliver on our people development goals across the Group | <ul style="list-style-type: none"> We will be focusing on progressing the Inclusive Justice Initiative, with clear five-year targets and a Group position that will ensure that WHL lives up to an ethos anchored in inclusive thinking and action In response to the Covid-19 pandemic, the Group is working on plans to transition to a sustainable hybrid work model We are compiling a leadership competency framework that enables us to focus on the development of our leaders into the future An organisation-wide survey is scheduled in Australia and New Zealand. This will be a full engagement survey for both retail and support staff <div style="text-align: center; background-color: #a04060; color: white; padding: 5px;">RELATED UN SDGs</div> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>1 NO POVERTY</p> </div> <div style="text-align: center;">  <p>4 QUALITY EDUCATION</p> </div> <div style="text-align: center;">  <p>5 GENDER EQUALITY</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>10 REDUCED INEQUALITIES</p> </div> <div style="text-align: center;">  </div> </div> |

OUR PEOPLE MANAGEMENT

The past year has seen increased focus and time spent on engaging in talent conversations, led by senior leadership. This has deepened the strategic focus on, and understanding of, the ways we approach growing and developing our talent, both in terms of individual career aspirations and in terms of sustainable capability planning. While we have been driving focused people strategies in Australia, New Zealand, and South Africa, the aftermath of the global pandemic has had an impact on these regional strategies. Our initial people focus during this time was related to operational issues, including the safety and wellbeing of our people, enabling work from home, ensuring that all our people continued to be paid, minimising the impact of any job losses, and ensuring ongoing communication and engagement.

As we moved into recovery planning, we needed to start planning and preparing for a world where flexible working (with increased dependence on digital tools and skills), remote communication, increased collaboration, rapid decision-making, learning at scale, and employee relationships built on trust have quickly become the 'new normal'. In Australia and New Zealand, the second half of the year focused on future ways of working and return-to-office protocols; in South Africa, while we considered return-to-office protocols, the increasing Covid-19 case numbers necessitated a continued crisis management response. In both regions, this created a complexity that required the business to shift to a different way of working.

PERFORMANCE GOALS FRAMEWORK

All employees across the Group go through a performance management cycle. This includes goal-setting, interim and full-year reviews, and ratings. Feedback occurs throughout the year. Career discussions are also held at least once a year. The performance reviews are structured in such a way that a score is calculated based on a 60/40 rule (30% delivery to overall business strategic objectives, 30% delivery towards individual performance objectives, and 40% towards organisational values); this is linked to individual short- and long-term incentives. This year, the performance framework and goal-setting were reviewed to ensure that we have a robust assessment approach that also supports our strategy of building a future-fit organisation.

As a result of limited trading conditions that impacted performance, monetary rewards in the form of annual increases and salary reviews were held back. However, a bonus was paid out to all eligible employees. Given the vulnerability of employees, especially entry-level Woolworths employees, a lot of work was conducted around specific targeted retention by making annual salary increases available at this level, in order to ensure that key and critical skills are retained for business continuation. Woolworths was also able to progress in its journey towards implementing a 'just wage'. This is discussed in the Remuneration section.

CASE STUDY

LEADERSHIP CAPABILITY FOR LEADING VIRTUALLY

The Covid-19 pandemic turned the world upside down. An opportunity was presented to support and inspire line managers to embrace the 'new normal', given the need to lead effectively in a virtual environment. In partnership with La Roche, we engaged close to 250 Country Road Group and David Jones leaders who have had to suddenly transition to remote working. The engagement was aimed at building leadership capabilities for leading teams virtually.

An eight-pillar framework was used as the foundation for the engagement. Three key streams were implemented to engage our key stakeholders and maximise the benefit of the collective learnings. The streams are:

- **GROUP COACHING SESSIONS**
Leadership teams participate in group coaching in order to explore best practices for leading virtually while also sharing their own experiences, strategies, and lessons learnt with one another
- **WEBINARS**
Line managers participate in webinars to explore best practice approaches for leading virtually while also hearing real examples and practical ideas from leaders across the business
- **TEAM PLAYS AND ACTIONS PLANS**
Leaders and line managers take part in self-guided team activities and create action plans in order to try out and embed virtual leadership practices that have been covered in group coaching and webinars



TALENT DEVELOPMENT AND RETENTION

Our various training and development programmes are designed to foster talent and equip our employees with vital skills and experience. Skills development is built into the individual performance plan of each employee. The Group offers a range of internal and external accredited training and tertiary studies designed to help employees deliver on our business strategies and equip them with the skills required in the retail environment.

As a result of the Covid-19 pandemic, face-to-face training and recruitment were halted during the lockdown period. The pandemic has forced us to accelerate the transition to an omni-channel learning environment that still creates and fulfils goals against the skills planning process. Woolworths launched the MyWoolies app – a one-stop shop for accessing important Woolworths information and a space in which employees can connect, engage, and keep in touch. The app is also used to deliver some of the self-learning training tools for employees.

In Australia and New Zealand, programmes such as leadership development, assessments, values-based leadership, and the merchandise development internships were impacted.

In line with our strategy of developing our internal talent and growing leaders from within, the percentage of internal appointments was 88% (2020: 86%) for Woolworths, 60% (2020: 73%) for Country Road Group, and 68% (2020: 67%) for David Jones, with Group labour turnover for the same category at 16.4% (2020: 17.6%).

TALENT DEVELOPMENT IN SOUTH AFRICA

Woolworths South Africa remains committed to its skills development strategy. However, the pandemic has affected our skills development approach in unprecedented ways. Not only has the crisis shifted the skills development priorities, but it also affected the way in which learning is delivered in a world where physical distancing and remote working have become a way of life. Our initial people development focus during Covid-19 was on responding to operational issues, including the safety and wellbeing of our people.

As we moved into recovery planning, we needed to consider how we would prepare for a world where remote learning and delivering learning at scale quickly, have become the 'new normal'. Given that this is a mammoth journey for learners, facilitators, content creators, line managers, and many other stakeholders, a decision was made to adopt a three-phase approach to facilitate the organisation's transition to the new learning model.

R67.5M

Woolworths training spend in 2021

2020: R119.9M

2019: R121.6M

[USEFUL LINK FOR MORE DETAIL](#) ⋮

DEVELOPING WOOLWORTHS INTERNAL TALENT PIPELINE

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

To support our strategy of developing our people from within and making a difference in South Africa through education and youth development, we have started to deliver very limited face-to-face classroom learning within the infrastructure of Covid-19 protocol constraints, with a focus on business-critical training (e.g. Click & Collect, till training, cyber-security, and onboarding) and compliance training (e.g. first aid and firefighting).

DESPITE THE CHALLENGES FACED DURING THE PERIOD, WE HAVE CONTINUED WITH THE INVESTMENT IN OUR PEOPLE DEVELOPMENT INITIATIVES. WE ALSO HAD TO BE RESPONSIVE TO THE PLIGHT OUR PEOPLE ARE FACING DURING LOCKDOWN, WHILE TRANSITIONING TO A DIGITALLY ENABLED WORLD OF LEARNING.

SAICA TOPP PROGRAMME

Woolworths has been accredited by the South African Institute of Chartered Accountants (SAICA) as a Training Outside of Public Practice (TOPP) training office for prospective chartered accountants. With this, we are able to develop the relevant skills for accounting competency in the business. Woolworths employees who are also aspiring chartered accountants can complete their articles within the finance teams, without having to leave the business. Currently, there are four active trainees on the programme, and we will be providing two more accounting graduates with this training opportunity in 2022. Our first trainee is well on their way to becoming a qualified Chartered Accountant (South Africa) by the end of 2021, and our most recent trainee has just passed his first two Initial Test of Competence qualifying board exams.

INDUSTRY-BASED WORKPLACE EXPOSURE

DEVELOPING THE UNEMPLOYED AS OUR FUTURE PIPELINE

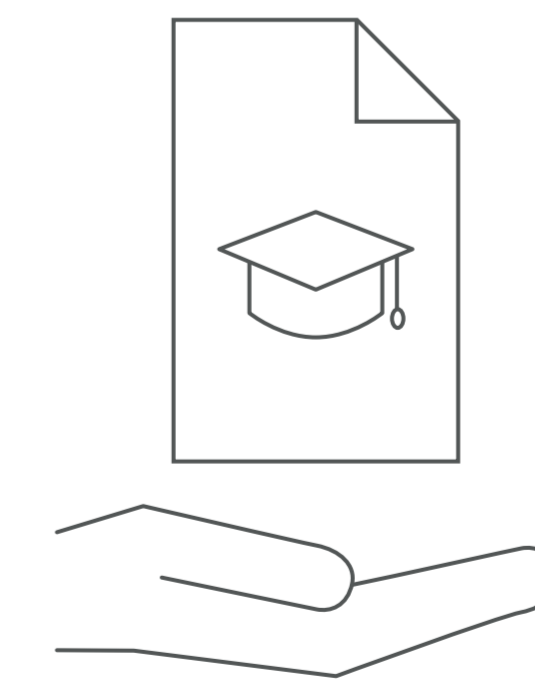
The unemployment rate in South Africa is now at 32%, and the youth are the most impacted, with more than 60% of them unemployed. This is further exacerbated by job cuts, poor economic conditions, and new digital skills that are in short supply. Woolworths has responded to this by offering opportunities throughout the talent value chain, from bursaries for employee dependants and co-op student placements to our graduate development programme for workplace experience and placement. The programme not only offers us a ready-now skilled pool of talent, but also provides the industry and the country with skilled graduates.

Learners are also given their first chance to contribute to the economy, as they are paid a competitive graduate salary while in our employ.

EMPLOYEE BURSARIES

We currently offer funding for tertiary education to our top talent across all levels.

The 2020 academic year was a difficult one for higher education as the Covid-19 pandemic affected the completion of both secondary and tertiary education during this period. Students had to adjust to remote forms of learning, and institutions had to manage the academic year during different phases of the national lockdown. The announcement in 2020 by Dr Blade Nzimande (Minister of Higher Education, Science and Technology) that the higher education system would be moving to remote learning, and that the National Student Financial Aid Scheme (NSFAS) was to fund students by issuing them with devices and data, challenged us to review our bursary funding model to ensure that our people are not disadvantaged by not having access to connectivity and devices.



253 EMPLOYEES RECEIVED MORE THAN R5.6M IN BURSARY FUNDING

WOOLWORTHS EMPLOYEE DEPENDANT BURSARY

At Woolworths, we offer employees at certain job levels bursary funding for any of their dependants who wish to complete a retail-related qualification. In the past year, we offered 55 dependant bursaries for the 2021 academic year, amounting to an investment of approximately R1.5 million.

SUPPORTING HIGHER-EDUCATION STUDENTS IN FINANCIAL NEED

In March 2021, the Minister of Higher Education, Science and Technology announced that, “The National Student Financial Aid Scheme (NSFAS) is facing a shortfall on its funding for 2021, which means that it has been unable to confirm funding for new university students.” In light of this, we made a commitment to direct some of our bursary funds towards relieving the plight of students in completing their higher education studies. We assisted 40 students who were in their final year of study, with additional bursary funding (approximately R1.9 million) to clear their outstanding tuition fees, thereby enabling them to graduate at the end of 2021.

GRADUATE DEVELOPMENT PROGRAMME: WORKPLACE EXPERIENCE

Our graduate programme provides a majority of Employment Equity (EE) unemployed graduates with 12 months’ work experience at Woolworths, earning an income and contributing to the economy. This programme forms part of our overall talent pipeline strategy, as it provides the graduates with an opportunity for potential permanent employment in our entry-level and middle-management roles. We are very proud that, since 2015, our graduate programme has provided valuable work experience and development to more than 300 unemployed graduates.

Due to Covid-19, we were unable to offer the planned training interventions within the year-long graduate programme, and decided to extend the programme so that the graduates would not be disadvantaged. The contracts were extended, and once lockdown restrictions were eased, we introduced the graduates to a revised programme that responded to their current needs.

WE PROVIDED THE GRADUATES WITH A PROGRESSIVE SKILLS-DEVELOPMENT PROGRAMME VIRTUALLY.

THE FIRST TIME MANAGER SERIES

The First Time Manager Series is a modular development series that offers internally appointed new managers and new managers who come into Woolworths an opportunity to learn in a structured way. The series aims to build manager competence as a Values-based Leader, in order to deliver on Woolworths business priorities and customer intent. This is being conveyed virtually to 80 of our managers.

INSIDE RETAIL PROGRAMME

The Woolworths Inside Retail programme is aimed at developing Technical Vocational Education and Training (TVET) college lecturers who teach retail-related subjects.

It provides them with industry-based workplace exposure, allowing them to experience the world of retail and gain up-to-date knowledge and insight into every aspect of a retail business. It also gives them insight into the types of career opportunities available for their students. This year, we hosted a collaboration session with the Wholesale & Retail SETA CEO, leaders from TVET colleges nationally, and MySchool, as well as key representatives from the business, to co-create a programme with a national footprint. Due to the pandemic, we agreed to put the programme on hold, and review implementation post-lockdown.

HANDS UP FOR REACHING POTENTIAL PROJECT

Woolworths participated in the Hands Up for Reaching Potential (HURPI) project – a rural initiative funded by the government – at one of our stores in the Western Cape. We hosted six unemployed learners at the store, five of whom completed their workplace learning successfully. The contracts of all five have been extended as seasonal employees; since February 2021, they have been converted to permanent store employees.

INFINITY CULINARY TRAINING

Woolworths continues to support the Infinity Culinary Training centre, which provides disadvantaged South African women and men with basic cooking and life skills necessary to find immediate employment in a professional kitchen. This centre also provides a pipeline for candidates to join our business. During the pandemic lockdown period, the centre and a number of our Woolworths Food colleagues used our head office product-development kitchen to prepare thousands of meals per day for the most vulnerable people in communities around Cape Town.

YOUTH EMPLOYMENT SERVICE

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

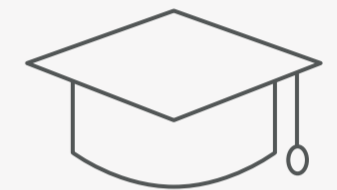
The journey of the YES initiative was completed in June 2020, with a total of 512 unemployed youth having been recruited and participating in the programme. Of the 57% retained at the end of the 12-month programme, 77% are still employed with us. This initiative has provided an excellent talent pipeline for Woolworths, and we are currently exploring our options with regards to future participation.

OUR LEARNING AND DEVELOPMENT INITIATIVES IN NUMBERS

580

unemployed graduates participated in our stores learnership programme

THE WOOLWORTHS GRADUATE DEVELOPMENT PROGRAMME WON THE SOUTH AFRICAN GRADUATE EMPLOYER ASSOCIATION (SAGEA) RETAIL EMPLOYER OF CHOICE AWARD FOR THE 5TH CONSECUTIVE YEAR



998

employee bursaries offered since 2015

WE HAVE OFFERED 55 DEPENDANT BURSARIES FOR THE 2021 ACADEMIC YEAR

(2020: 66)



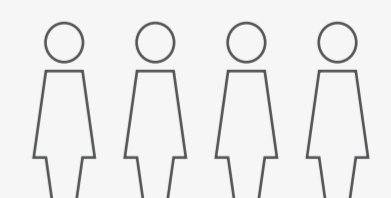
80

new managers participating in the First Time Manager Series

MORE THAN 300 CANDIDATES ACCEPTED TO THE GRADUATE DEVELOPMENT PROGRAMME SINCE 2015

A total of **512**

unemployed youth have participated in the Woolworths YES programme since June 2019



4

trainees in the TOPP programme

DEVELOPING THE COUNTRY ROAD GROUP AND DAVID JONES TALENT PIPELINE

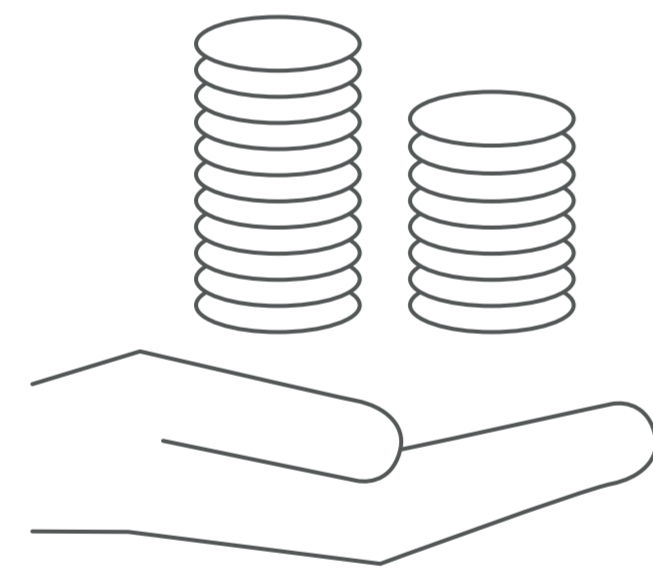
In Australia and New Zealand, we continued our focus on optimising people processes through aligning the different brands in response to the regional people strategy. We have delivered an in-house leadership programme to help us develop leadership capabilities in stores.

INDUSTRY-BASED WORKPLACE EXPOSURE

Witchery collaborates with the RMIT University in Melbourne to offer a work placement programme for selected visual merchandising students.

Country Road offers 12-month graduate positions for students to be mentored by its visual merchandising team. As a result of budget constraints brought on by Covid-19, the business had to redirect the budget from this programme.

TRAINING SPEND

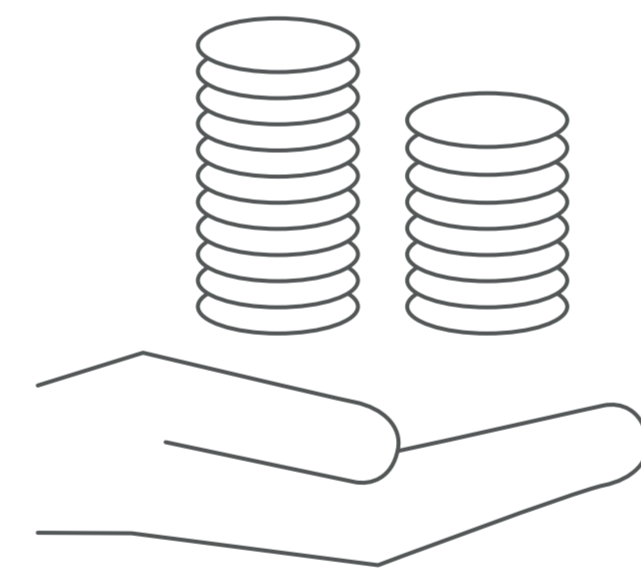


R14.2M

Country Road Group training spend in 2021

2020: R18.7M
2019: R17.4M*

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



R1.2M

David Jones training spend in 2021

2020: R8.4M
2019: R9.4M

REMUNERATION

The Group’s remuneration philosophy is to ensure that employees are rewarded appropriately for their contribution to the execution of the strategy of the Group.

AS AN INTEGRAL COMPONENT OF THE EMPLOYEE VALUE PROPOSITION THE REMUNERATION POLICY HAS BEEN DESIGNED TO CONTINUE TO ATTRACT, ENGAGE, RETAIN, AND MOTIVATE THE RIGHT, DIVERSE TALENT REQUIRED TO DELIVER THE LONG-TERM SUSTAINABILITY OF THE GROUP.

The Remuneration Policy is designed to achieve alignment between the Group’s business strategy and the behaviour of all employees in relation to the values of the Group. The policy recognises and rewards individual responsibility, performance, and behaviour in the achievement of the business goals. This policy is applicable to all Group employees, and participation in short- and long-term incentive schemes is dependent on an individual’s role and level within the Group.

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

OUR JOURNEY TO A JUST WAGE

Over the past three years, a significant amount of work has been done by Woolworths on our journey towards paying all our people a just wage. The business conversation around a living wage started in 2017, within the context of a broader national conversation related to the minimum wage, living wage, and the South African Gini coefficient. As of 1 January 2019, the national minimum wage came into effect. While we appreciated that the shift to a just wage would ultimately reduce staff turnover and its associated costs, including recruitment, induction, training, staff uniform costs, as well as the cost of absenteeism, we have also remained conscious of the timing thereof given the continued pressure on expenses, and have therefore agreed that this would be an ongoing journey.

USEFUL LINK FOR MORE DETAIL

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DIVERSITY AND INCLUSION

An inclusive and diverse workplace is one of the Group’s main priorities. As a Group, we are committed to non-discrimination, non-sexism, and non-racism across all our policies, practices, and daily operations. We value diversity and inclusion as key components of our Employee Value Proposition, and believe that a strong, diverse, and inclusive strategy that is unique to each of the regions in which we operate should be a key part of our employee attraction and retention framework. As a Group, we also continue to ensure that gender parity remains a focus.

WE BELIEVE THAT, TO REMAIN COMPETITIVE, WE NEED TO INCREASE OUR SCOPE WHEN IT COMES TO ADDRESSING ISSUES OF DIVERSITY IN ORDER TO BUILD A THRIVING, FUTURE-FIT ORGANISATION.

DIVERSITY AND INCLUSION IN SOUTH AFRICA

Woolworths South Africa has adopted the nationally legislated Employment Equity (EE) prescripts and, as part of this, integrates greater participation of historically disadvantaged groups across all spheres and levels of the organisation. Every three years, we draft an EE plan for the Department of Employment and Labour, and we are assessed against this. All of our leadership have specific performance goals in relation to this plan, which they are measured against internally. To ensure that it remains a focus, we have various management and staff diversity committees, which meet regularly to discuss the implementation and execution of this plan.

While the plan is focused on an organisational level, we have various anti-discrimination policies aimed at creating a culture in which all our employees feel welcome, where they believe and know they are treated fairly, and where they are not discriminated against. Compliance with Broad-based Black Economic Empowerment (BBBEE) legislation ensures that Woolworths continues to contribute meaningfully towards national priorities to transform the industries in which we operate and make the economy more inclusive.

In light of the rise in gender-based violence in the country, we have partnered with a gender-based violence interest group to review our sexual harassment policy, and to ensure that it is fit for purpose. Apart from this, we have also engaged with the South African Commission for Gender Equality on certain aspects of our operational policies, to ensure that they are gender-neutral and non-discriminative.

EMPLOYMENT EQUITY

Employment Equity is a South African nationally legislated strategy that compels organisations to have diversified and equitable workforces, with the aim of transforming them to better reflect the national demographic. The focus of the plan is twofold: to transform the existing workforce through targeted talent development plans; and to ensure that incoming recruits better reflect local demographics, with a particular weighting towards historically disadvantaged groups.

Currently, historically disadvantaged South Africans (HDSA) represent 96% (2020: 95.8%) of total Woolworths permanent employees, of which 64.4% (2020: 63.2%) are in middle- to top-management positions. Women represent 64.2% (2020: 64.3%) of HDSA permanent employees.



INCLUSIVE JUSTICE INITIATIVE (IJI)

The Inclusive Justice Initiative (IJI) programme was launched in the wake of the social and economic fallout of Covid-19. This initiative focuses on addressing racism as a priority, along with ensuring that the WHL Group is an inclusive business that takes on social and workplace inequality.

USEFUL LINK
 FOR MORE DETAIL

PEOPLE LIVING WITH DISABILITIES

The Department of Trade, Industry and Competition has set a BBBEE target that states that 2% of the company workforce should be black people with disabilities. In South Africa, our strategic approach to people with disabilities is aligned with our people and transformation strategies and the national skills development strategy. The implementation of this strategy is being carried out in partnership with the Wholesale & Retail SETA. We currently have 533 people with disabilities (2020: 516) working for Woolworths.

DISCRIMINATION

Woolworths has taken a blended approach to managing discrimination in the workplace. Our primary measure is the adoption of a broad corrective strategy known as the Employment Equity Plan, which aims to ensure greater participation of previously disadvantaged groups across all spheres and levels of our organisation. All members of our leadership team have specific performance goals in relation to this plan, against which they are measured. To ensure that it remains a focus, we have set up various management and staff diversity committees, who meet regularly to discuss the implementation and execution of this plan. While the plan is focused on an organisational level, we have various policies aimed at eradicating discrimination at an individual level. Current policy development includes an updated Sexual Harassment Policy and a Policy Statement on Workplace Harassment.

DIVERSITY AND INCLUSION IN AUSTRALIA AND NEW ZEALAND

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

To meet all Australian legislative requirements in respect of the Workplace Gender Equality Agency (WGEA), EEO, and other related laws, Country Road Group and David Jones submit their annual WGEA reports detailing female representation in the workplace. This year, the proportion of women for Country Road Group was 89% (2020: 89%) and for David Jones 78% (2020: 76%); combined, this equates to 83% female representation for the region.

The diversity and inclusion approach for the region comprises three key streams of work.

DIVERSITY AND INCLUSION FRAMEWORK

A diversity diagnostic was conducted by Diversity Partners (the selected service provider). Information was gathered through interviews with 10 senior leaders, two focus groups with Allyship members and leaders across the Group, a Diversity and Inclusions Survey that was distributed to 100+ employees, and a review of human resources data, policies, and other company information.

THE FINDINGS FROM THE DIAGNOSTIC SHOWED THE FOLLOWING

- Country Road Group and David Jones have a diversity and inclusion framework with a strategic intent that ‘We care for our people, and are committed to being a diverse and inclusive business, enhancing the wellbeing of our employees, customers, and communities.’ This commitment manifests through the Good Business Journey community partnerships that promote diversity and inclusion, including Our Watch, the UN-based Ethical Fashion Initiative, and Her Project for Mimco; Movember for Politix; and Trenerly launching Pachacuti Panama Hats that promote fair trade and preserve the traditional artisan skills of the Andes
- Diversity has also been a key consideration in relaunching the 10 Friends of David Jones (brand ambassadors), featuring Adam Goodes, Tom Derickx IR U OK? Day ambassador, and Aboriginal actress and model Magnolia Maymuru. The David Jones brand strategy (Project Horizon) has inclusiveness as one of the four priorities
- Another example of the Group’s commitment is through the recent focus on building awareness and support for Aboriginal and Torres Strait Islander employment and engagement, particularly in David Jones with the Reconciliation Action Plan, recent cultural competency training across the Group, and the Pathways Programme for indigenous fashion designers.
- Other strengths include the application of flexible working arrangements across the head office and establishing guiding principles to navigate the transition to hybrid working while maintaining collaboration and connection. The application of accessibility principles in some facilities, such as the Omni-channel Fulfilment Centre in Truganina (Victoria), to support people with disabilities is another strong example of progress.

FOUR KEY THEMES EMERGED TO EMBED DIVERSITY AND INCLUSION PRINCIPLES

OPPORTUNITY 1

Set and communicate a diversity and inclusion strategy and action plan, with measures reviewed by a Group-wide Diversity and Inclusion Council (including leader expectations)

OPPORTUNITY 2

Educate leaders on the value of diversity and inclusion

OPPORTUNITY 3

Proactively embed diversity and inclusion in people policies and practices

OPPORTUNITY 4

Continue to embed diversity and inclusion principles in product design and marketing

DIVERSITY AND INCLUSION ALLYSHIP

A Diversity and Inclusion Allyship (Allyship) has been established, with its own terms of reference, governance, and cadence of information. This group champions and leads the charge to promote, drive awareness, and lead initiatives for diversity and inclusion for David Jones and Country Road Group.

THE ALLYSHIP CONSISTS OF TWO EXECUTIVE SPONSORS, A CHAIRPERSON AND 14 TEAM MEMBERS FROM ACROSS BRANDS, MANAGEMENT LEVELS, AND DIVERSITIES.

THE GROUP IS SPLIT INTO THREE WORK STREAMS:

- Training and awareness
- Communication and programmatic initiatives
- Community and engagement

INCLUSIVE WORKPLACE

The aim of this stream is to articulate the vision, governance framework, and leadership structure for the People pillar of our Good Business Journey as it relates to diversity and inclusion. These include focus areas of wellbeing, fair and responsible pay, and engagement. Work streams are in place to ensure appropriate actions and measurements.

USEFUL LINK FOR MORE DETAIL
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DAVID JONES RECONCILIATION ACTION PLAN

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

THE PLAN HAS VARIOUS ELEMENTS, INCLUDING:

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

CASE STUDY

DAVID JONES & DARWIN ABORIGINAL ART FAIR FOUNDATION PATHWAYS PROGRAM

Our partnership with Darwin Aboriginal Art Fair Foundation (“DAAFF”) and the creation of an Australian Indigenous Pathways Programme is a continuation of the commitment to reconciliation with Aboriginal and Torres Strait Islander peoples, which is reflected in our Reconciliation Action Plan. Established in 2020, the Pathways Programme initiative is part of David Jones’ ongoing commitment to supporting diverse design perspectives and working towards a future Australian fashion industry that is more inclusive and representative of indigenous design and culture.

Facilitated through workshops, seminars, mentoring, and network opportunities, David Jones has forged partnerships between the six First Nations fashion brands and their mentors, comprising six Australian fashion designers within the David Jones family including Aje, Bassike, Bianca Spender, Bec and Bridge, PE Nation, Kitx and Esse.

David Jones’ role in the programme is to listen and understand the needs of our First Nations fashion designers and provide support at all stages of the development of a fashion label. The latest phase in the programme has been the mentoring session which has provided the opportunity for indigenous fashion brands to tap into the expertise of leading Australian fashion designers, and have them provide practical experience, insights and advice.

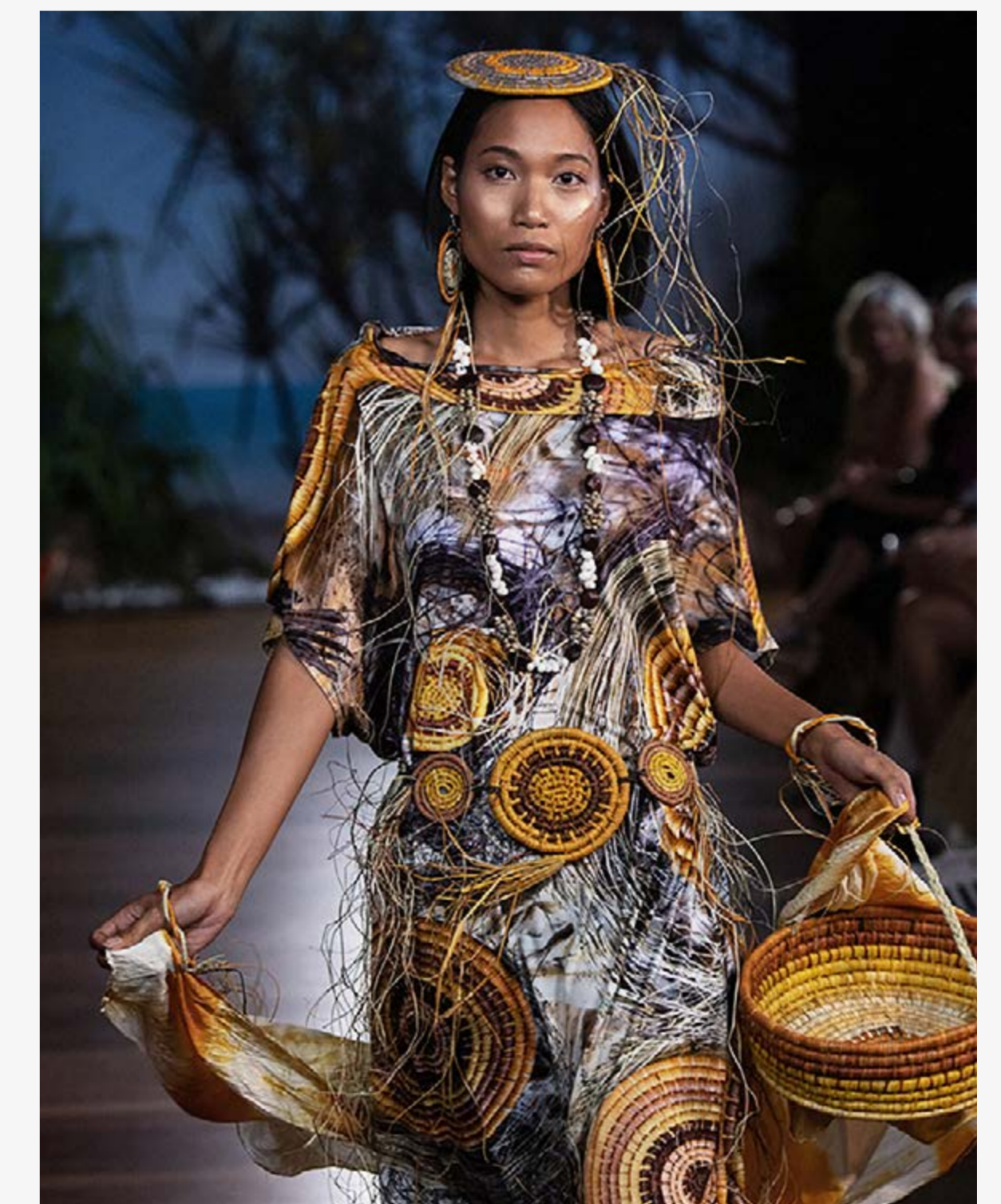
AfterPay Australian Fashion Week will be the culmination of this inaugural year of the Pathways Programme, where up to five designers will show their collections on the runway. This key activity will be supported by an intimate media and designer breakfast to discuss the successes, challenges and the next phase of the programme.

USEFUL LINK FOR MORE DETAIL
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COUNTRY ROAD X DARWIN ABORIGINAL ART FAIR FOUNDATION

In 2020, Country Road partnered with DAAFF in support of the National Indigenous Fashion Awards (NIFA) and Country to Couture. This is a consciously slow and considered partnership through which we aim to learn and be guided by community needs. We want to better understand the breadth of experience and cultures of our First Nations people in order to support reconciliation in Australia. There is so much we can learn from the world’s oldest living cultures and we are committed to doing so. Through this partnership we provide an annual mentorship to the NIFA National Fashion Design Award winner, which was won by Julie Shaw of Maara Collective. Julie has been undertaking her mentorship during 2021. Country to Couture is an annual celebration of First Nations art and design talent which we support by sharing and amplifying Indigenous voices and work across our platforms.

Future Plans are to continue the initiative into 2022.



EMPLOYEE ENGAGEMENT

Across the Group, we regularly conduct company-wide employee opinion surveys to inform our understanding of how our people experience working for us, how we measure against their expectations, and where we can improve. The surveys are confidential and are used as one of the ways for us to understand how we can create a modern employee experience, from an employee perspective. The surveys also help the organisation respond to trends and issues faster.

We also engage with our employees through regular communication media that are sent company-wide.

Woolworths also hosts Exco Chats, where our staff engage with an Exco member via the intranet. It is our way of keeping the communication lines open and transparent. Employees are able to ask questions, which are responded to in real time. In Australia, regular Town Hall sessions are hosted by the CEOs of our respective businesses, and are an important and regular touchpoint with our people. For stores, there are regular roadshows in place to ensure we regularly connect with our store employees. During the Covid-19 lockdowns, this was limited to virtual connections with stores.

PULSE SURVEY

We conducted two pulse surveys in Australia and New Zealand, and one perception survey in South Africa, to understand how employees are experiencing working from home and to give employees an opportunity to reflect on what their experiences have been over the last year. These surveys measure employees' opinions, experiences, and input on a variety of organisational effectiveness indicators, and include views on employee engagement, leadership, our corporate culture, and how employees generally rate and experience the Group as an employer.

ACROSS THE GROUP, WE REGULARLY CONDUCT COMPANY-WIDE EMPLOYEE OPINION SURVEYS TO INFORM OUR UNDERSTANDING OF HOW OUR PEOPLE EXPERIENCE WORKING FOR US, HOW WE MEASURE AGAINST THEIR EXPECTATIONS, AND WHERE WE CAN IMPROVE.

WHISTLEBLOWING

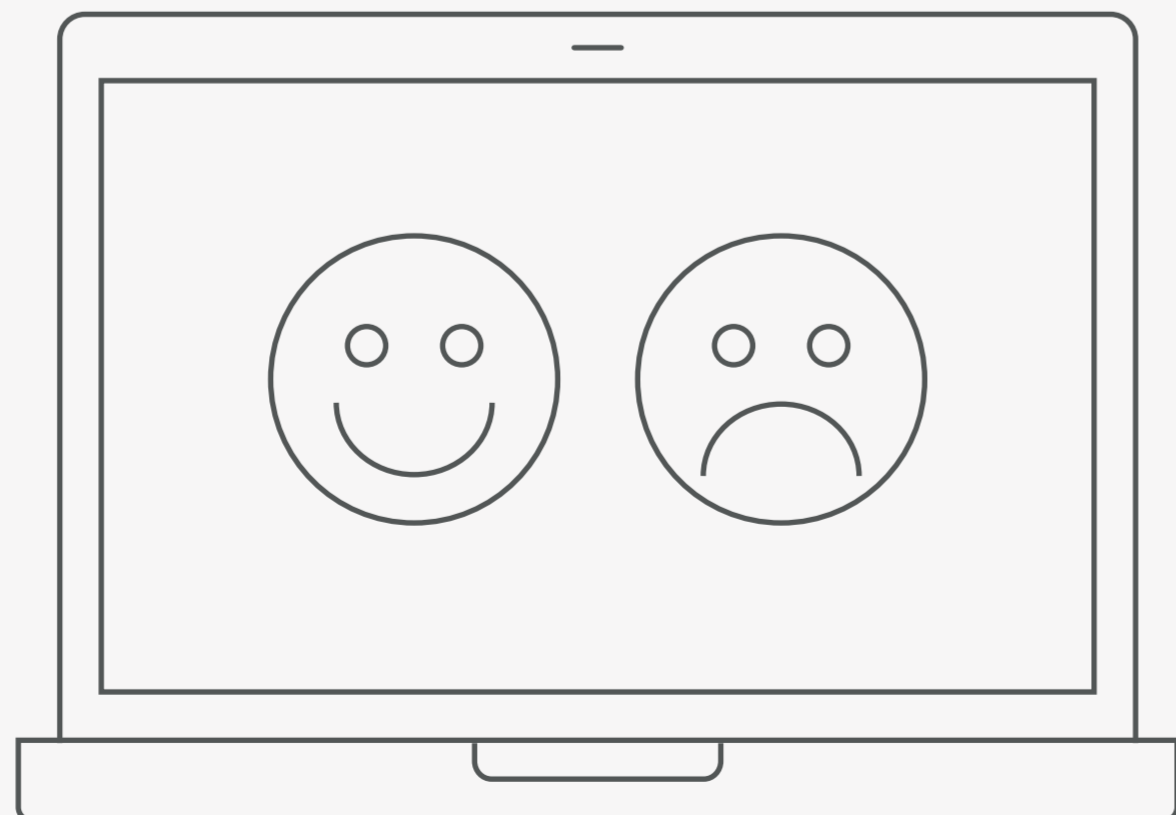
The Group is committed to conducting business with integrity and honesty, and encourages a culture of intolerance to wrongdoing and speaking up when any wrongdoing is encountered, so that appropriate action can be taken. We have a confidential reporting channel known as the tip-off line, which is managed by Deloitte, an independent accounting partnership. The scope of the tip-off line is largely aimed at fraud, theft, and corruption reporting. Employees are also able to use it for confidential bullying or harassment complaints.

USEFUL LINK FOR MORE DETAIL

COLLECTIVE BARGAINING

Collective bargaining agreements exist only in some of the African countries in which we operate. As a signatory to the United Nations Global Compact, we subscribe to freedom of association and the effective recognition of the right to collective bargaining. In 2021, Woolworths union membership was 2.70% (2020: 2.96%).

In 2021, David Jones and Country Road Group union memberships were 22.54% (2020: 23.83%) and 0.25% (2020: 0.99%), respectively. Consultation in relation to major change is a mandatory provision for Australian collective agreements.



INCLUSION IN THE SUPPLY CHAIN

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

REST OF AFRICA

We are increasing our focus on the development of local suppliers in a number of the countries in which we trade in the rest of Africa.

We have identified opportunities in the agriculture sector, which creates the opportunity to work with small, emerging suppliers in well-established environments. Identified areas of focus include fresh produce, dairy, bakery, and protein departments.

AFTER MORE THAN 11 YEARS ON THIS JOURNEY, WOOLWORTHS PRIDES ITSELF ON ONGOING LEARNINGS FROM THE SUCCESSES AND FAILURES OF SMALL BUSINESSES IN DIFFERENT SECTORS OF THE ECONOMY. ALL THESE LEARNINGS ARE BEING CONSOLIDATED INTO A FUTURE PROGRAMME THAT WILL STEP UP OUR CONTRIBUTION TO INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH THROUGH SMME DEVELOPMENT IN THE NEW YEAR.

USEFUL LINK FOR MORE DETAIL

IN THE FINANCIAL YEAR UNDER REVIEW



We contributed more than R2.4 billion (2020: R2.2 billion) towards revenues of small and medium enterprises participating in our supplier base

We contributed R3.4 billion (2020: R3.1 billion) in revenues of black- and black women-owned suppliers in our supplier base

The 36 (2020: 35) beneficiaries of our ESD programme accessed procurement opportunities to the value of R398.3 million as a result of tailor-made support provided by Woolworths and its partners



SOCIAL DEVELOPMENT




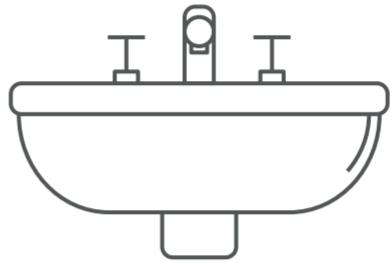









Covid-19 has been a disruptor to both our local communities and the economy as a whole, with impacts that have been strongly felt throughout our supply chain, direct operations and charity partners. These impacts will continue to be felt for some time. Sustained support of our communities via our social development programmes will continue to be important throughout the recovery period.

Living Soils Community Learning Farm interns. Standing from left to right: Phuthuma Mgu, Avuzwa Nongwe, Thandiwe Mtyingizani, Ntombizikhona Sahlulo, Ntandokazi Ntuku, Nasi Sandlana, Luyolo Vukuza, Nontombi Mtswazi, Bandile Baba and Sindaiswa Maadana.

PERFORMANCE SUMMARY

| | | | |
|---|--|---|---|
|  <p>R918M Total Group corporate social investment contribution</p> <p>2020: R854M 2019: R852M</p> |  <p>R731M worth of surplus food donated by Woolworths</p> <p>2020: R643M 2019: R611M</p> |  <p>R66M to MySchool</p> <p>2020: R64M 2019: R64M</p> | <p>MORE THAN 62 BAGS OF WASTE COLLECTED BY WOOLWORTHS MAURITIUS STAFF DURING A BEACH CLEAN-UP DAY</p> |
| <p>A\$71 092 donated by David Jones to the Australian Literacy and Numeracy Foundation's Literacy is Freedom campaign</p> <p>2020: A\$53 344 2019: A\$76 982</p> | <p>R6.8M raised by Woolworths through the sale of cause-related bags and bracelets</p> <p>2020: R6.4M 2019: R8.8M</p> | <p>R9M to MyVillage</p> <p>2020: R9M 2019: R8M</p> <p>R13M to MyPlanet</p> <p>2020: R12M 2019: R11M</p> | <p>A\$100 000 & NZD10 000 donated to the Australian and New Zealand Red Cross respectively by David Jones from the Christmas Appeal campaign</p> |
| <p>70 378 Number of learners reached through the Woolworths Educational Programmes</p> <p>2020: 72 121 2019: 251 455</p> |  <p>A\$119 729 donated by David Jones to the National Breast Cancer Foundation</p> | <p>A\$0.3M donated by Witchery to the Ovarian Cancer Research Foundation from the annual White Shirt Campaign</p> <p>2020: A\$1.4M 2019: A\$1.7M</p> |  <p>8 421 kg of produce harvested on the Living Soils Community Learning Farm</p> |

STRATEGY AND MANAGEMENT APPROACH

| STRATEGY | MANAGEMENT APPROACH | HIGHLIGHTS | LOOKING AHEAD |
|--|--|--|---|
| <p>Through our social development programmes, we aim to make a meaningful difference in our communities. Our strategy has four pillars that are informed by the UN SDGs and are aligned to our overall business strategy. They are also relevant to the national development priorities and key social issues in the markets in which we operate.</p> <p>EDUCATION Education is a national priority in many countries in which we operate. In addition, we can only grow and sustain long-term profit in an inclusive, equitable, growing economy that has a sufficiently skilled society and educated workforce.</p> <p>FOOD SECURITY Millions of people around the world are food insecure, yet an estimated 30% of food produced globally goes to waste. As a food retailer, we recognise that we have a role to play in working towards a food-secure future for all.</p> <p>COMMUNITY RESILIENCE A thriving and healthy community and workforce are key to the success of our business.</p> <p>EMPLOYEE COMMUNITY INVOLVEMENT Employee involvement allows us all to live our corporate values. It enables employees to make a difference to their communities and their environment while enhancing our Employee Value Proposition.</p> | <p>Our approach to social development is based upon meaningful collaboration with key partners. The complex challenges facing us require deep insights and a collective effort to make a difference. To this end, each programme or initiative we embark on is a collaboration between ourselves and one or more partners.</p> <p>Our approach is also tailored to the various countries in which we operate. They have different social contexts and, therefore, require customised approaches to making meaningful contributions to the communities we impact.</p> <p>Social development activities in South Africa are overseen by the Woolworths Trust. Established in 2003, this legal entity is managed by a Board of Trustees and reports on its activities to the WHL Social and Ethics Committee.</p> <p>Our Australian businesses manage their own strategic partners, relationships, and campaigns, with a focus on community resilience, as well as physical and mental health and wellness.</p> | <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">  <ul style="list-style-type: none"> • Development of a new digital platform for the delivery of the Woolworths Educational Programmes  <ul style="list-style-type: none"> • Multiple fundraising campaigns held by David Jones for the National Breast Cancer Foundation  <ul style="list-style-type: none"> • Donation of 100 000 books to Book Dash as part of the annual Santa Shoebox initiative by MySchool MyVillage MyPlanet </div> <div style="width: 45%;">  <ul style="list-style-type: none"> • Installation of eight handwashing stations, and training of 113 voluntary food handlers through the UNICEF WASH programme  <ul style="list-style-type: none"> • Creation of four youth internships on the Living Soils Community Learning Farm  <ul style="list-style-type: none"> • Donation of reusable face mask proceeds by Country Road, Witchery and Mimco to various charities, raising over A\$200 000 </div> </div> | <p>We will continue to support our existing programmes and partnerships, and to seek out and drive collaboration with other like-minded stakeholders towards enhancing delivery against our key social development pillars, enabling wider and deeper impacts and the creation of shared value. Furthermore, our Inclusive Justice Initiative will influence how we look at our social development responses going forward.</p> <p>MORE SPECIFICALLY, WE WILL:</p> <ul style="list-style-type: none"> • Expand the Living Soils Community Learning Farm concept to two additional farms over the next three years • Roll out the FoodForward SA FoodShare app to all Woolworths stores, enabling pre-selected beneficiaries to connect directly to the store for the collection and reporting of surplus food donated • Continue to unpack specific goals, targets, and implementation plans for the Inclusive Justice pillar under Vision 2025+ across the Group |
| LOWLIGHTS AND CHALLENGES | | | RELATED UN SDGs |
|  <p>The Covid-19 pandemic continued to impact many of our social development programmes. In certain instances, we needed to pause implementation for short periods, simplify campaigns, or transition to new, online or hybrid models of engagement and support.</p> | | |       |

EDUCATION

The primary aim of the education pillar is to support the improvement of educational outcomes in schools. There are three focus areas to this pillar:

1. Fundraising to support schools
2. Positively impacting the education ecosystem
3. Improving the health and wellbeing of learners at school

FUNDRAISING TO SUPPORT SCHOOLS

MYSCHOOL MYVILLAGE MYPLANET

PARTNERS
Other retailer partner stores, our customers, charities

KEY OUTCOMES
R756 million donated (2020: R668 million) since inception

MySchool MyVillage MyPlanet (MySchool) is a long-standing, multi-partner loyalty programme aimed primarily at fundraising for education, but also for charities that support local communities, animals, and the environment. MySchool leverages the national footprint of Woolworths and its other retail partners, enabling customers to use their shopping and loyalty cards to support schools and other charities. Currently, 8 445 causes (2020: 8 408) are being supported by 1.2 million customers (2020: 1.3 million) and 467 partner stores (2020: 467) through the programme. The causes supported include 7 167 schools (2020: 7 210), 1 012 charities that support people and their communities (2020: 950), and 266 charities that support animal and environment-related causes (2020: 247).

KEY ACTIVITIES DURING THE YEAR WERE:

- Continued support of 45 Early Childhood Development centres (ECDs) through Grow Educare Centres. The ECDs enable high-quality, accessible and affordable learning opportunities for under-served communities while also equipping women to run sustainable small businesses. These ECDs currently collectively have 94 classrooms, educating 2 136 children and supporting 180 jobs. Keeping the ECDs operational during the Covid-19

- pandemic has been challenging as many parents have been unable to pay school fees due to job losses
- Continued support of the School Leadership Forum (SLF). Due to social distancing restrictions, the SLF pivoted to an online format and hosted several free online workshops, reaching more than 600 school leaders. Going forward, the SLF will adopt a hybrid model
- R400 000 raised for 2 020 pairs of leather school shoes by MySchool and Woolworths
- Provision of bursaries for two full-time teaching students at UNISA, and 18 additional teaching student internships through the Dream2Teach fund
- Sponsorship of Highlands Primary School participation in the Principals Academy Trust, wherein coaching is provided for principals, along with teacher support
- R450 000 donated to the Woolworths #zerohunger Christmas campaign
- R930 000 donated to the Woolies Water Fund for the installation of water tanks and handwashing stations in schools. A few schools were vandalised during the year, and required reinvestment to ensure sustained functioning of the system
- Contributed towards a new sterile operating theatre at TEARS Animal Rescue. TEARS provides free sterilisation and subsidised veterinary assistance to low-income communities in and around Cape Town. A second theatre will allow TEARS to increase sterilisations by 25%
- R200 000 donated towards the Southern African Foundation for the Conservation of Coastal Birds (SANCCOB) to assist with the veterinary care and rehabilitation of more than 1 000 abandoned Cape cormorant chicks

CASE STUDY

100 000 BOOKS FOR CHRISTMAS

Research has established beyond any doubt that owning books – and having books in the home – is a high-impact, cost-effective and immediate way to give children a tangible and measurable advantage at school, and in life. Book Dash is a non-profit organisation that has created an innovative publishing model whereby beautiful, high-quality African storybooks are written and designed in 12 hours by professional creatives, as volunteers. This results in books that are open-licence – anyone can download or print them. These books are locally produced and extremely affordable. For Christmas 2020, Book Dash partnered with the Santa Shoebox initiative to distribute books to the most vulnerable children in South Africa under tight Covid-19 restrictions. MySchool was proud to donate 100 000 books towards this initiative.



Opening the one millionth Santa Shoebox, which included the one millionth Book Dash book. (The book is sponsored by MySchool.)

THIS YEAR, BOOK DASH PRODUCED ITS ONE MILLIONTH BOOK. POETICALLY, THIS WAS ALIGNED TO THE ONE MILLIONTH SANTA SHOEBOX DELIVERED. THE MYSCHOOL DONATION PLAYED AN ESSENTIAL PART IN THIS SUCCESS STORY AND MILESTONE.

USEFUL LINKS
FOR MORE DETAIL

LITERACY IS FREEDOM

PARTNER
Australian Literacy and Numeracy Foundation

KEY OUTCOMES
A\$71 092 donated (2019: A\$53 344)

David Jones raises funds annually for literacy programmes run by the Australian Literacy and Numeracy Foundation (ALNF) for Aboriginal and Torres Strait Islander communities.

KEY ACTIVITIES DURING THE YEAR WERE

- Launch of the Literacy is Freedom campaign in September 2020 with four brands – Camilla, Aje, P.E Nation and Levi's. Each brand released limited-edition T-shirts, with 100% of the profits from the sales thereof donated to ALNF. This campaign raised A\$62 411
- An additional A\$8 681 was donated to ALNF from the David Jones Christmas gifting range

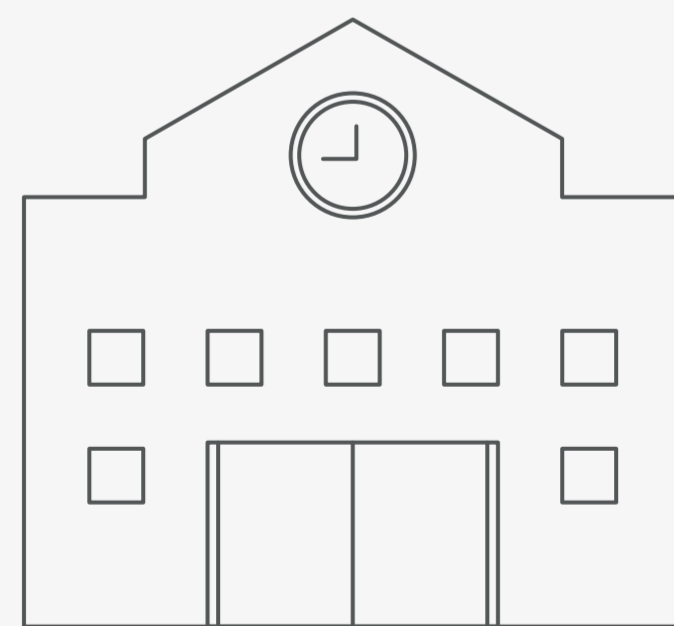
POSITIVELY IMPACTING THE EDUCATION ECOSYSTEM

NATIONAL EDUCATION COLLABORATION TRUST (NECT)

PARTNERS
Government, business, labour, civil society

KEY OUTCOMES
R2 million donated annually (R16 million to date);
4 000 schools supported annually

Woolworths partnership with NECT is a long-established one. For a number of years, we have been one of the top 10 corporate contributors to NECT. NECT's aim is to improve learning outcomes, with a particular focus on ensuring that, by 2030, 90% of learners will pass mathematics, science and languages with a mark of at least 50%. During the year, NECT supported learning and teaching at home with extensive online materials developed for teachers, parents, and learners. In addition, NECT supported government in ensuring that learners without access to online resources were provided with other tools. NECT is currently working with government on developing sanitation solutions for schools, with the objective of eradicating unsafe and inappropriate pit latrines in schools. A high-level strategic evaluation of the NECT programme is underway, and Woolworths is currently participating therein, along with other stakeholders from business, government, and unions.



4 000

schools supported annually

IMPROVING THE HEALTH AND WELLBEING OF LEARNERS AT SCHOOL

WOOLWORTHS EDUCATIONAL PROGRAMMES

PARTNERS
Department of Basic Education, various subject matter experts

KEY OUTCOMES
R2.9 million spent (2020: R2.9 million); 70 378 learners reached (2020: 72 121)

This programme is one of the ways in which Woolworths uses its expertise in good food, healthy living, wellness, and sustainability to support the upliftment of education, and the health and wellbeing of children at schools in South Africa. The programme provides teachers with a suite of educational content in Social Sciences and Life Skills, as well as experiential educational components aimed at cementing key theoretical principles learnt in the classroom. All materials are conveniently downloadable from the internet. In addition, schools are provided with a Tuck Shop Guide to assist them, teachers, and parents with promoting healthier eating choices. Due to Covid-19, all face-to-face engagements with schools had to cease, and the programmes transitioned to offering support remotely. Going forward, a hybrid model will be followed. A new digital platform will soon be introduced to support schools from a central point, increasing reach, creating digital learning experiences, and supporting teaching and learning.

KEY ACTIVITIES DURING THE YEAR WERE

- Hosting 40 online learner, parent, and educator talks with registered dietitians to offer advice and support on health, wellness and stress management in the face of the Covid-19 pandemic. To ensure flexibility and increase reach, these talks will be recorded in future so they can be accessed after the live event
- 440 virtual class lessons, conducted at 200 schools across South Africa. While connectivity challenges were experienced, each school was accommodated according to its unique needs, so as to make content available in varied formats
- Distribution of 8 250 resource activity packs across 500 schools. These packs contain a collection of resources that are curriculum aligned and themed, inclusive of activities and worksheets. Delivery of these packs was challenging due to Covid-19 protocols; in future, digital packs will be developed and circulated via the schools' preferred medium of communication
- Development of class lesson content related to maintaining hygiene and safety standards. Learners were also given information on how to build their own home sanitising stations using a plastic bottle and soap. In addition, 40 000 hand sanitisers were distributed to 40 schools

DAVID JONES SUPPORTS SAVE THE CHILDREN (STC) THROUGH THE DONATION OF UNSOLD PRODUCTS. STC FOCUSES ON GIVING CHILDREN A GOOD START IN THEIR EARLY YEARS BY HELPING THEM TO ENGAGE IN EDUCATION, SUPPORTING YOUNG PEOPLE AT RISK IN STAYING ON TRACK, AND STRENGTHENING FAMILIES TO KEEP CHILDREN SAFE FROM NEGLECT AND ABUSE. STC RAISED A\$92 714 FROM THE SALE OF DAVID JONES PRODUCTS THIS YEAR.

OTHER EDUCATION-RELATED INITIATIVES THAT ALSO SUPPORT THE FOOD SECURITY PILLAR OF OUR SOCIAL DEVELOPMENT STRATEGY ARE EDUPLANT, AND THE UNICEF WASH AND NUTRITION PILOT PROGRAMME.

USEFUL LINK
FOR MORE DETAIL



Reamogetswe Tata (Grade 5) from Baikagetse Primary School in Gauteng, reading an educational booklet on the importance of saving and preserving water at school and at home.

FOOD SECURITY

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

1. Alleviation of hunger and connecting surplus food to need
2. Community-based solutions to address food insecurity

ALLEVIATION OF HUNGER AND CONNECTING SURPLUS FOOD TO NEED

SURPLUS FOOD DONATIONS



PARTNERS
FoodForward SA, OzHarvest in Australia



KEY OUTCOMES
R731 million in surplus food donated by Woolworths (2020: R643 million); 4 137 kg of surplus food collected by OzHarvest (2020: 11 977 kg)

To contribute towards the alleviation of hunger in local communities, as well as reduce food waste to landfill from our operations, Woolworths has for many years donated surplus food from stores to needy communities via structured charity organisations. In the last year, we donated more than R731 million worth of food to these causes. One of the key organisations we partner with in this regard is FoodForward SA. This non-profit organisation recovers edible surplus food at various stages of the food value chain, and redistributes it to communities in need across the country (currently reaching more than 475 000 beneficiaries per day). Woolworths has extended its partnership with FoodForward SA for another three years to 2024. We continue to encourage our food suppliers to redirect their surplus to FoodForward SA. During the year, we continued piloting the FoodShare digital technology platform developed by FoodForward SA at some Woolworths stores. The platform virtually connects beneficiary organisations to retail stores and food outlets for the regular collection and reporting of surplus food donated. We will roll this out to more Woolworths stores in the new year.

Similarly, David Jones partners with OzHarvest, one of Australia’s leading food rescue organisations, which collects quality excess food from commercial outlets, and delivers it directly to more than 1 300 charities, supporting people in need across the country. This year, even with a reduction in operations due to Covid-19 lockdowns, 4 137 kg (2020: 11 977 kg) of surplus stock (equivalent to 12 411 meals (2020: 35 931)) was donated from the David Jones food operations in Victoria.



Bukhosi Kontsiwe. – a former intern at FoodForward SA, now a beneficiary organisation coordinator.

COMMUNITY-BASED SOLUTIONS

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

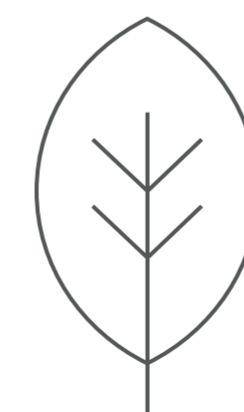


PARTNERS
UNICEF, Gauteng Department of Education

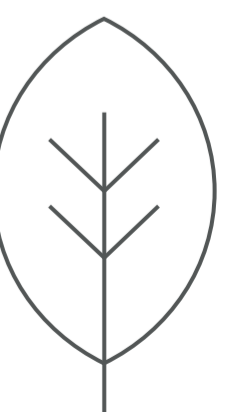


KEY OUTCOMES
Funding R4 million over three years; 50 000 children to be reached

Woolworths has partnered with UNICEF and the Gauteng Department of Education, with the aim of improving child health, education, and nutrition outcomes as well as alleviating hunger among primary-school learners. R4 million in funding is being provided over three years for a water, sanitation and hygiene (WASH) programme, and a nutrition pilot programme. This programme aims to reach approximately 50 000 children at 50 under-resourced Gauteng-based schools that participate in the National School Nutrition Programme. The programme also trains community members who volunteer as food handlers to safely and hygienically prepare balanced meals for schoolchildren. Learners are taught about good hygiene practices, including the importance of washing their hands with soap before eating. During the year, Covid-19 severely restricted programme implementation due to school closures. In addition, some handwashing stations were vandalised. When schools reopened, 17 volunteer food handler (VFH) supervisors received refresher training and 113 new VFHs were trained. Furthermore, eight handwashing stations were completed (bringing the total to 34), and 350 school communities (including learners, school governing bodies, and groundsman) were trained in handwashing.



Woolworths concluded its 16-year partnership with EduPlant this year. The EduPlant programme, initiated and managed by Food & Trees for Africa, teaches disadvantaged schools and communities to create sustainable gardens using permaculture techniques and natural resources to grow food. The programme focuses on education, enhanced environmental understanding, and improved food security and nutrition. We are proud of our partnership with EduPlant. With more than R35 million donated by Woolworths over the years, we were able to make a positive impact to improving food security for various South African schools and local communities.



LIVING SOILS COMMUNITY LEARNING FARM

PARTNERS
Spier Wine Farm, the Sustainability Institute

KEY OUTCOMES
4 internships created; 8 421 kg of produce harvested

In 2019, Woolworths partnered with Spier Wine Farm and the Sustainability Institute to launch a community learning farm near Stellenbosch. The intent was to test a concept – an extension of the Farming for the Future programme – on a community farm basis. The objective is to create a self-sustaining learning farm that showcases the production of nutritious food using sustainable farming methods. Incorporating training and development for young and emerging farmers and the broader community, the two aims of the learning farm are the development of long-term food security in the local community, and helping to address youth unemployment. During the year, based on the outcome of a strategic review of the initiative, it was decided to continue supporting the farm, and to roll out the concept to two additional farms in the next three years.

KEY ACTIVITIES DURING THE YEAR WERE

- Donation of more than 2 800 kg of produce to families in the surrounding communities
- Initiation of four internships for youth from the surrounding communities who are currently unemployed or do not have the resources to further their education. The purpose of the internships is to provide an opportunity for the youth to learn about, and gain hands-on experience in, regenerative food systems
- Graduation of 11 farmers from the Sustainability Institute’s AgroEcology Academy
- Promotion of three interns to junior farm managers. These managers are leading a team of seven farmers and four young interns

The farm is currently selling some of its produce to support its operational activities. The organisations purchasing the food are values-aligned, and subscribe to supporting localised small-scale farmers and regenerative food production. However, Covid-19 negatively impacted the possible market sources for the farm’s produce, so in order to develop a fully sustainable business model, new ways of distributing and selling farm produce are being sought.

OTHER INITIATIVES WE ARE INVOLVED IN WITH THE AIM OF IMPROVING FOOD SECURITY ARE THE WOOLWORTHS EDUCATIONAL PROGRAMMES AND FARMING FOR THE FUTURE.

USEFUL LINKS FOR MORE DETAIL

CASE STUDY

CARING IN ACTION – ALLEVIATION OF COVID-19 IMPACTS IN OUR LOCAL COMMUNITIES

The Covid-19 pandemic provided the Group with an opportunity to make a difference in our local communities with regards to food security and increasing community resilience in a practical and significant way. The pandemic and the resultant lockdowns in South Africa, Australia and New Zealand led to many job losses, and the loss of income for many families. Since March 2020, in collaboration with our existing charity partners, we have been able to contribute towards providing relief to those in need through monetary donations as well as donations of food and other products. We also introduced new initiatives to make it easier for our customers, colleagues, suppliers, and business partners to donate funds and food directly, or through the proceeds of sales of various products.

KEY ACTIVITIES DURING THE YEAR WERE

- On World Kindness Day, David Jones named the Australian and New Zealand Red Cross as beneficiaries of the inaugural David Jones Christmas Appeal, in support of their work with communities facing hardship, including hardship related to Covid-19 and natural disasters. Customers were able to donate both in-store and online throughout the Christmas period. During this campaign, A\$100 000 was donated to the Australian Red Cross, and NZD10 000 was donated to the New Zealand Red Cross
- Woolworths committed to investing R1 billion over the next two to three years in keeping prices low on selected popular products to make our products more accessible to households struggling due to the pandemic
- The Woolworths Fill a Bag campaign was one of the main projects to address food security in local communities during Covid-19. Customers, suppliers, and employees donated funds and products for food care packs for people in need. Thanks to their support, more than a million meals were donated to Gift of the Givers over the Christmas period. David Jones and Country Road Group also donated A\$40 000 towards this campaign
- To further support our colleagues and the broader Indian community impacted by the Covid-19 pandemic, David Jones and Country Road Group donated A\$100 000 to the Red Cross to fund its work on the ground in India. Red Cross staff and volunteers are responding to the pandemic, providing PPE and medical equipment to health clinics. Staff are also providing ambulance services, first aid, medical care, oxygen, and other emergency assistance to those who are most at risk

USEFUL LINK FOR MORE DETAIL



Donations of food care packs from the Woolworths Fill a Bag campaign.

COMMUNITY RESILIENCE

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

CASE STUDY

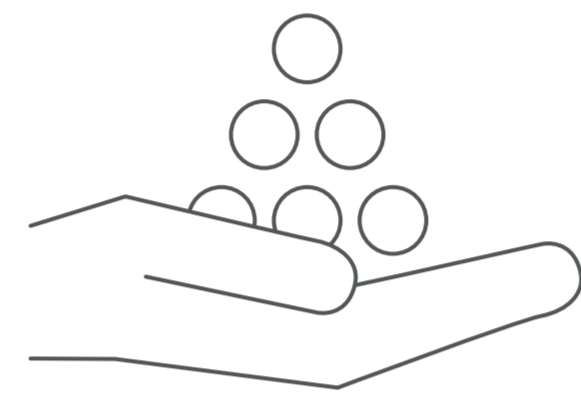
TWENTY-SIX YEARS OF SUPPORTING THE NATIONAL BREAST CANCER FOUNDATION

 **PARTNER**
National Breast Cancer Foundation

 **KEY OUTCOMES**
A\$119 729 donated (2020: A\$51 029)

DURING THE YEAR, DAVID JONES RAN VARIOUS CAMPAIGNS TO CELEBRATE 26 YEARS OF SUPPORTING THE NATIONAL BREAST CANCER FOUNDATION (NBCF)

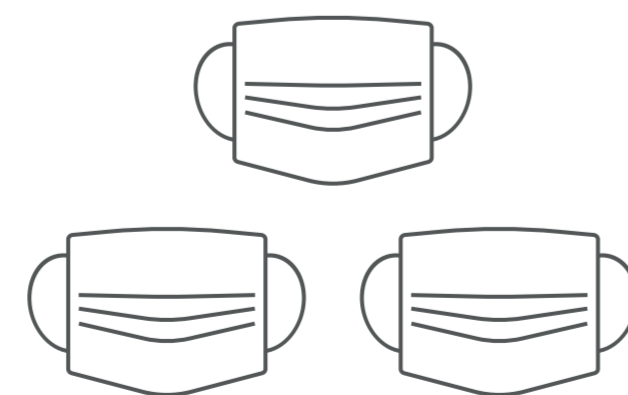
- A nationwide fundraising campaign for Breast Cancer Awareness Month, Change Lives, Shop Pink, launched in October 2020. A\$1 was donated from the sale of every full-priced bra, in addition to the sale of NBCF merchandise in-store and online
- In celebration of International Women’s Day, a limited-edition collection of T-shirts designed by women-owned brands – Camilla, Camilla And Marc, and Bassike – was released, with all proceeds donated to NBCF
- In celebration of Mother’s Day, David Jones brought back the Mother’s Day High Tea in the Elizabeth Street store, and for the first time hosted a Mother’s Day portrait pop-up studio in selected David Jones stores nationally. All proceeds from the high tea events and portraits were donated to NBCF



In response to a massive fire that affected the Table Mountain National Park, the restaurant at Rhodes Memorial, and several iconic University of Cape Town buildings, the Woolworths Trust and MySchool made financial contributions to assist Gift of the Givers with meals for people affected by the fire. Woolworths stores also donated water, drinks and snacks to the firefighters.




David Jones continued to support six Rose Clinics, which provide complimentary breast screening services for women over 40.



Country Road, Witchery, and Mimco donated proceeds from the sale of reusable face masks to various charities. A\$200 000 was donated.

MIMCO OUR WATCH


 **PARTNER**
Our Watch

 **KEY OUTCOMES**
A\$255 157 donated
(2020: A\$233 000)

Our Watch is a non-profit organisation dedicated to driving nationwide change in the structures, norms and practices that lead to violence against women and children. Under the Covid-19 lockdown in Melbourne, for the sixth year of partnership, Mimco conducted a digital-based event with ambassadors for Our Watch, Mimco Managing Director Sarah Rovis, and Our Watch CEO Patty Kinnersly. Mimco donated 100% of the profits of sales on International Women’s Day (8 March 2021) to Our Watch.

WITCHERY WHITE SHIRT CAMPAIGN

 **PARTNER**
Ovarian Cancer Research Foundation

 **KEY OUTCOMES**
A\$335 600 million donated
(2020: A\$1.4 million)

Witchery runs an annual White Shirt Campaign to raise awareness and vital funds for the Ovarian Cancer Research Foundation (OCRF) in support of the development of an early detection test for ovarian cancer. For every white shirt sold, 100% of the sale price is donated to the OCRF.

COUNTRY ROAD AND REDKITE

 **PARTNER**
Redkite

 **KEY OUTCOMES**
1 084 Redkite Red Bags and
A\$80 000 donated

Redkite is an Australian charity that provides essential support to children and young people who have been diagnosed with cancer, and their families. This year, Country Road packed and donated 1 084 Redkite Red Bags to give to families at the time of their child’s diagnosis. These bags are full of practical items such as toiletries, reusable coffee cups and vital information about support services, and include a teddy bear to cuddle. A donation of A\$80 000 from the Christmas, Mother’s Day, and face mask fundraising campaigns was also made.



USEFUL LINKS FOR MORE DETAIL

EMPLOYEE COMMUNITY INVOLVEMENT

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

During the year, employee community involvement focused on various Covid-19 response initiatives. While in-person involvement was limited due to Covid-19 restrictions, employees were encouraged to contribute through financial donations.

SOME OF THE KEY ACTIVITIES DURING THE YEAR WERE:

- Continued participation by employees in workplace giving programmes: 22 employees (2020: 15) at Country Road Group and David Jones took their annual volunteering leave day during the year, amounting to A\$4 901 (2019: A\$4 000) worth of time donated. Employees at Country Road Group and David Jones participated in the employee giving programme on the Good2Give platform. The total Country Road Group and David Jones contribution for the year was A\$28 025 (2020: A\$40 793)
- R45 000 contributed by Woolworths employees to the Fill a Bag campaign, in which meals were donated to communities via Gift of the Givers
- Expanded employee involvement in meaningful and sustainable community programmes across our stores in Africa, including:
 - Mozambique – donated reusable fabric masks and hygiene and cleaning products, as well as basic foodstuffs to local communities in need
 - Namibia and Zambia – supported charity feeding schemes and donated clothing to the most vulnerable impacted by the Covid-19 pandemic
 - Mauritius – participated in a beach clean-up day. More than 62 bags of waste were collected, and 42 staff members participated
 - Lesotho – supported a local school by buying toys and children’s equipment
- Teaming up for Just Cause, a Woolworths initiative where staff are invited to pick a charity to support. Each cause selected receives R10 000 in seed funding to get it started. Over and above that, the Woolworths Trust has committed that, for every team that reaches its fundraising target, it will match the funds up to R40 000. This initiative not only raises funds for worthy causes, but also enables team building within the business. Since inception, more than R6 million has been raised for 72 worthy causes by Just Cause initiatives.

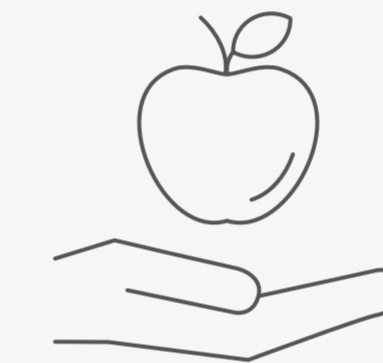
CASE STUDY

WOOLIES FOOD FINDS A ‘JUST CAUSE’ IN INSTALLING A NEW KITCHEN AND DINING ROOM AT ATHWOOD PRIMARY SCHOOL

The Woolworths Head Office (Woolies) Food team installed a brand-new kitchen and dining area at Athwood Primary School. This project, in partnership with Newkidz, was funded by the Woolies Food team, who raised R240 000 doing various innovative fundraising projects as part of the Just Cause employee volunteer programme. A container was transformed into a functional kitchen with all the necessary equipment, and an enclosed courtyard with roofing and seating was created, offering a protected canteen area for learners. The Woolies Food team not only funded the project, but also painted the classroom that had previously been used as a kitchen, as well as a mural in the courtyard area.



Woolies Food team at Athwood Primary School. Standing from left to right: Jody Carolus, Mbali Ngidi, Emma Morey, Tayla Davies, Fiona Jackson, Lauren Minnaar, Scott Parker and Bubele Benya; seated: Matthew Tordoff.



Athwood Primary School has been operating as a ‘no fees’ school for 42 years. There are 600 learners; each learner is fed two meals a day.

“THANK YOU WOOLWORTHS AND NEWKIDZ; THE KITCHEN AND SEATING AREA LOOKS AMAZING! I HAVE NO DOUBT THAT THIS NEW FACILITY WILL INSPIRE OUR COOKS TO PREPARE DELICIOUS, WHOLESOME MEALS FOR OUR LEARNERS. THIS FACILITY IS PROOF THAT THROUGH EDUCATION WE CAN IMPROVE THE LIVES OF OUR STAFF, LEARNERS, AND BROADER COMMUNITY.”

– *Evan Petersen,*
Principal of Athwood Primary School

CAUSE-RELATED MARKETING

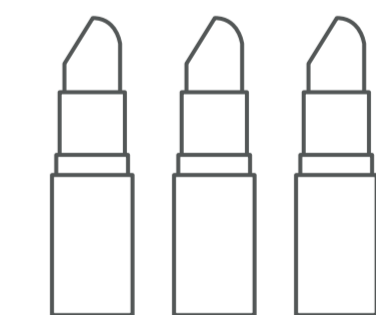
Our cause-related marketing initiatives create awareness and raise funds for important conservation- and sustainability-related issues. Through the sale of certain products, funds are collected and donated to nominated organisations.



R6.8M

raised by Woolworths for charities and NGOs through the sale of cause-related bags, bracelets and donation cards

2020: R6.4M
2019: R8.8M



A\$28 039

raised by David Jones – A\$1 from every lipstick and lip gloss sold during Look Good Feel Better Month

2020: A\$46 132
2019: A\$51 398



HEALTH AND WELLNESS

We aim to inspire healthy lifestyles for our customers through offering a variety of healthy, nutritious options. We also recognise that the overall health and wellbeing of our employees is critical in sustaining a thriving workforce. We, therefore, also offer a myriad of programmes to support the wellbeing of our employees.

PERFORMANCE SUMMARY


23
Health and Wellness Practitioners
for WHL staff to access

2020: 23
2019: 19



2
tonnes of salt removed from
Woolworths private label food

2020: 5.1 tonnes
2019: 6.7 tonnes



12.8
tonnes of sugar removed from
Woolworths private label food

2020: 7.2 tonnes
2019: 1.2 tonnes




**GROUP EMPLOYEE
FOR EMPLOYEE FUND (E4E)
LAUNCHED TO PROVIDE
ONCE-OFF, SHORT-TERM
FINANCIAL ASSISTANCE TO
ELIGIBLE EMPLOYEES**



**IN EXCESS OF 40 000
CALLS MANAGED VIA
THE WOOLWORTHS
COVID-19 HELPLINE
SINCE APRIL 2020**


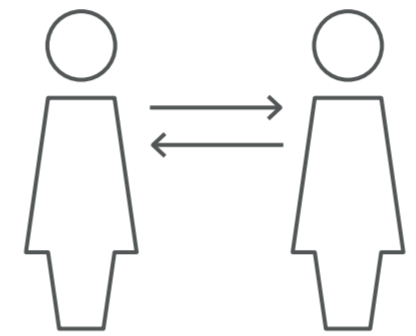
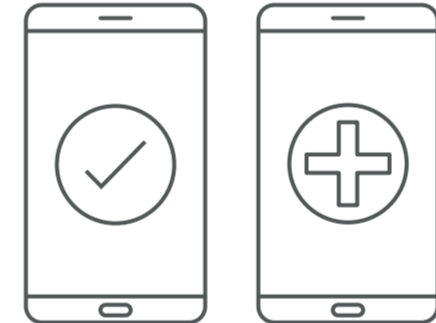





100%
of all Woolworths private label food
(including pet food) is currently GMO-free

2020: 100%
2019: 98%

●

STRATEGY AND MANAGEMENT APPROACH

| STRATEGY | MANAGEMENT APPROACH | HIGHLIGHTS | LOOKING AHEAD |
|--|---|--|---|
| <p>As a Group, we continue to be a strong advocate for the protection of employee and customer health and wellness. Our employees are central to our health and wellness strategy. We aim to create a safe and healthy environment, with the necessary support structures, to enable employees to thrive both at work and at home.</p> <p>We also realise that our customers' family health and security are a top priority, so we aim to be a one-stop shop for all our customers' health-and-wellness food needs.</p> <p>The Woolworths Health Manifesto and the David Jones Food and Health strategy outline ways in which we aim to encourage customers to make healthy choices and lead a more balanced, healthier lifestyle through the provision of a variety of healthy and nutritious food options, including plant-based meals, with appropriate product labelling to assist them in making informed choices.</p> <p>IN SUMMARY</p> <p>WOOLWORTHS Health Manifesto: Living Well Starts with Eating Well</p> <p>WE AIM TO</p> <ul style="list-style-type: none"> • INSPIRE healthy lifestyles by making healthy eating satisfying, delicious, and convenient across our product ranges • PROVIDE our customers with a variety of product options to meet their dietary needs • INNOVATE to improve the nutritional quality of our food • PROMOTE healthy and informed choices through clear nutrition labelling <p> WOOLWORTHS HEALTH MANIFESTO</p> <p>DAVID JONES Food and Health strategy: Inspire and enable customers to make healthy food choices</p> <p>WE HAVE FOUR FOCUS AREAS</p> <ul style="list-style-type: none"> • AVOIDERS – to develop food products that enable customers to make informed choices when avoiding certain ingredients • EAT WELL – to enable customers to choose food that is 'best for you' and nutritionally 'well balanced' • CLAIMS – to communicate nutritional benefits to customers • CALORIES – to assist customers with portion control by displaying calories on the front of the pack of single-serve items <p>The Group is also committed to providing a safe and healthy working environment for all employees. As an employer, we know there are many different aspects to our employees' lives; therefore, providing them with relevant and accessible wellness and occupational health and safety programmes to meet their needs is fundamental, particularly as we continue to grapple with the Covid-19 pandemic.</p> | <p>Wellness for employees includes a well-established operational occupational health and wellness model across the Group. This model is based on three pillars: movement, nutrition, and mental wellbeing. Across our regions, we continue to monitor the usage of wellness services and the success of our programmes, and evolve and refine our offerings based on this feedback. We also continue to ensure that we partner with a network of service providers to offer assistance to our employees.</p> <p>CUSTOMER WELLNESS IS PREMISED ON ENSURING THAT THE WOOLWORTHS HEALTH MANIFESTO AND DAVID JONES FOOD AND HEALTH STRATEGY ARE IMPLEMENTED THROUGHOUT ALL STAGES OF PRODUCT DEVELOPMENT, AND THAT APPROPRIATE TRAINING IS PROVIDED TO BOTH THE FOOD AND MARKETING TEAMS.</p> | <div data-bbox="1643 470 1995 1452">  <ul style="list-style-type: none"> • The Group launched an Employee for Employee Fund (E4E), which will provide once-off, short-term financial assistance to certain eligible employees during an emergency or other unforeseen situation  <ul style="list-style-type: none"> • Covid-19 provided Woolworths with an opportunity to trial a digitally enabled Employee Assistance Programme model with a much wider range of services, and the ability to offer services in many more languages </div> <div data-bbox="2001 470 2365 1452">  <ul style="list-style-type: none"> • In Australia, we launched a healthy body and mind dashboard, which is aimed at supporting all team members across the business on their own personal health and wellbeing journey  <ul style="list-style-type: none"> • Woolworths has initiated a trial to establish the feasibility of providing breastfeeding store employees with the resources to be able to express milk when at our facilities </div> | <p>HEALTH AND WELLNESS CONTINUES TO BE A PRIORITY FOCUS FOR OUR EMPLOYEES AND CUSTOMERS, ESPECIALLY NOW THAT WE ARE GRAPPLING WITH THE IMPACTS OF COVID-19.</p> <p>The South African Department of Health has confirmed the introduction of front-of-pack warning labels on packaged food that's high in sugar, salt, and/or saturated fat. We look ahead to implementing this once the implementation dates have been confirmed by the Department.</p> <p>RELATED UN SDGs</p> <div data-bbox="2438 1373 3057 1785">  <div style="display: grid; grid-template-columns: repeat(3, 1fr); gap: 10px;"> <div style="background-color: #ccc; width: 100px; height: 100px;"></div> <div style="background-color: #ccc; width: 100px; height: 100px;"></div> <div style="background-color: #ccc; width: 100px; height: 100px;"></div> <div style="background-color: #ccc; width: 100px; height: 100px;"></div> <div style="background-color: #ccc; width: 100px; height: 100px;"></div> <div style="background-color: #ccc; width: 100px; height: 100px;"></div> </div> </div> |
| LOWLIGHTS AND CHALLENGES | | | |
| <ul style="list-style-type: none"> • The year has been mentally challenging, especially because of Covid-19, as we dealt with the death, illness, and loss – of our people, or people closely connected to them. We have had to navigate ways of putting the health and safety of our people and our customers first, versus dealing with the reality of cost pressures due to trading challenges. • The closure of WCafés as a result of the lockdown in South Africa impacted the progression of the green programme at these stores. | | | |

CUSTOMER HEALTH AND WELLBEING

Over the past few years, the global risk to public health from the rise in non-communicable diseases – which has been exacerbated by obesity and poor nutrition resulting from the increased consumption of energy-dense, nutrient-poor food that is high in fat, sugar, and sodium – has increased.

AS A FOOD RETAILER, WE HAVE A RESPONSIBILITY TO HELP OUR CUSTOMERS LEAD BETTER LIFESTYLES BY PROVIDING A VARIETY OF HEALTHIER FOOD OPTIONS TO SUPPORT A MULTITUDE OF DIETARY NEEDS.

We also know that our customers’ family health and security are a top priority, so we ensure that customers can make informed buying decisions by promoting awareness and providing labelling to communicate the nutritional content of our food. A future trend that has gained further impetus as a result of the Covid-19 pandemic is that our customers will increasingly become more conscious about what they are buying and eating, with an increased desire for healthy and immunity-boosting food.

OUR GOOD FOOD JOURNEY

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

Both Woolworths and David Jones have adopted the principles of our Good Food Journey. We aim to inspire healthy lifestyles by making healthy eating satisfying, delicious, and convenient across our product ranges, while also innovating and improving nutritional quality via reformulation. We assist customers in making informed dietary choices through transparent ingredient and nutritional labelling on our products.

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

WOOLWORTHS WORLD OF WELLBEING

STAFF TRAINING ON NUTRITION

Woolworths Food continues to conduct compulsory nutrition training as part of its induction, skills development, and refresher training programme for all Food employees. The training includes coverage of the concept of sustainable nutrition, the Health Manifesto, legal requirements and appropriateness of marketing claims, and healthy product development.

WCafés GREEN PROGRAMME

The WCafés green programme was designed as a grading tool to set out key goals and drive year-on-year continuous improvement in terms of the following principles: responsible sourcing, healthy food options, packaging and food waste, ethics and people, and the impact on the environment. A total of 29 milestones were set in 2018, with the following objectives:

- Silver rating applied if a minimum of eight new targets are achieved
- Gold rating applied if a minimum of 11 new targets are achieved

Unfortunately, due to the impact of Covid-19, and the closure of all Woolworths café in this reporting year as a result of lockdown regulations, progression against our milestones has been slowed down.



12.8 TONNES OF SUGAR REMOVED FROM WOOLWORTHS PRIVATE LABEL FOOD

SALT AND SUGAR REDUCTION

As part of our Good Food Journey, we continue to ensure that we reduce the sugar and salt content in our private label food products. During the year, we removed 2 tonnes of salt (2020: 5.1 tonnes) and 12.8 tonnes of sugar (2020: 7.2 tonnes) from Woolworths private label food products.

DAVID JONES FOOD AND HEALTH STRATEGY

David Jones continued the implementation of its food and health strategy.

PLANT-BASED FOOD

There has been a fundamental shift in customers’ habits towards plant-based eating. The concept appeals to a diverse range of customers, including meat-eaters, sustainable farming supporters, and health advocates.

In response, we have developed an evolving plant-based range of products to encompass a spectrum of eating patterns that focus on eating whole plants – including vegetables, fruits, whole grains, nuts, seeds, and legumes – and eating fewer or no animal products.

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



We have replaced the beef gelatine in some of our sweets with a plant-based derived gelling agent such as pectin or carrageenan in order to offer a vegan option.



Out of 700 contenders in the plant-based burger category in the 2020 Abillionveg review, the Woolworths plant-based spinach, sweetcorn, and butter-bean patty placed sixth.



VITALITY HEALTHYFOOD™

Woolworths ongoing partnership with the Discovery Vitality HealthyFood™ programme incentivises and rewards customers for making healthy food-purchasing decisions, and avoiding food that is linked to dietary practices that cause non-communicable diseases such as diabetes, high cholesterol, and high blood pressure. Customers who have linked their Woolworths loyalty cards to Vitality can receive up to 25% cashback when they purchase Vitality HealthyFood™ linked products. We currently have 397 904 customers (2020: 333 401) who have linked their Woolworths loyalty cards to Vitality.

HEALTHY NUTRITION AT SCHOOLS

Through the Woolworths Educational Programmes, we promote healthy nutrition and exercise at schools, starting as early as possible. The intermediate phases of basic education provide a crucial window of opportunity to establish healthy behaviours at a young age. These lessons are centred on the theme of healthy living and the environment, which forms part of the natural sciences and technology curriculum. Despite the interruptions that the Covid-19 pandemic has created, our continued focus and support will be on enhancing knowledge of good nutrition and healthy lifestyles among learners, educators, school administrators, parents, food handlers, school vendors, and tuck-shop operators. In addition, 40 dietitian-led virtual lessons were hosted with 1 528 learners on various online platforms while schools were closed as part of the Covid-19 lockdown period. The inability to access schools during the lockdown is reflected in the lower numbers of class lessons for this year.

RESPONSIBLE MARKETING AND ADVERTISING

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

ALCOHOLIC BEVERAGES

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

RESPONSIBLE ADVERTISING OR MARKETING OF ALCOHOL

At present, Woolworths does not have a formal statement on responsible use of alcohol, but abides by:

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

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

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

More than a year ago, in partnership with AWARE, we introduced an alcohol awareness campaign in KwaZulu-Natal stores, focused on raising awareness of responsible drinking in communities. Furthermore, we have been actively involved in the task team of the Consumer Goods Council of South Africa (CGCSA) to aid government in formulating its response to the Covid-19 pandemic with regards to alcohol. Through the CGCSA, we recently commissioned a research project in partnership with Ipsos (a multinational market research and consulting firm) around the potential social, economic, and health-related responses that would help mitigate the spread of the virus with regards to alcohol.

IN ORDER TO OFFER OUR CUSTOMERS ALTERNATIVES TO ALCOHOLIC PRODUCTS, AND FOLLOWING THE SUCCESS OF OUR FIRST-TO-MARKET DE-ALCOHOLISED WINE RANGE, LAUNCHED IN 2017, DURING THE PAST YEAR WE INTRODUCED ANOTHER RANGE. IN FUTURE, WE PLAN TO INCREASE OUR OFFERING OF LOW-ALCOHOL BEERS, AND INTEND TO DEVELOP A RANGE OF NON-ALCOHOLIC CIDERS.

EMPLOYEE HEALTH AND WELLBEING

We are committed to providing a safe and healthy working environment for all employees. Prevention is an important aspect of our health and safety procedures; as such, all our buildings are designed in accordance with 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. We aim to deliver comprehensive occupational health and safety programmes that meet the needs of our employees in the context of their country of operation and local legislation.

This work is supported by our teams of occupational health practitioners employed across our operations in southern Africa and Australia.

Employee wellness is a holistic discipline that considers every part of an employee's wellbeing. We provide an extensive nationwide wellness support service that addresses the physical, social, mental, and psychosocial aspects – in the workplace and at home. Since the Covid-19 pandemic, we have reprioritised our approach, putting our people first as we navigated the humanitarian crisis. One of the biggest focuses has been to protect the health, safety, and remuneration of our people.

OUR WELLNESS PROGRAMMES AND COUNSELLING AND HEALTH SERVICES INCLUDE:

- The Employee Assistance Programme
- A mental health programme
- Flu season vaccinations
- Basic primary health services and advice
- Monitoring of chronic illnesses
- Wellness screening, including voluntary HIV testing
- Road to Health for pre- and postnatal childcare

EMPLOYEE ASSISTANCE PROGRAMME

The Employee Assistance Programme (EAP) is a worksite-based programme designed to assist in the identification and resolution of personal concerns that may or may not impact productivity or work performance. These concerns include, but are not limited to, health, marital, family, financial, alcohol, drug, legal, emotional, social or work-stress problems that may adversely affect job performance, productivity or safety. Covid-19 provided Woolworths with an opportunity to trial a digitally enabled EAP model. Where

there had been resistance to a move away from face-to-face assistance previously, the prolonged pandemic has allowed us to make a permanent shift to a different model that is more cost-effective and much more accessible, and that offers a wider range of services in more South African languages.



MENTAL HEALTH AWARENESS

In Australia, training was provided to retail and support centre leaders across the organisation to ensure that our leaders had the support and skills required to respond to the increasing number of team members presenting with mental health issues. The training was designed to provide tools, action plans, and language around mental fitness, and to enable leaders to engage in conversations about mental fitness. In total, 232 leaders completed the training.

We launched a tool to support all team members across the business on their own personal health and wellbeing journey. This dashboard has been an important resource, providing a series of wellbeing articles, videos, activities, live online fitness classes, and much more to help optimise team members' health and wellbeing.

As part of the R U OK? Day, in partnership with the R U OK? organisation, we released a video featuring our retail teams, which was designed to raise team members' awareness of mental health. In addition, a mental fitness roadmap was released as a 14-minute video; it is designed to create awareness around mental health, including signs and symptoms of potential trouble, and to provide tools, action plans, and language to address mental fitness issues.

In South Africa, the Staying Strong programme was launched as part of our integrated wellbeing strategy and our intent to build leadership capability that emphasises empathy as a meta skill. We also launched an employee support service that is available for all our people and their families should they require added support beyond the upskilling.

232 RETAIL AND SUPPORT CENTRE LEADERS RECEIVED MENTAL FITNESS TRAINING.

HEALTHY ROUTINES CHALLENGE

The Healthy Routines Challenge, also known as Resilient Mind, is conducted by wellness expert Paul Taylor. The guided four-week self-improvement challenge is delivered via an app, and is designed to help individuals build a healthy routine for achieving optimal physical and mental wellbeing. More than 700 Country Road Group and David Jones team members participated in the 28-day challenge, with exceptional feedback and engagement on the Workplace platform. Importantly, we receive senior leader sponsorship to drive the programme.

In addition, we also launched the ZEN for TEN programme, which involves 10 days of meditation for 10 minutes a day, including a live recording of sound healing meditation that staff can practise with their families.



WELLNESS WEEK

Every year, Woolworths hosts Wellness Week for employees at its head office. This gives employees free access to health practitioners, who perform voluntary HIV, cholesterol, blood sugar, and blood pressure screenings, assess body mass index, and perform an eye test. In addition, we hold wellness events at bigger stores as well as our distribution centres. We were unable to conduct these in the last year because of Covid-19.

MOVEMBER PARTNERSHIP

Politix has partnered with the Movember Foundation to support men's health in Australia. The Movember Foundation operates by openly addressing some of the biggest health issues faced by men, such as prostate and testicular cancer, mental health, and suicide risk. The campaign encourages employees to sign up and grow a 'mo' (moustache), or join the MOVE campaign to walk or jog for 60 km in November (at 2 km per day, for the entire month). This year, Politix raised a total of A\$100 000 through product sales, corporate donations, and Team Politix. Team Politix called on Country Road Group and David Jones employees to support the partnership by participating in Movember activities and events.



EMPLOYEE FOR EMPLOYEE FUND

The Group has launched an Employee for Employee Fund (E4E), which will be used to provide specific, once-off or short-term support to staff-level employees in the event of unforeseen circumstances or emergencies. Eligible employees are those who do not have any other support mechanism to turn to, and who are experiencing financial difficulties as a result of the pandemic, natural disasters, and other unforeseen events. A limit of R3 000 has been placed on each individual application for assistance. E4E will be largely funded and driven by employee contributions. At the start of the pandemic, the proceeds of various executive pay cuts were allocated to kick-starting the fund. Several fundraising activities are also planned to bolster the fund.

HIV/AIDS/TUBERCULOSIS (TB) MANAGEMENT

Woolworths is committed to aligning with the applicable national legislation to inform our HIV/Aids and TB policy.

We recognise that HIV/Aids and TB could potentially affect our workforce, and consequently business productivity, and we recognise the role we play as an employer in assisting in the management and monitoring of HIV/Aids and TB through leadership, strategic planning, and implementation of cost-effective and sustainable measures. To address some of the challenges that come with HIV/Aids and TB, we have adopted a company-wide HIV/Aids and TB policy, last reviewed in June 2015. In respect of employees living with HIV and Aids, Woolworths treats the disease no differently than any other life-threatening or chronic disease. Woolworths provides a supportive environment that minimises the impact of the disease on both the employee and our business through sustainable interventions that focus on prevention and addressing risk.

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

RETURNING MOMS TRIAL

Woolworths, with the recommendation of the Commission for Gender Equality in South Africa, has embarked on a trial to test the feasibility of creating breastfeeding facilities for store employees. The first phase of the trial is being conducted at 12 stores, which span across different formats and geographies, to understand how this solution can be scaled up if successful. The facilities will provide a safe, clean, and private space for new and returning mothers to express breast milk. They will be provided with a dedicated fridge linked to an uninterrupted power facility to ensure the safety of the stored milk, especially during power outages. As part of the trial, the participating mothers have been provided with a care pack, which includes a breast pump, storage containers, a cooler bag, and a guidance document on how to store the milk. This trial will be conducted until the end of October 2021, and recommendations will be taken into consideration as part of the scaling up to the rest of the business, as well as for customers.

INJURIES AND ABSENTEEISM

WHL has clear policies on absenteeism from work. All employees are entitled to paid sick leave in accordance with national legislation in the regions in which we operate. Extended absenteeism due to incapacitation of any sort is dealt with on a case-by-case basis. In the last year, WHL reported a total of 4 405 injuries on duty (2019: 2 844). No fatalities were reported.

COVID-19 RESPONSE

As the Covid-19 pandemic continues, we have continued our heightened focus on employee wellbeing within this context.

THROUGH THE CRISIS MANAGEMENT COMMITTEE, WE HAVE FOCUSED ON THE FOLLOWING KEY ACTIVITIES:

- Managing Covid-19 cases and continued employee health screening, including the launch of a home screening functionality on our Woolworths People App
- Maintaining the Woolworths Covid-19 'health line' to provide support and advisory services for medical-related Covid-19 queries. This helpline has managed in excess of 40 000 calls since April 2020. The learning from this is that employee needs are shifting towards requiring more counselling around the impacts of Covid-19. There has been a steady increase in the usage of this service as employees become aware of its benefit
- Extending the employee assistance helpline to offer holistic support for psychological, health, nutrition, and management issues. We have also continued to maintain the Staying Strong programme, which focuses on building individual resilience and a culture of self-care, with individuals taking accountability for their own wellbeing and demonstrating empathy towards others
- Continued monitoring of both the productivity and the wellbeing of our people, and supporting them as they navigate the complexities – and, for some, the challenges – of remote working

Additionally, we have dedicated services at Woolworths focused on trauma resulting from gender-based violence, which is an increasing concern.

Other internal communication methods were also used across the Group to remind staff about taking safety precautions during the pandemic.

PREVENTATIVE MEASURES AT OUR FACILITIES

We have implemented preventative measures to ensure the safety of our employees and customers at all our facilities. In order to adhere to social distancing protocols at our corporate offices and distribution centres, we established a rotational working programme for staff who were deemed critical throughout the lockdown. We also increased the number of hand-sanitising stations across all buildings, focusing on good hygiene as a first line of defence against the virus.

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

MAKING FLU VACCINES AVAILABLE TO ALL OUR PEOPLE

At Woolworths, we have made the flu vaccine available to all employees. While this would not prevent contraction of Covid-19, it was recommended as additional protection to avoid contracting the seasonal flu and Covid-19 at the same time.

PRODUCT SAFETY AND INTEGRITY

WE ARE COMMITTED TO MAINTAINING THE HIGHEST POSSIBLE LEVELS OF PRODUCT SAFETY THROUGHOUT THE BUSINESS. MECHANISMS ARE IN PLACE TO ENSURE THAT CONSUMERS ARE OFFERED PRODUCTS THAT HAVE UNDERGONE THOROUGH TESTING AND RIGID PROCESS CONTROL TO MAKE THEM AS SAFE AS POSSIBLE.

This includes a Safety Manual provided to all Woolworths clothing manufacturers, which sets out our safety policy and specific requirements related to ensuring customer safety throughout the manufacture, processing, and finishing of our products. All Woolworths food production supplier sites producing private label food are required to adhere to our strict hygiene, food safety, and housekeeping code of practice. In Australia, suppliers must adhere to the Australian standards on food safety.

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

FOOD SAFETY

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

CHILD SAFETY

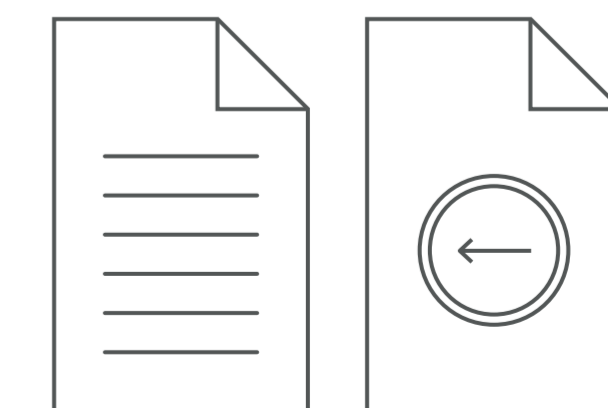
Woolworths is committed to maintaining the highest possible levels of product safety through the design and manufacturing of our baby and children's clothing.

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

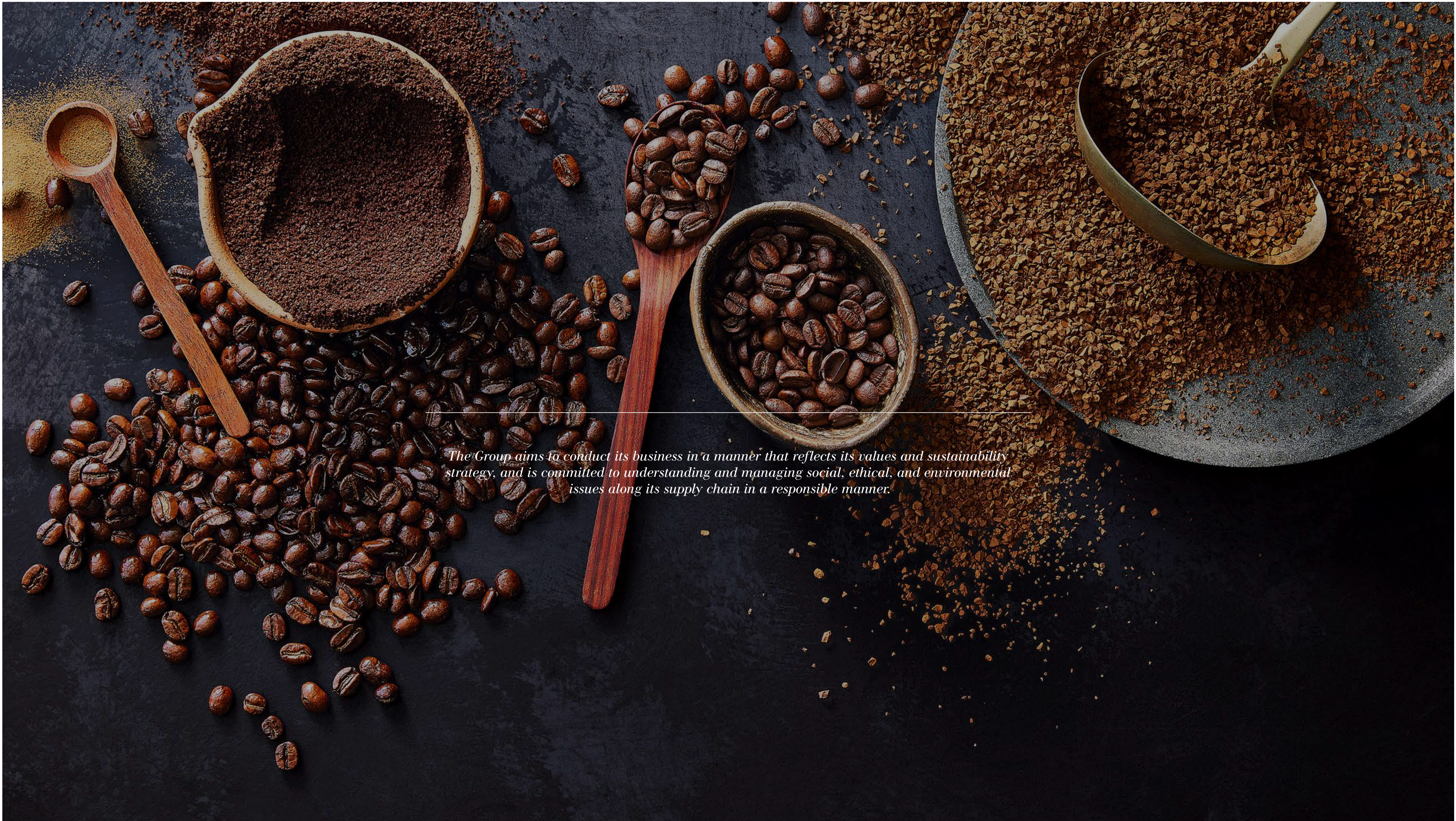
- Running all clothing through metal detectors before it leaves a factory to ensure no pins or needles are left in the product
- Putting a bar tack behind all draw cords of children's clothing to ensure they cannot be pulled out
- Placing a protective flap over zippers of baby rompers to avoid skin getting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

PRODUCT RECALLS

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



NO PRODUCT RECALLS MADE BY WOOLWORTHS THIS YEAR



The Group aims to conduct its business in a manner that reflects its values and sustainability strategy, and is committed to understanding and managing social, ethical, and environmental issues along its supply chain in a responsible manner.

PERFORMANCE SUMMARY

VISION 2025+ GOALS



Have a fully transparent, traceable, and ETHICAL SUPPLY CHAIN by 2025

FY21

- CRG and DJ private label finished goods suppliers published in prior years, with additional details published this year
- WSA FBH finished goods suppliers not yet published
- WSA Food finalised the list of commodities for which supply chains will be published

BASELINE

- Finished goods suppliers published by CRG and DJ
- No suppliers published by WSA



Develop a roadmap by 2022 for achieving A LIVING WAGE FOR ALL WORKERS across our supply chain

FY21

- Roadmap in development

BASELINE

- No roadmap, but living wage commitments by CRG and DJ



RESPONSIBLY SOURCE ALL KEY COMMODITIES FROM TRACEABLE SOURCES by 2025

% OF COMMODITIES RESPONSIBLY SOURCED FY21

- Refer to detail in the Responsible Sourcing section that follows

BASELINE

- Refer to 2020 GBJ Report



% OF COMMODITIES RESPONSIBLY SOURCED AND TRACEABLE FY21

- Not yet started

BASELINE

- 0%



LAUNCHED THE DAVID JONES MINDFULLY MADE HUB, ALLOWING CUSTOMERS TO SHOP ACCORDING TO FIVE SUSTAINABILITY ATTRIBUTES:



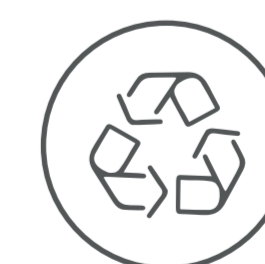
AUSTRALIAN MADE



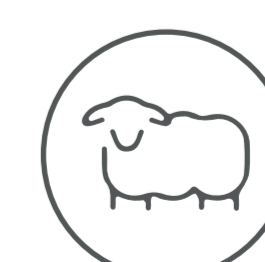
COMMUNITY MINDED



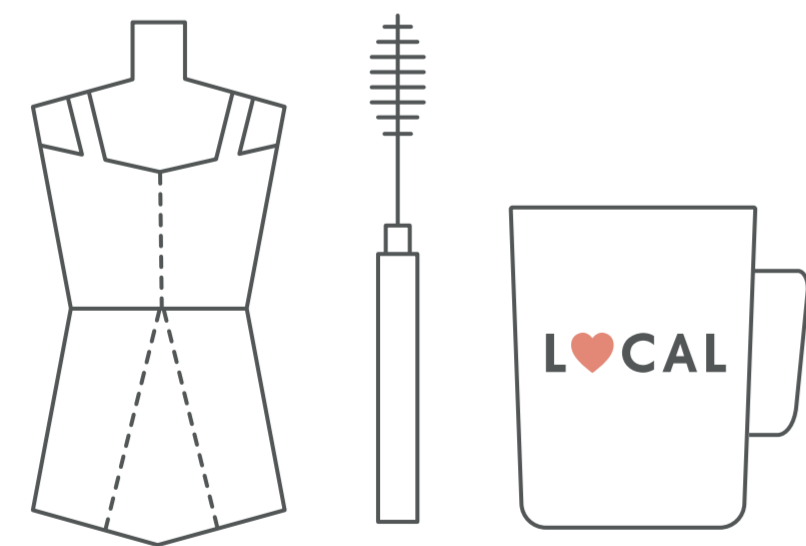
SOURCED WITH CARE



REDUCE AND RECYCLE



KIND TO ANIMALS



29%^{LA}

of Woolworths branded fashion, beauty, and homeware locally sourced

(2020: 29%)

PERCENTAGE OF SUPPLIER SITES MEETING SOCIAL AND ETHICAL COMPLIANCE REQUIREMENTS



WW Food

58%^{LA}

(2020: 71%)



WW FBH

95%^{LA}

(2020: 92%)



CRG

91%

(2020: 90%)



DJ private label merchandise

98%

(2020: 95%)

STRATEGY AND MANAGEMENT APPROACH

| STRATEGY | MANAGEMENT APPROACH | HIGHLIGHTS | LOOKING AHEAD |
|--|---|---|--|
| <p>The diverse and often complex supply chains involved in producing the food, fashion, beauty, and homeware products we sell can have significant social and environmental impacts. Continuously strengthening our value chains through our ethical sourcing programmes is non-negotiable to allow us to mitigate where necessary, and positively influence where possible, the outcomes and impacts of manufacturing and production.</p> <p><i>AWARENESS REGARDING THE TRANSPARENCY OF SUPPLY CHAINS AND THE TRACEABILITY OF PRODUCTS IS ALSO ON THE RISE, AND WE ARE WORKING ACTIVELY TO ENHANCE OUR PROGRAMMES TO ADDRESS THIS.</i></p> | <p>Ethical sourcing requires us to build meaningful and long-term value-sharing relationships with our suppliers and other key stakeholders in the supply chain. Our main focus is on our private label primary suppliers and supply chains. This is where we can exert the greatest influence for positive change, and more easily monitor performance. Where possible, we also engage with branded suppliers to ensure that our standards are understood and upheld.</p> <p>OUR APPROACH TO ETHICAL SOURCING COMPRISES:</p> <p>1. SUPPLIER CODES OF CONDUCT We expect our suppliers to share our vision for ethical sourcing. This is laid out in our Supplier Codes of Conduct and various ethical sourcing-related position statements, to which suppliers are required to adhere. These form part of the supplier onboarding process, are included in our supplier contracts and are made available on our supplier portals and customer-facing websites.</p> <p>2. MONITORING OF SUPPLIERS AND ETHICAL AUDITS We monitor our suppliers' performance through various social and ethical audit programmes. We are members of SEDEX, a web-based platform for sharing responsible sourcing data on supply chains. We are working on converting our suppliers, including their factories and farms, where relevant, to SEDEX Members Ethical Trade Audit (SMETA), one of the most widely used ethical audit formats in the world. We also mutually recognise several other audits to allow factories to focus on improvement rather than additional costs, audit fatigue, and disruptions.</p> <p>3. PARTNERING We partner with best-in-class organisations, standards, and certification schemes to tackle complex and systemic issues to further strengthen our responsible sourcing, as well as our relationships with our suppliers.</p> <p>4. BUILDING AWARENESS AND CAPACITY We ensure ongoing training of our staff and suppliers in human rights, ethics, and responsible commodity sourcing, to drive progress in our ethical sourcing commitments. Training is determined based on gaps and opportunities identified by staff or based on common risks found in audits.</p> <p>USEFUL LINK FOR MORE DETAIL</p> | <div data-bbox="1758 544 1991 707"> </div> <ul style="list-style-type: none"> Updated the WHL Supplier Code of Business Principles and published it on the Group's website <div data-bbox="1758 838 1959 1034"> </div> <ul style="list-style-type: none"> Woolworths scored the highest of any South African retailer in the 2021 Fashion Transparency Index <div data-bbox="1758 1172 1972 1368"> </div> <ul style="list-style-type: none"> Increased the use of Australian cotton in CRG collections <div data-bbox="1701 1458 2362 1515"> <p>LOWLIGHTS AND CHALLENGES</p> </div> <ul style="list-style-type: none"> Ethical audits in certain instances were delayed and impacted by Covid-19-related restrictions and lockdowns. This also delayed the transition of our suppliers onto SEDEX Additional work is required across the Group to address and facilitate living wages in our supply chain | <p>In line with our new Vision 2025+ strategy, we are aiming to continue enhancing our focus on transparency, traceability, and responsible sourcing.</p> <p>WE AIM TO:</p> <ul style="list-style-type: none"> Improve traceability processes and tools in order to facilitate the publication of the Group's full supply chain in future Finalise a roadmap towards enabling a living wage in our supply chain <div data-bbox="2362 1250 3115 1307"> <p>RELATED UN SDGs</p> </div> <div data-bbox="2438 1377 3057 1785"> </div> |

TRANSPARENCY AND TRACEABILITY

SUPPLY CHAIN TRANSPARENCY



MORE THAN 1 050 SUPPLIERS GLOBALLY

The WHL Group continues to work on improving transparency in our supply chain. To date, we have published our first-tier manufacturing sites as follows:

- 2019: Country Road Group and David Jones private label products
- 2021: Country Road Group and David Jones private label added the following details to their published supplier lists: number of workers, gender breakdown, percentage of international migrant workers

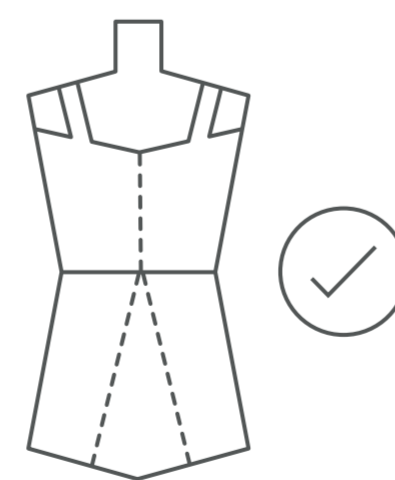
In line with our new Vision 2025+ strategy, work is underway across the Group to develop improved traceability processes and tools in order to facilitate the publication of our full supply chain in future.

USEFUL LINKS FOR MORE DETAIL



David Jones launched a new sustainability hub on its website, Mindfully Made. The hub allows consumers to shop according to five sustainability attributes – Australian Made, Community Minded, Sourced with Care, Reduce and Recycle, and Kind to Animals. Consumers are able to shop these categories both in-store and online. The launch of the hub was accompanied by a campaign that spotlighted the stories behind the brands and makers.

USEFUL LINK FOR MORE DETAIL



Woolworths participated in the annual Fashion Transparency Index for the second time in 2021. While Woolworths scored the highest of any South African fashion retailer, we performed poorly relative to our global peers, with the assessment indicating that more work is required, particularly when it comes to making more of our ethical sourcing information publicly available.

SCIENTIFIC TRACEABILITY

In the past year, work has continued with **Oritain** to scientifically prove the origin of selected fibres. This means we can scientifically trace the selected fibres back to the farms they come from. The ability to trace where a natural fibre comes from allows us to ensure better quality and higher animal welfare standards, as well as better land management practices.

During the year, we continued the journey of Verified Australian cotton with one of Country Road's most iconic styles, the famous Heritage Sweat. We can trace the fibres used in the Heritage Sweat collection to a small number of Australian farms that support the Better Cotton Initiative (BCI) and more sustainable farming practices. This follows on from the Verified Australian merino wool programme previously initiated by Country Road, in which the wool fibres used were traced back to Australian farms operating under the Responsible Wool Standard.

LOCAL SOURCING

Across the Group, we continue to increase our focus on local sourcing. As we start to recover from the devastating impacts of Covid-19, we expect to enhance our local sourcing efforts, so that we can support and stimulate local economies while securing consistent supply. Our efforts in this regard will align with any national priorities and regulations set out in our countries of operation.

29%^{LA}

of Woolworths branded fashion, beauty and homeware locally sourced

(2020: 29%)

More than **90%**

of Woolworths private label food is locally sourced



Country Road, Autumn 2021

LOVE LOCAL

CASE STUDY

AUSTRALIAN COTTON

During the year, Country Road revisited its archives to reissue the iconic original '90s Heritage Sweat collection, created using 100% Australian-grown cotton. The brand partnered with local Melbourne supplier, ABMT Group, to knit and custom-dye the fabric, and cut and sew the final product. ABMT is accredited by Ethical Clothing Australia (ECA), meaning that its workers are being paid appropriately, receiving all their legal entitlements, and working in safe conditions. Country Road also partnered with the Endeavour Foundation, an independent, for-purpose organisation that supports people with intellectual disabilities by providing equal access to education and life-skills learning. Together with ABMT, Endeavour Foundation was responsible for assembling the swing tags for the '90s Reissue Sweat.

THIS COLLABORATION AIMED TO SUPPORT LOCAL AUSTRALIAN BUSINESSES ALONG THE FULL SUPPLY CHAIN, FROM RAW MATERIAL TO FINISHED PRODUCT, THUS SUPPORTING NOT ONLY THE AUSTRALIAN ECONOMY, BUT ALSO THE SKILLS AND CAPABILITIES OF THE LOCAL INDUSTRY. COUNTRY ROAD IS WORKING WITH ITS SUPPLIERS TO EXPLORE FURTHER OPPORTUNITIES OF THIS NATURE.



USEFUL LINK
FOR MORE DETAIL

CASE STUDY

2020 TWYG SUSTAINABLE FASHION AWARDS

The Twyg Sustainable Fashion Awards aim to nurture local South African talent and support designers who lead in sustainable, ethical, circular, and regenerative practices in the fashion industry. The Changemaker Award is presented to a designer whose career has embraced sustainable and circular design practices, and whose collection has helped to raise awareness of environmental and social issues. Criteria for the judging of the award include choice of fabric, ethical labour practices, the extent of upcycling, the reduction of waste, and the use of non-toxic dyes, demonstrating a commitment to promoting slow consumer fashion habits.

The 2020 winner, Lara Klawikowski, received R100 000 in prize money, which was sponsored by Country Road. A designer based in Cape Town, South Africa, Lara specialises in wearable art and avant-garde bridalwear. Her winning collection, Strange Flowers, was handcrafted using recycled plastic bags, with each design entirely unique.

“I’M EXTREMELY GRATEFUL TO TWYG MAGAZINE AND COUNTRY ROAD FOR HIGHLIGHTING MY WORK,” SAID LARA AFTER RECEIVING THE AWARD. “THE SUSTAINABLE FASHION AWARDS ARE A WONDERFUL PLATFORM FOR CREATING AWARENESS OF WHAT SOUTH AFRICAN DESIGNERS ARE DOING TO BE MORE SUSTAINABLE AND TO CHANGE THEIR DESIGN PRACTICES FOR THE BETTER. MEETING THE OTHER FINALISTS AND LEARNING ABOUT WHAT THEY DO HAS BEEN INSPIRING, AND THE PRIZE MONEY WILL BE A GREAT BOOST FOR MY BUSINESS – ESPECIALLY AFTER THIS YEAR AND THE COVID-19 LOCKDOWN!”

“Country Road is proud to support this competition,” said Country Road’s Senior Marketing Manager, Elouise Brink, who presented the 2020 Changemaker Award. “We believe it is an opportunity to support South African creatives and create more awareness around sustainable fashion, and is aligned to our global strategy of protecting what matters most: our people and our land.”



For more information on how we aim to support local sourcing, refer to the People chapter.

USEFUL LINK
FOR MORE DETAIL

HUMAN RIGHTS AND ETHICS

SUPPLIER CODES OF CONDUCT

The WHL Group takes the social and ethical implications of manufacturing in a global supply base very seriously. All suppliers and service providers, whatever their location, are bound by our Supplier Codes of Conduct (codes), all of which are aligned with the International Labour Organisation’s conventions in relation to ethical trade and the Ethical Trading Initiative Base Code. The codes outline our requirements for human rights, labour practices, health and safety standards, environmental stewardship, animal welfare, and our zero tolerance for bribery and corruption, and are supplemented by a number of supporting policies and position statements. During the year, the WHL Group and David Jones codes were updated to align with best practice, and the WHL Group code was published on the Group’s website for the first time.

USEFUL LINKS
FOR MORE DETAIL

Baptist World Aid Ethical Fashion Report

This is Australia’s most prominent and high-profile report, detailing ethical performance among the country’s largest fashion brands. In 2020, Baptist World Aid conducted a special assessment related to Covid-19. Its purpose was to highlight the steps brands are taking to protect and support the most vulnerable workers in their supply chains during the pandemic.

*Brands were assessed across **six commitments**. Both Country Road Group and David Jones were ranked in the top category as they were able to evidence actions taken to cover all areas of the six commitments.*

USEFUL LINKS
FOR MORE DETAIL

ETHICAL AUDITS

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

During the year, Woolworths Food and Woolworths Fashion, Beauty and Home worked together to finalise an Ethical Audit Protocol in order to improve uniformity in audit approach, frequency, and grading. In addition, to enhance consistency across the Group, since 2013 and where relevant, all operating companies have been rolling out SEDEX for the purpose of supplier audits. SEDEX helps companies manage ethical supply chain risk and streamline the challenge of engaging with multi-tier supply chains by providing a single platform for ethical audit report storage, enabling performance transparency, greater efficiency, and consistency. A Group-wide process is underway to convert our supply base, where relevant, from our existing social and ethical compliance audit protocol to SMETA, which reports against SEDEX’s four pillars of labour, health and safety, environment, and business ethics. Woolworths Food has converted an additional 56 suppliers during the past year, meaning that, to date, 38% of its supply base (2020: 24%) has been moved to SEDEX; while 70% of Woolworths fashion suppliers from southern Africa have been converted (2020: 75%). David Jones has 100% of its suppliers registered on SEDEX, and Country Road Group, 49% (2020: 19%).



CRG and DJ engaged in worker sentiment surveys with a sample of factories to gather deeper information about potential issues experienced that are not picked up during social and ethical audits.

CRG is piloting a grievance mechanism in partnership with a strategic supplier. The technology-based tool provides two-way communication between the factory workers and its management, with monthly oversight of the issue topics and severity by our business. Workers can anonymously report on issues, which encourages the supplier to remediate and, in turn, create a better workplace for all.



CRG and DJ are developing a guide on how to support suppliers in developing a practical action plan to reduce overtime hours without reducing output.



Fire-safety training was delivered to Indian suppliers due to lack of fire-safety preparedness being a common issue detected in audits.

THE GROUP’S ETHICAL AUDITS CONTINUE TO BE IMPACTED BY COVID-19-RELATED RESTRICTIONS AND LOCKDOWNS. WE HAVE TAKEN A COLLABORATIVE APPROACH WITH OUR SUPPLIERS TO REMAIN IN CONSTANT COMMUNICATION, AND TO ENSURE OUR REQUIREMENTS ARE MAINTAINED AS BEST AS POSSIBLE IN THE CURRENT CLIMATE. THIS HAS HAD A KNOCK-ON EFFECT ON THE SPEED AT WHICH WE HAVE BEEN ABLE TO SHIFT OUR SUPPLIERS ONTO SEDEX.



SOCIAL AND ETHICAL AUDITS (FY21)

| | NUMBER OF SUPPLIER SITES AUDITED | PERCENTAGE OF SUPPLIER SITES AUDITED | PERCENTAGE OF SUPPLIER SITES MEETING SOCIAL AND ETHICAL COMPLIANCE REQUIREMENTS |
|--|----------------------------------|--------------------------------------|---|
| WOOLWORTHS FOOD | 113 | 94.4% | 58% ^{1A} |
| WOOLWORTHS FBH | 287 | 38% | 95% ^{1A} |
| COUNTRY ROAD GROUP | 101 | 39% | 91% |
| DAVID JONES PRIVATE LABEL MERCHANDISE | 48 | 48% | 98% |

FINDINGS

COMMON AND REPEATED FINDINGS FROM SOCIAL AND ETHICAL AUDITS CONDUCTED DURING THE YEAR RELATE TO:

LABOUR PRACTICES, such as:

Excessive overtime, invalid or expired work permits, non-statutory deductions without employees' approval, workers paid below minimum wage, undue threats of dismissal, social insurance not provided

HEALTH AND SAFETY PRACTICES, such as:

Lack of fire alarms, fire drills or firefighting equipment, emergency exit doors blocked or locked, lack of or inconsistent use of safety equipment and personal protective equipment, lack of secondary chemicals containment

REMEDIAL ACTION

BUSINESS-CRITICAL FINDINGS

Any business-critical findings that arise from the audits, such as payment below minimum wage or the presence of forced or child labour and modern slavery practices, are escalated to senior management within the Group, and our suppliers are requested to correct them immediately.

OTHER FINDINGS

For other findings, the buying teams work with our suppliers to assist them in aligning with the requirements within a stipulated time frame, and conduct follow-ups to ensure that corrective actions have been taken. This could include ensuring that policies and procedures are updated, investment is made in proper equipment, or adequate training of employees and factory management takes place. Going forward, we will be conducting root-cause analysis to identify trends to share with our suppliers for improvement and learning purposes.

While we aim to continue working with our suppliers to resolve all audit findings, we do reserve the right to suspend or discontinue our trading relationship with them if we do not see corrective actions being taken, particularly when it comes to business-critical findings. During the year, after robust consultation and engagement, we exited relationships with several suppliers due to the non-resolution of a business-critical finding. Certain findings, such as invalid or expired work permits, are common national or international issues, and our suppliers continue to engage with governments to address these.

ETHICAL SOURCING TRAINING

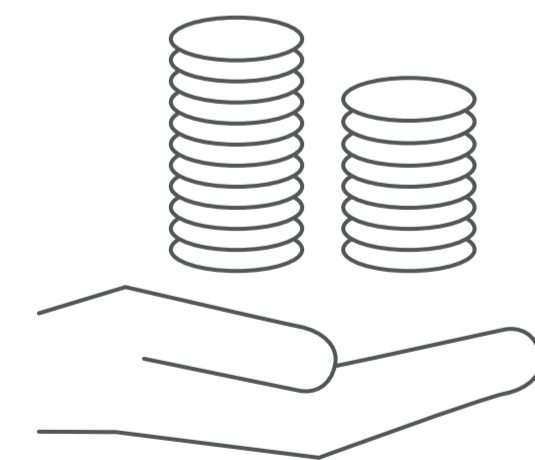
Capacity-building, awareness, and training on ethical sourcing-related topics, both internally and with our suppliers, are critical to ensuring that our products are responsibly sourced. The following training was conducted across the Group and its suppliers during the year:

- Country Road Group suppliers attended a conference in which key material issues were discussed, including modern slavery, worker voice, and sustainable materials
- The Woolworths Food buying team attended an information session on modern slavery and forced labour in the wine and fruit industry
- Woolworths Food and FBH suppliers attended training on ethical sourcing and compliance. Content covered included responsible purchasing practices, modern slavery, living wages, traceability and transparency, compliance management and audit protocols and procedures

FAIR WAGES

In November 2019, Country Road Group and David Jones made a public commitment to endorse the **Global Living Wage Coalition** and the **Anker Methodology** definition of a living wage, and to promote conditions that support every worker’s opportunity to receive a living wage. One of the Group’s Vision 2025+ goals is to develop a roadmap towards enabling a living wage for workers in our supply chain. Given the complexity of this issue, there is much work to be done. We are exploring Ethical Trading Initiative (ETI) membership and other partnerships to assist the Group in this journey, while also leveraging the Country Road Group and David Jones experiences to date.

USEFUL LINKS FOR MORE DETAIL



BOTH COUNTRY ROAD GROUP AND DAVID JONES WERE INCLUDED IN THE LATEST OXFAM COMPANY TRACKER ON LIVING WAGE. THE ASSESSMENT REVEALED THAT, WHILE WE’VE MADE A COMMITMENT TO LIVING WAGES AND HAVE BEEN TRANSPARENT ABOUT IT, MORE WORK IS NECESSARY TO ULTIMATELY ENABLE A LIVING WAGE IN OUR SUPPLY CHAIN.

MODERN SLAVERY

The Modern Slavery Act came into effect in Australia on 1 January 2019. The Act requires organisations with a consolidated revenue of A\$100 million and above to report annually on modern slavery risks in their operations and supply chains, the action they have taken to assess and address those risks, as well as the effectiveness of their responses. Both Country Road Group and David Jones submitted a first report in accordance with the Act, covering the period 1 July 2019 to 30 June 2020. During the year, Country Road Group and David Jones have continued to engage with the Australian government on the Act, including through representation on the Modern Slavery Expert Advisory Group.



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

Country Road Group and David Jones continue to participate in the working group of the GCNA Modern Slavery Community of Practice.

Be Slavery Free Scorecard

David Jones was included in the Be Slavery Free Scorecard assessment for the first time this year. The assessment, devised by a collective of NGOs, rates companies on their human rights and sustainability policies and procedures in relation to the chocolate industry. David Jones was rated ‘yellow bunny’ overall, meaning that it is ‘starting to have good policies’. It also scored the highest in the industry on ‘due diligence’ and ‘traceability and transparency’.

ACTIONS TAKEN BY THE GROUP TO PREVENT FORCED OR CHILD LABOUR, MODERN SLAVERY PRACTICES, AND EXCESSIVE WORKING HOURS IN OUR SUPPLY CHAIN INCLUDE:

- Mandatory application of our Codes of Conduct by suppliers
- Regular social and ethical audits, and follow-up of remedial actions taken to address findings
- Termination or suspension of supplier relationships where audits reveal business-critical findings that are not remediated
- Capacity-building, training and engagement, internally and with suppliers
- Establishment of cross-functional teams regarding modern slavery and living wage to discuss key topics that may affect our business, and to facilitate working together as a Group towards improving conditions for workers in our supply chain
- Establishment of mechanisms to understand worker sentiment on the ground
- Development of responsible purchasing practice guidelines for buying teams

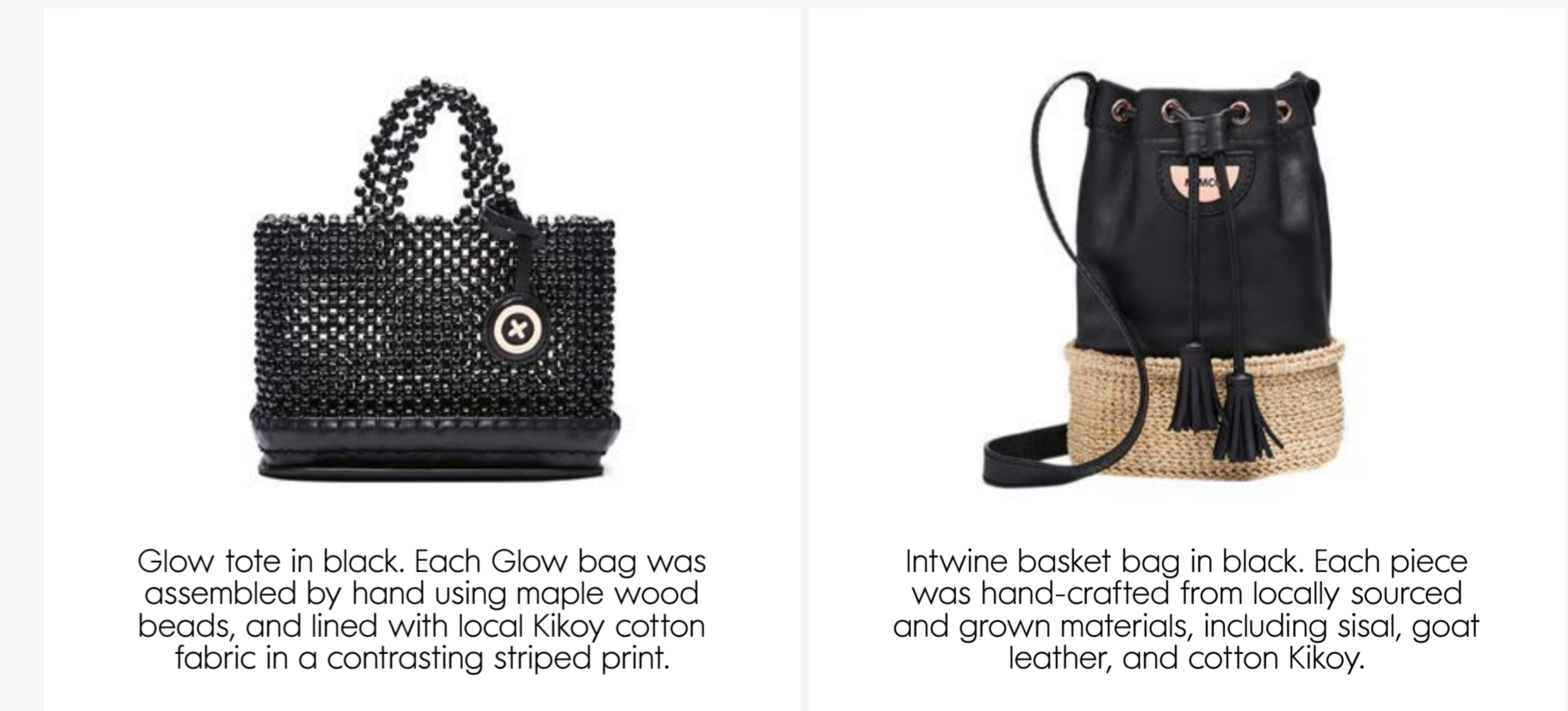
CASE STUDY

MIMCO COLLABORATION WITH THE ETHICAL FASHION INITIATIVE

Since 2009, the Ethical Fashion Initiative’s (EFI) mission has been to build a more responsible fashion industry. EFI connects artisans who live in marginalised communities around the world with the global fashion industry. As a result, artisans are given an opportunity to work on projects that provide them with an ongoing source of income, as well as learn skills that are transferable to their domestic market. Most of the artisans working with EFI are women.

The Mimco x EFI journey began in 2014, with our first collection launching in 2015. Ongoing collaboration and communication with our partners in Kenya allows us to design collections for the greatest social impact. All Mimco x EFI pieces are thoughtfully designed to positively impact as many artisans as possible. Our partnership provides employment opportunities that help build and strengthen the skills of artisans and communities. In FY21, two collections were developed with EFI: Glow and Intwine.

FACTS AND FIGURES



Glow tote in black. Each Glow bag was assembled by hand using maple wood beads, and lined with local Kikoy cotton fabric in a contrasting striped print.

Intwine basket bag in black. Each piece was hand-crafted from locally sourced and grown materials, including sisal, goat leather, and cotton Kikoy.

“THE INTWINE COLLECTION BENEFITED ME BY ENABLING ME TO PAY SCHOOL FEES FOR MY SON, AND HELPED PAY FOR ALL MY HOUSEHOLD EXPENSES. I APPRECIATE MIMCO FOR MAKING IT POSSIBLE.”

– Elvina Shaki, 60, a Mimco x EFI artisan

USEFUL LINK FOR MORE DETAIL

RESPONSIBLE SOURCING

HOW WE MANAGE COMMODITY SOURCING IN FOOD

One of our 2020 Group goals was to source all of our key commodities responsibly. Our success in achieving this goal was mixed across the Group and the commodities themselves. Expectations around responsible sourcing and traceability also continue to grow. As a result, as part of our Vision 2025+ strategy, we have set ourselves a tougher goal – that by 2025, all our key commodities will be responsibly sourced and traceable.

WITH THIS NEW GOAL, WE ARE AIMING TO CONTRIBUTE TO:

- Creating demand for responsible production methods, which ensure that commodities are produced in ways that manage environmental impacts and that are good for the farmers, suppliers, and their local communities
- Providing visibility to our stakeholders of the provenance of our products, through the full supply chain

- Not measured and reported
- Achieved
- Partially achieved
- Missed

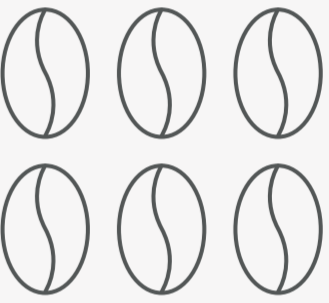
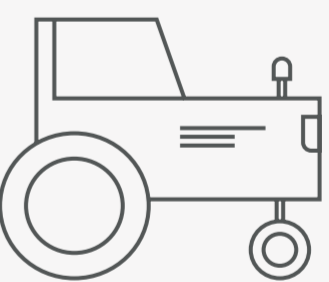
| PALM OIL | |
|--|---|
| <p>MANAGEMENT APPROACH</p> <p>As a member, Woolworths continues to support the Roundtable on Sustainable Palm Oil (RSPO). From the end of 2020, Woolworths has committed that 100% certified sustainable palm oil (CSPO) from physically certified supply chains will be sourced for our private label food and personal care products.</p> <p>UPDATE ON PROGRESS</p> <p>While Woolworths minimum requirement is currently mass balance RSPO palm oil, 44 (2020: 26) of our supplier sites are now RSPO members. This means that they are bound by the RSPO Code of Conduct, and are required to publicly report their progress towards achieving 100% certified sustainable palm oil (CSPO). At present, 89% (2020: 72%) of the volume of palm oil that Woolworths uses in food each year is certified as sustainable by the RSPO through supply chain audits. Of all the private label food products containing palm oil, 97% (2020: 94%) is produced with physical (mass balance) RSPO palm oil. Woolworths continues to purchase PalmTrace RSPO certificates to contribute towards the sustainable palm oil industry. This year, for the first time, we purchased RSPO book and claim credits from smallholder farmers (IS-CSPO), equivalent to 100 tonnes, to cover the small portion (3%) of our usage that has not yet been converted to CSPO.</p> <p>USEFUL LINK FOR MORE DETAIL</p> <p>.....</p> | <p>RELATED CERTIFICATION SCHEME</p> <p>RSPO</p> <hr/> <p>RESPONSIBLY SOURCED FY21 (WSA) ●</p> <p>97%</p> <hr/> <p>Going forward, Woolworths will continue working with our supply chain to move towards segregated supply where this is viable. We will also continue to do what we can to grow awareness among our customers, and the industry in general, to support the transition to RSPO palm oil more widely.</p> |

| COCOA | |
|---|--|
| <p>MANAGEMENT APPROACH</p> <p>Woolworths strategy is to source 'responsibly sourced' cocoa, including through UTZ (now Rainforest Alliance), Fairtrade International, Cocoa Horizons (Forever Chocolate), and Cocoa Life. David Jones Food has engaged with UTZ as well as other preferred certification standards, including Rainforest Alliance, Fairtrade International, and Cocoa Horizons, to advance its sustainable cocoa agenda.</p> <p>UPDATE ON PROGRESS</p> <p>Currently, 100% (2020: 98%) of all private label products that Woolworths sells are made with responsibly sourced cocoa. We are the only major retailer in South Africa to sell only responsibly sourced cocoa in our core chocolate and sweets lines, as well as ingredients. In addition, 92% (2020: 97%) of David Jones private label confectionery currently uses 100% sustainably sourced cocoa. The availability of cocoa to the correct level of certification was impacted by Covid-19; however, this was managed directly with manufacturers to ensure that product integrity was maintained.</p> <p>In the year ahead, the Group will continue to work with our major cocoa suppliers in progressing the sourcing of responsibly sourced cocoa for our private label products, and will review the programmes that we support to ensure that they continue to meet our requirements. Woolworths will also be establishing a long-term roadmap for cocoa in chocolate and year-round confectionery, which will enable greater traceability and transparency in the supply chain.</p> <p>USEFUL LINKS FOR MORE DETAIL</p> <p>.....</p> | <p>RELATED CERTIFICATION SCHEME</p> <p>UTZ/Rainforest Alliance, Fairtrade International, Cocoa Life, Cocoa Horizons (Forever Chocolate)</p> <hr/> <p>RESPONSIBLY SOURCED FY21 (WSA) ●</p> <p>100%</p> <hr/> <p>RESPONSIBLY SOURCED FY21 (DJ) ●</p> <p>92%</p> |



HOW WE MANAGE COMMODITY SOURCING IN FOOD

| SOYA | |
|---|---|
| <p>MANAGEMENT APPROACH</p> <p>Woolworths became a member of the Round Table on Responsible Soy (RTRS) in 2015. While it is not yet viable to obtain physically certified RTRS soya in South Africa, Woolworths supports the development of a sustainable soya market in major producing regions through the purchase of RTRS credits.</p> <p>UPDATE ON PROGRESS</p> <p>During the year, Woolworths created an internal working group to unpack the risks and opportunities related to soya. We found that there may be much higher usage of locally produced soya than we anticipated, with the majority of imported soya coming from Argentina. Woolworths has engaged an external consultant to conduct a survey around soya origins and volumes, directly with farmers. This survey will be finalised in the next financial year. Woolworths also conducted an exercise to re-establish its soya baseline, based on the amount of protein we sell and on average global inclusion rates. We are planning to use the information collected in the survey to further refine this for the South African context. We estimate that local animal feed equates to 96 to 98% thereof, with just 2 to 4% estimated in the form of embedded soya in imported products.</p> <p>For the fourth consecutive year, Woolworths has purchased 9 750 RTRS credits. The credits are only purchased from growers who are certified as meeting the RTRS standard for responsible soya production. One credit is equivalent to one tonne of soya. In this way, we are supporting responsible production.</p> | <p>RELATED CERTIFICATION SCHEME</p> <p>RTRS*</p> <div style="text-align: center;">  <p>9 750 RTRS credits purchased</p> </div> <p>Going forward, our goal is to ensure that the soya used in our animal feed is not sourced from high-risk sources where biodiversity could be negatively impacted. Our ultimate ambition is to support greater uptake of South African soya, thereby supporting the farmers who grow it, and the local economy.</p> |

| COFFEE | |
|---|--|
| <p>MANAGEMENT APPROACH</p> <p>Woolworths is one of the largest coffee retailers in South Africa. Our current approach to coffee is to source only African organic coffee beans for our WCafés, and for a large proportion of coffee beans sold on shelf, through our responsible coffee programme. The primary focus of our programme is to support coffee quality and sustainability initiatives that ultimately improve the long-term viability of coffee production among smallholder farmers. David Jones Food is also working to include more organic coffee in its product range.</p> <p>UPDATE ON PROGRESS</p> <p>For our WCafés and Woolworths pods and coffee carts, we source 100% organic African coffee from Tanzania and Ethiopia, supporting in excess of 80 000 smallholder farmers. Much of the coffee we sell in our retail range comes from the same smallholder farmers. During the year, our focus has been on identifying needs among these smallholder farmers, establishing a plan of action to best assist them, and finding suitable partners to help us on the ground.</p> <p>Our ultimate goal is to have an established programme in place that meets the four objectives of our organic Tanzanian sourcing project by 2025 (a better deal for the farmer, a better deal for the customer, better quality, and better availability). Once the Tanzanian project is fully operational, we will review the sourcing and traceability projects in all our coffee origins. In addition, while this programme is currently focused on the coffee sold in WCafés and Woolworths pods and carts, we are also working on how to extend it to our retail range. Each origin will be evaluated, and a unique action plan will be put in place for each country as the programme progresses.</p> | <p>RELATED CERTIFICATION SCHEME</p> <p>Organic</p> <div style="text-align: center;">  <p>100% organic African coffee sourced by WSA</p> </div> <div style="text-align: center;">  <p>80 000+ smallholder farmers supported</p> </div> |

- Not measured and reported
- Achieved
- Partially achieved
- Missed

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



HOW WE MANAGE COMMODITY SOURCING IN FASHION, BEAUTY AND HOME

| COTTON | | MAN-MADE CELLULOSE FIBRES | | LEATHER | |
|--|---|---|--|---|---|
| <p>MANAGEMENT APPROACH</p> <p>With cotton being the fibre most used across our private label collections, the Group is focused on supporting more sustainable cotton farming practices. Woolworths, Country Road Group, and David Jones are all members of the Better Cotton Initiative (BCI) and, in addition, support locally grown and certified organic cotton. Woolworths is also a member of the South African Cotton Cluster.</p> | <p>RELATED CERTIFICATION SCHEME</p> <p>BCI*, Organic</p> | <p>MANAGEMENT APPROACH</p> <p>In 2015, the WHL Group partnered with Canopy and 150 other brands as part of the CanopyStyle initiative to promote uptake of responsible sourcing policies among the top 10 global producers (responsible for 70% of global supply). The Group aims to drive engagement with our suppliers and producers of cellulose (timber) based fabric, to ensure that the production of fabrics such as viscose and rayon does not result in illegal forest degradation or deforestation. Ideally, we aim to source man-made cellulose fibres that are Forest Stewardship Council (FSC) certified.</p> | <p>RELATED CERTIFICATION SCHEME</p> <p>FSC (WSA ONLY)</p> | <p>MANAGEMENT APPROACH</p> <p>In 2015, the WHL Group became a member of the Leather Working Group (LWG), an environmental standard that promotes best practice in chemical management and wastewater treatment. LWG certification also assesses the ability of leather manufacturers to trace material back to the slaughterhouse. The WHL Group is also a participant in the Textile Exchange Beef and Leather Working Group**.</p> | <p>RELATED MULTI-STAKEHOLDER INITIATIVE</p> <p>LWG</p> |
| <p>UPDATE ON PROGRESS</p> <p>Woolworths is sourcing sustainable cotton for the equivalent of 98% of all cotton garments (2020: 92%), and has sourced 350 tonnes (2020: 550 tonnes) of South African cotton as Better Cotton in the last year. Meanwhile, 84% of Country Road Group's cotton supported sustainable farming practices during the past 12 months (2020: 80%). Country Road Group and David Jones private label sourced 2 148 tonnes (2020: 1 160 tonnes) of cotton as Better Cotton through the BCI, and 2.35 million units of Australian cotton (2020: 520 000 units), in the last year. A virtual cotton sourcing workshop was held with the suppliers who represent the top 80% of Country Road Group's cotton supply to discuss how to further drive the use of Australian cotton.</p> | <p>RESPONSIBLY SOURCED FY21 (WSA) ●</p> <p>98%</p> | <p>UPDATE ON PROGRESS</p> <p>Currently, Woolworths is sourcing 75% deforestation-free viscose (2020: 72%), with Country Road Group sourcing 32% (2020: 37%).</p> | <p>RESPONSIBLY SOURCED FY21 (WSA) ●</p> <p>75%</p> | <p>UPDATE ON PROGRESS</p> <p>The extraordinary complexity of leather sourcing due to multi-tier supply chains is a global challenge that we, along with many other brands worldwide, are seeking to solve. At present, 85% of Country Road Group products containing leather are sourced from LWG-accredited tanneries (2020: 76%), and all leather for Witchery's leather handbags is sourced from LWG-certified tanneries. The Group is conducting a baseline assessment of all our tanneries to understand their LWG certification levels, i.e. which of them are being audited against the LWG environmental auditing protocols, and which have a traceability rating (leather that is physically marked and traceable).</p> | <p>RESPONSIBLY SOURCED FY21 (ICRG) ●</p> <p>85%</p> |
| | <p>RESPONSIBLY SOURCED FY21 (ICRG) ●</p> <p>84%</p> | <p>UPDATE ON PROGRESS</p> <p>Currently, Woolworths is sourcing 32% deforestation-free viscose (2020: 37%), with Country Road Group sourcing 32% (2020: 37%).</p> | <p>RESPONSIBLY SOURCED FY21 (ICRG) ●</p> <p>32%</p> | | <p>NOT YET REPORTED FOR WSA</p> |
| | | <p>USEFUL LINK FOR MORE DETAIL</p> <p>.....</p> | | | |

- Not measured and reported
- Achieved
- Partially achieved
- Missed

*The Better Cotton Initiative (BCI) is a leading global sustainability standard for responsibly sourced cotton that aims to create long-term change by helping small-scale and commercial farmers to grow cotton in a way that reduces stress on the environment and improves the livelihoods of farming communities. The SA Cotton Cluster, of which Woolworths is a member, has committed its support to the BCI, working to promote the BCI standard at the farm and producer level, and help farmers to produce cotton more sustainably.

**Still in its relative infancy, the Textile Exchange Beef and Leather Working Group's objective is to bring together a diverse range of stakeholders to address issues within the leather and beef supply chain.

HOW WE MANAGE COMMODITY SOURCING IN FASHION, BEAUTY AND HOME

TIMBER

MANAGEMENT APPROACH

Woolworths signed the Vancouver Declaration in 2017, making a commitment to work towards more sustainable sourcing of forest products, and endorsing the Forest Stewardship Council (FSC) as the supplier of choice for the certification of forest products. In line with legislation, Country Road Group and David Jones purchase all timber, and products with timber inputs, from legally harvested sources.

UPDATE ON PROGRESS

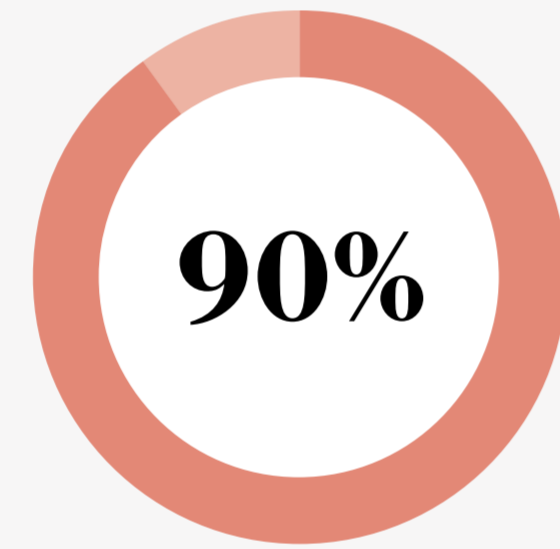
Currently 90% of wood used in Woolworths fashion and home products and 98% of Woolworths Food paper and board packaging is responsibly sourced. 43% of Country Road Group's timber is recycled or certified sustainable timber.

USEFUL LINK
FOR MORE DETAIL

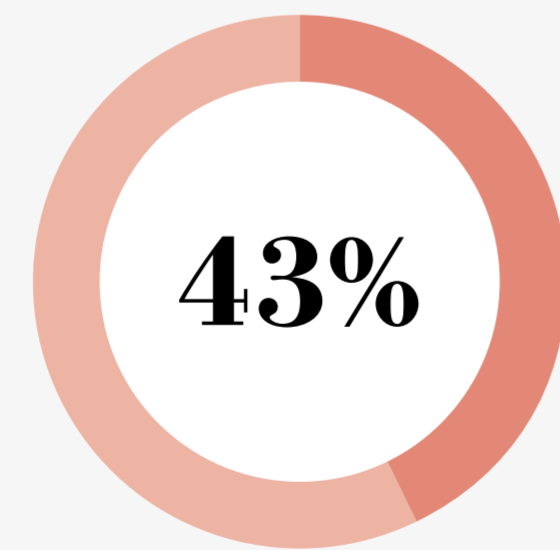
RELATED CERTIFICATION SCHEME

FSC

RESPONSIBLY SOURCED FY21 (WSA) ●



RESPONSIBLY SOURCED FY21 (CRG) ●



SYNTHETICS

MANAGEMENT APPROACH

Under Vision 2025+, synthetics have been identified as a commodity to be included in our responsible sourcing programme going forward, with a focus on petroleum-based synthetics such as polyester and nylon/polyamide. We will aim to source synthetics through globally recognised recycling programmes, such as the Global Recycle Standard (GRS) and Recycled Claim Standard (RCS).

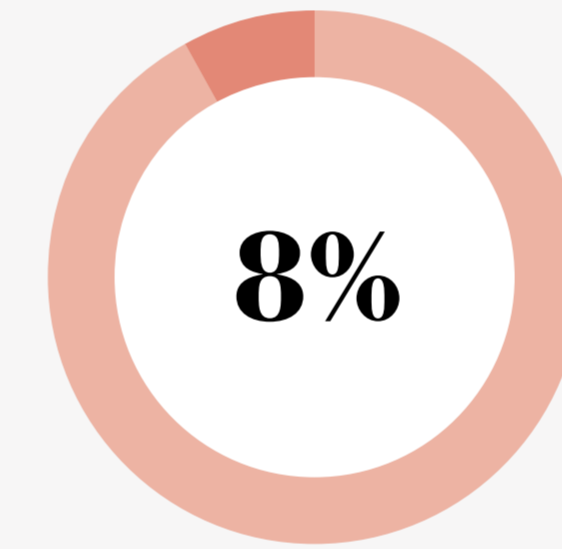
UPDATE ON PROGRESS

Work is underway to establish a baseline for synthetics across the business, and to determine the way forward. Currently, recycled polyester comprises 8% of total Woolworths fashion and homeware sales.

RELATED CERTIFICATION SCHEME

GRS, RCS

RESPONSIBLY SOURCED FY21 (WSA) ●



- Not measured and reported
- Achieved
- Partially achieved
- Missed

SUSTAINABILITY ATTRIBUTES

One of our 2020 Group goals was to have at least one sustainability attribute per private label product. At the end of 2020, Woolworths came very close to achieving this goal. Country Road Group and David Jones also performed well, particularly given that they started working towards the goal later than Woolworths.

Woolworths will continue to strive towards 100% of our private label products having a sustainability attribute but will aim to maintain the level at no less than 90% in recognition of the fact that our product mix and our suppliers may change over time, potentially impacting our ability to achieve 100% consistently. Both Country Road Group and David Jones will continue to work towards achieving 100% in future, while acknowledging the same challenges.



Sustainability attributes are product characteristics that contribute to minimising the social and/or environmental impacts of a product at one or more stages in the value chain.

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

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

THERE ARE SEVERAL MORE DETAILED INDIVIDUAL ATTRIBUTES UNDERLYING EACH OF THESE MATERIAL ISSUES.

MATERIAL INNOVATION

Across the Group, we continue to drive innovation and sustainability in the product development process, and monitor the progress in, and the commercial viability of, alternative fibres.

RENEWED, REUSED OR RECYCLED MATERIALS

We aim to continually increase the use of renewed, reused or recycled materials in our product ranges. This has been formalised through the Vision 2025+ Group goal that requires all private label clothing, beauty, and homeware products to contain at least one renewed, reused or recycled product material input by 2030.

In celebration of the fifth year of its partnership with the National Gallery of Victoria, Mimco co-commissioned an artwork by sustainable material innovator Alice Potts for the NGV Triennial exhibition – a set of bioplastic personal protective equipment face shields made from food waste and dyed using flowers she collected in London’s parks during the Covid-19 lockdown. Mimco also collaborated with Alice on a 20-piece, limited-edition jewellery capsule, which uses upcycled materials from our archive, as well as sustainably produced sequins that were created by her from biomaterials (food and plant waste).

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



Through our sustainable farming, fishing and animal welfare programmes, we aim to ensure a more sustainable, resilient, and inclusive food system for our people, our communities, and the planet.

PERFORMANCE SUMMARY

VISION 2025+ GOAL



All private label products to support REGENERATIVE FARMING PRACTICES by 2030

WSA FOOD FY21

58% of private label produce and horticulture lines on the Farming for the Future programme

BASELINE

52% of private label produce and horticulture lines on the Farming for the Future programme



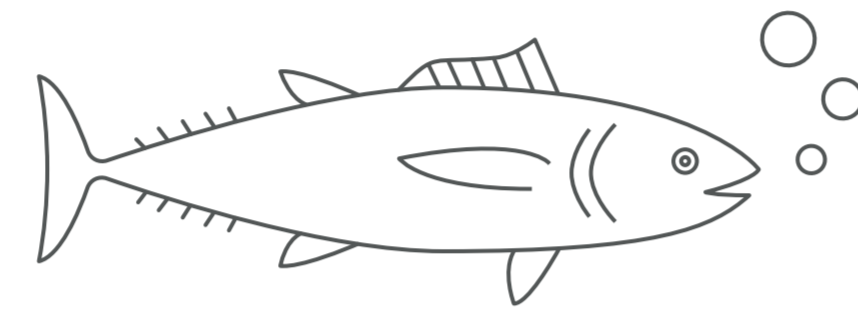
NOT YET STARTED BEHIND ON TRACK AHEAD

WSA FBH, CRG, AND DJ FY21
Not yet started

BASELINE

Still to be determined

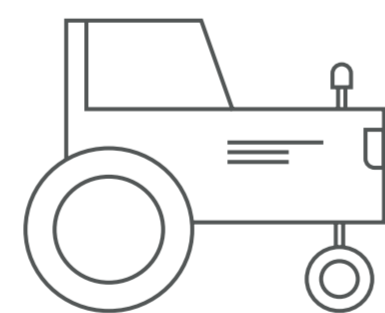
NOT YET STARTED BEHIND ON TRACK AHEAD



98%

of Woolworths seafood by volume meets our wild-caught and aquaculture sustainability commitments

2020: 98%
2019: 84%



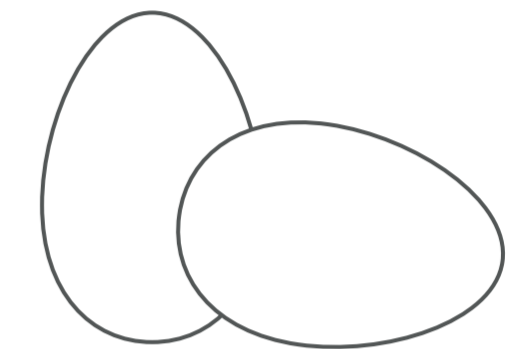
14

farming methods on the Woolworths outcomes-based measurement programme

2020: 9
2019: 4



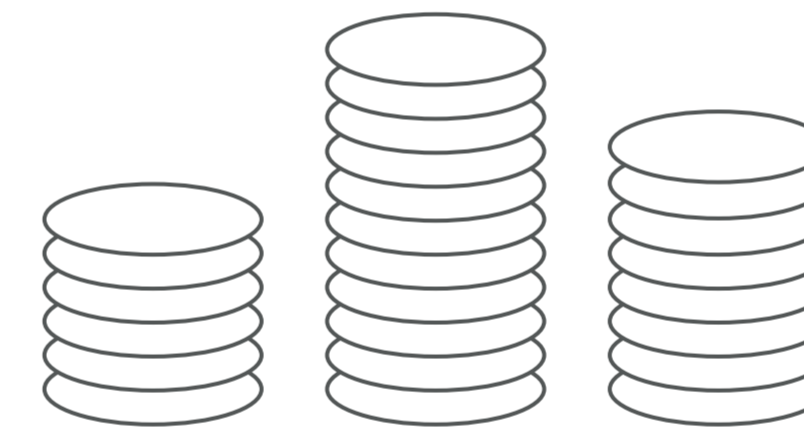
THE WHL GROUP DOES NOT PERMIT TESTING OF PRIVATE LABEL PRODUCTS ON ANIMALS



100%

of whole eggs sold by Woolworths Food and David Jones Food are free range

2020: 100%
2019: 100%



A\$125 000

donated to the Landcare Australian Biodiversity Project

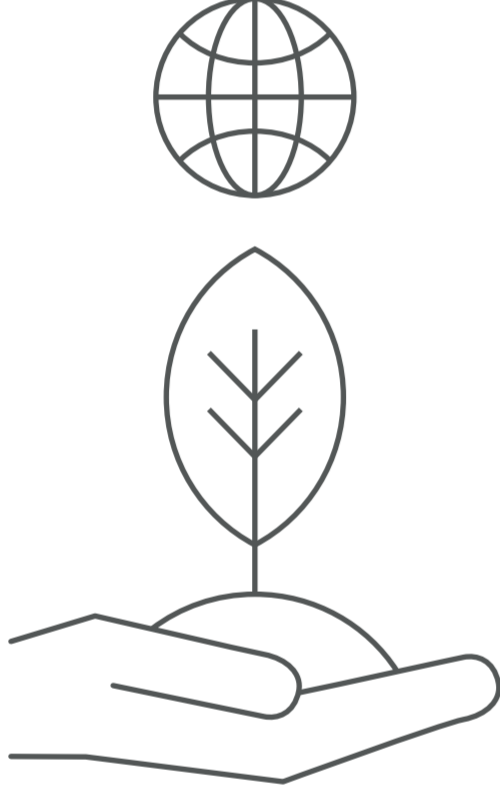


100%

of Woolworths duck, lamb, and venison is free range

THE WHL GROUP DOES NOT PERMIT THE USE OF ANY NATURAL OR FARMED FUR IN PRODUCTS SOLD

STRATEGY AND MANAGEMENT APPROACH

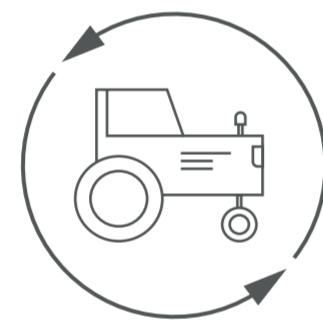
| STRATEGY | MANAGEMENT APPROACH | HIGHLIGHTS | LOOKING AHEAD |
|---|---|--|--|
| <p>Over the last few decades, it has become abundantly clear that producing food and raw materials in a way that is at odds with natural and social systems is no longer a viable option. A high proportion of the environmental impact resulting from our operations is linked to the farming and processing of the products we sell. As a result, we make it a priority to work together with our suppliers on a long-term basis to minimise these impacts, and to positively influence the environmental and social outcomes of doing business.</p>  <p><i>We also recognise our ethical obligation to ensure that our farmers and suppliers are meeting our exacting requirements for animal welfare in the supply chain.</i></p> | <p>Our Farming for the Future, Fishing for the Future, and animal welfare programmes outline our management approach to sustainable and regenerative farming. This approach is strengthened through our partnerships with a range of organisations to drive further progress in sustainable farming and responsible sourcing.</p> <p><i>TO ENSURE THAT OUR SUPPLIERS UNDERSTAND OUR EXPECTATIONS, WE HAVE CREATED VARIOUS SUSTAINABLE FARMING, FISHING, AND ANIMAL WELFARE POLICIES AND GUIDELINES, TO WHICH OUR SUPPLIERS ARE EXPECTED TO ADHERE.</i></p> | <div data-bbox="1493 495 1694 682"> <ul style="list-style-type: none"> Criteria to include Woolworths Farming for the Future logo on product enhanced to ensure better coverage of secondary suppliers </div> <div data-bbox="1493 799 1653 985"> <ul style="list-style-type: none"> Partnership between Country Road and Landcare Australia launched to support the regeneration of Australian farmlands, with a focus on increasing biodiversity in cotton-growing regions </div> <div data-bbox="1493 1127 1694 1313"> <ul style="list-style-type: none"> Completed review and update of the Woolworths Fishing for the Future programme </div> <div data-bbox="1442 1458 2358 1515"> <p>LOWLIGHTS AND CHALLENGES</p> </div> <div data-bbox="1493 1550 1621 1681"> <ul style="list-style-type: none"> Covid-19 continues to affect global food supply chains. This has resulted in the delay of some sustainability projects as well as planned supplier visits Ongoing drought and certain disease outbreaks continue to put pressure on the farming industry </div> | <p>We will continue to refine and renew our sustainable farming and animal welfare programmes to assist us in promoting resilience and regeneration in the supply chain, and to ensure that the programmes remain at the cutting edge of best practice.</p> <p>MORE SPECIFICALLY, WE WILL:</p> <ul style="list-style-type: none"> Finalise the pilot study for quantifying, in monetary terms, the value of adopting the Farming for the Future programme, and the resulting improvement actions both for Woolworths and the farmer Draft a new Sustainable Seafood Procurement Policy for Woolworths Continue to explore regenerative agriculture options, particularly for raw materials and commodities used in the Group's fashion and homeware products <div data-bbox="2358 1250 3115 1307"> <p>RELATED UN SDGs</p> </div> <div data-bbox="2438 1377 3057 1785"> </div> |

SUSTAINABLE FARMING AND FISHING

Globally, food systems have been affected by the impact of climate change and related extreme weather events, soil degradation, worsening water quality and availability, biodiversity loss, declining fish stocks, and the Covid-19 pandemic. In order to address these challenges and enhance the resilience of our supply chain, we have, for a number of years, implemented sustainable farming and fishing programmes.

REGENERATIVE AGRICULTURE

Nature is declining globally at unprecedented rates, and the extent of species extinction is accelerating. This increasing biodiversity loss is a critical risk to our business, to the health and wellness of our customers and employees, to the economy as a whole, and to the inputs used in our products.



As part of our Vision 2025+ strategy, we have formally committed to supporting regenerative agriculture practices.

We define regenerative agriculture as science-based farming practices that, among other benefits, mitigate climate change by rebuilding soil organic matter and restoring biodiversity – resulting in both carbon drawdown and the improvement of the water cycle.

We consider our Woolworths Farming for the Future programme as going beyond this definition, and thereby qualifying as a regenerative farming programme. When it comes to raw materials and commodities used in the Group’s fashion and homeware, we are just starting out on the regenerative agriculture journey, and will need to align with best practice as it evolves over time. We will be researching available regenerative farming programmes, and will engage with the programmes and certifications with who we already have partnerships or who we accept under our responsible commodity-sourcing programmes in order to understand their approach to the incorporation of regenerative farming principles. Our initial focus will be on cotton; thereafter, we will look at timber and leather.

FARMING FOR THE FUTURE

The Farming for the Future programme is Woolworths pioneering approach to growing food in a sustainable, regenerative, and harmonious way. The programme – and its related assessment and certification scheme – is a scientific, data-based approach to farming that aims to manage a farm as part of its wider ecosystem. The programme comprises various modules for which data points are measured at a farm level, including data related to soil

biology, water-use efficiency, crop protection, energy use, irrigation efficiency, and leakages and wastewater management. This data is used by farmers to make decisions that will help them continuously improve over time, with the aim of enabling them to produce more food with fewer natural resources. The programme is geared towards improving each farm’s resilience, yield, and profitability while enhancing its ecosystem’s capacity over time.

the programme, and the resulting improvement actions both for Woolworths and the farmer. We expect the results to be available in the next few months. We are also currently exploring whether and how the Farming for the Future programme would qualify for carbon credits in future.

During the year, we started to transition frozen food suppliers onto the programme.

A challenge we continue to experience is the increased cost associated with scaling up the programme, and the costs of related assessment and certification processes. The ongoing drought and uncertainty regarding land reform remain difficult for our farmers, particularly affecting their capacity for investment in sustainability projects, which often have long-term payback periods. Covid-19 has also meant that we were unable to perform on-farm assessments for most of the year, and had to leverage desktop assessments and virtual visits instead.

CURRENT SUPPLIERS ON THE PROGRAMME

132

Primary

2020: 121



182

Secondary

2020: 258

Continuous improvement has been made over the years in response to the changing operating context, to align with sustainable farming best practice, and to challenge farmers to constantly improve their farming practices. During the past year, the farmers assessed achieved a 98.9% pass rate (2020: 64.5%) against their individual continuous improvement targets. Suppliers who do not pass are not permitted to use the Farming for the Future logo on their products.

Also in the past year, we changed the criteria that primary suppliers need to meet to qualify for the use of the Farming for the Future logo on their products, because the number of our primary suppliers remains fairly constant, while the number of our secondary suppliers is increasing. The updated criteria requires the primary supplier as well as the majority of their secondary suppliers to be Farming for the Future assessed and certified. The balance of the secondary suppliers must enrol as SIZA members, and provide Woolworths with access to their audit results.

As part of our journey, and in line with our aim to roll out the programme more widely, we have continued working towards developing a formalised and robust business case for the Farming for the Future programme. To this effect, during the past two years, we have been conducting a shared-value model pilot at four farms to quantify, in monetary terms, the value of adopting

KEY RESULTS FROM THE FARMING FOR THE FUTURE PROGRAMME ASSESSMENTS THIS YEAR

- Soil carbon capture increased by 4%
- Soil cover increased by 13%
- Water usage efficiency improved by 9%
- Water footprint index increased by 11%
- All farmers started to implement an integrated pest-management programme and moved over to biological products

USEFUL LINK FOR MORE DETAIL

CASE STUDY

THE BIODIVERSITY PROJECT WITH LANDCARE AUSTRALIA

Country Road has proudly partnered with Landcare Australia to support the regeneration of Australian farmlands, with a focus on increasing biodiversity in cotton-growing regions.

Biodiversity is integral to our survival on earth, with every species playing an important role in helping nature thrive. On farms, natural areas with rich biodiversity can help to provide shelter for livestock in adjoining paddocks, as well as clean water and habitat for pollinators, which support healthy production of food and fibre, among many other benefits.

Our partnership is designed to enrich Australia's biodiversity by assisting local cotton farmers in protecting soil health, providing natural habitats for threatened species, and improving water quality across river systems.

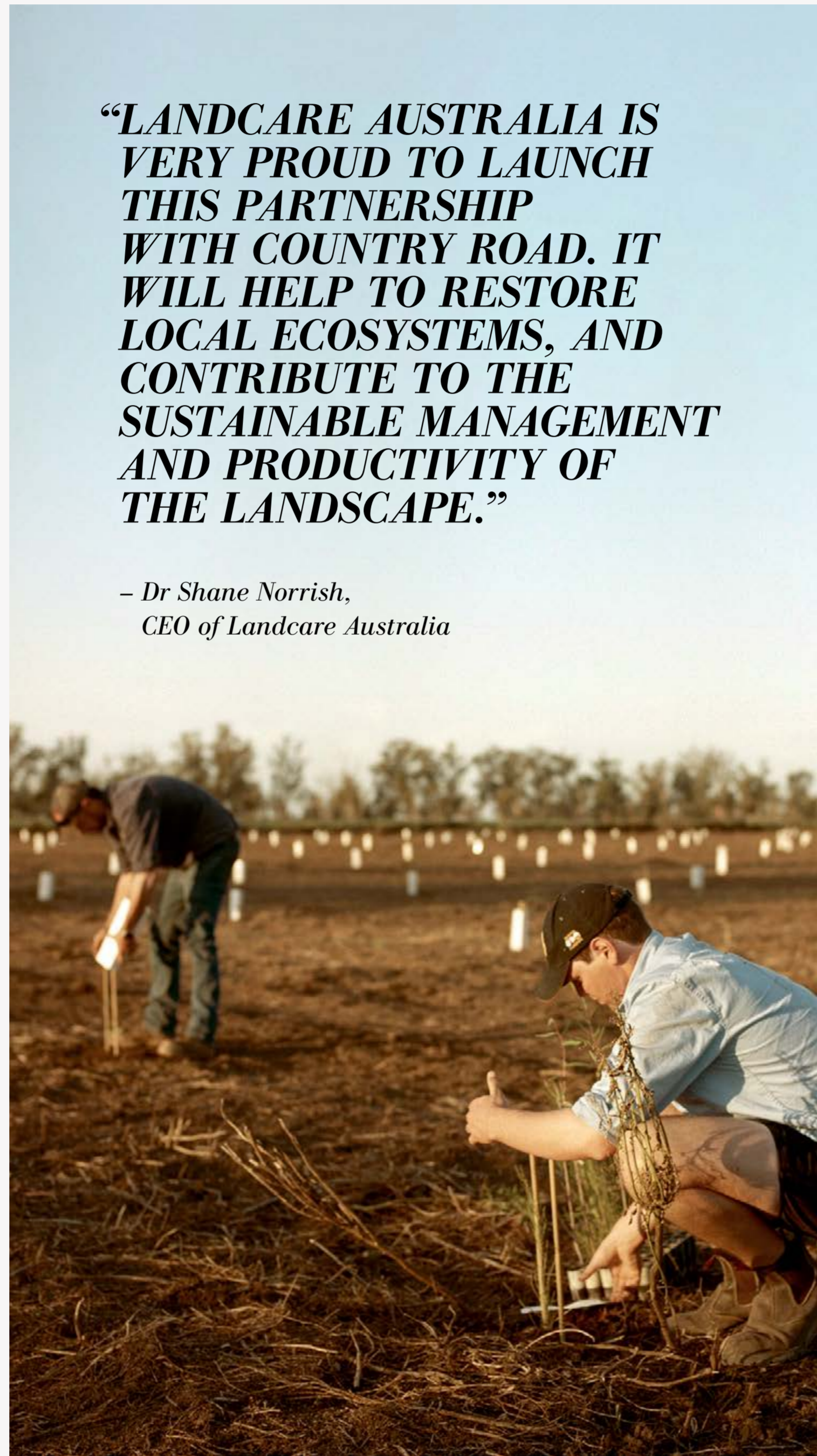
Since October 2020, sales of our Verified Australian Cotton Heritage Sweat collection have been supporting this partnership. In addition, Country Road has committed to a corporate contribution of a minimum of A\$600 000 over the next three years.

This level of funding will provide Landcare Australia with the means to deliver multiple biodiversity projects across local farming landscapes, and invite more farmers to participate in the unique programme.



During the year, A\$125 000 was donated to Landcare Australia, consisting of a A\$50 000 corporate donation and A\$75 000 from the sales of the Verified Australian Cotton Heritage Sweat collection.

USEFUL LINK FOR MORE DETAIL



“LANDCARE AUSTRALIA IS VERY PROUD TO LAUNCH THIS PARTNERSHIP WITH COUNTRY ROAD. IT WILL HELP TO RESTORE LOCAL ECOSYSTEMS, AND CONTRIBUTE TO THE SUSTAINABLE MANAGEMENT AND PRODUCTIVITY OF THE LANDSCAPE.”

*– Dr Shane Norrish,
CEO of Landcare Australia*

FISHING FOR THE FUTURE

The seafood industry is uniquely positioned to contribute to global food and nutrition security, and continues to progressively improve its sustainability performance. Within a global food system context, seafood provides some of the most sustainable food choices, and many aquaculture ecosystem services can be considered regenerative.

The Woolworths sustainable fishing programme, Fishing for the Future, commenced in 2008, when we became the first South African retailer to sign the WWF-SA Sustainable Seafood Initiative (WWF-SASSI) Retail Charter. Twelve years on, Woolworths remains deeply committed to procuring all seafood from sustainable fisheries and responsible farming operations.

WOOLWORTHS SOURCES SEAFOOD FROM 31 COUNTRIES ACROSS THE GLOBE, FROM SOME OF THE WORLD’S LEADING AND MOST RESPECTED FISHERY AND AQUACULTURE COMPANIES, AS WELL AS FROM SEVERAL SMALL-SCALE PRODUCERS.

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

2020: 98%

During the year, Woolworths completed the review and update of our Fishing for the Future programme. The review and update have taken into account the significant worldwide improvements in seafood sustainability over the past 10 years, as well as newly emerging risks, such as climate change and ocean plastics pollution. During the review, we conducted extensive internal and external engagement on the new programme design and objective, and obtained broad support and agreement thereon from our suppliers and other stakeholders.

WWF CONSERVATION CHAMPIONS

The WWF Conservation Champions continue to support best practice and long-term conservation in the wine industry, and to transfer learnings through farmer information sessions and joint workshops on areas of key environmental risks, such as wastewater, water stewardship, alien clearing, and fire management. There are currently seven (2020: 12) Woolworths wine suppliers who are WWF Conservation Champions. Suppliers are incentivised by Woolworths to become WWF Conservation Champions through the allocation of a sustainability attribute for the wine they supply to us. They are also awarded points in the Farming for the Future assessment for being a WWF Conservation Champion. Covid-19 has had a significant impact on wine farms in South Africa, so farmers have mainly been focused on survival during the last year.

Our Fishing for the Future 2030 programme will be more extensive than its predecessor, and will include coverage of the economic, environmental, and social aspects of seafood sustainability.

The Fishing for the Future 2030 programme will have three pillars:

- 1
Responsible sourcing
- 2
Responsible consumption
- 3
Proactive transparency

Under the updated programme, we intend to measure our seafood suppliers' sustainability performance across a number of metrics and indicators, ultimately scoring all our seafood supply chains on an annual basis to drive continuous improvement.

The Covid-19 pandemic has continued to affect global seafood supply chains. This has resulted in the delay of some sustainability projects as well as planned supplier visits.

DESPITE THIS, WOOLWORTHS HAS:

- Developed a concept climate action strategy, and commenced the process of determining our seafood supply chain carbon footprint
- Joined the steering committee for the Fish for Good Yellowfin Longline Tuna Fishery Improvement Project, initiated by the Marine Stewardship Council (MSC) and implemented by WWF-SA
- Conducted a pilot project with two key suppliers on the use of an integrated online management system for information and data collection and sharing to aid in increasing transparency in our supply chain

In addition, a Woolworths team member was appointed as the chair of the board of the International Pole and Line Foundation (IPLNF).

Looking ahead, Woolworths will develop a new, more wide-ranging Sustainable Seafood Procurement Policy.

IMPROVING ANIMAL WELFARE STANDARDS

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

ANIMAL WELFARE IN FOOD

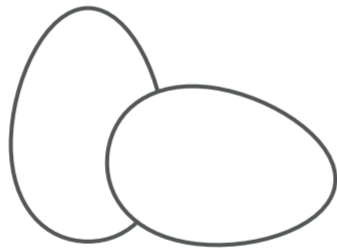

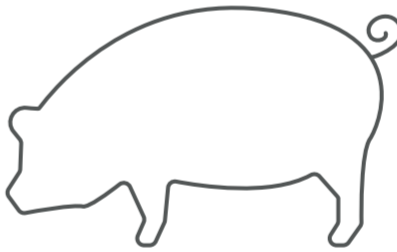
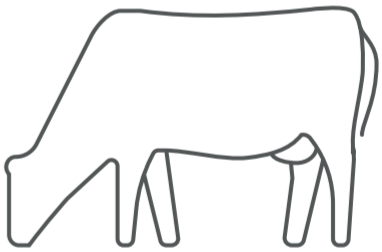


DURING THE YEAR, DAVID JONES RELEASED A POSITION STATEMENT ON ANIMAL TESTING.

USEFUL LINKS FOR MORE DETAIL

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IN 2004, WOOLWORTHS BECAME THE FIRST MAJOR LOCAL RETAILER TO STOP SELLING WHOLE EGGS FROM HENS KEPT IN CAGES. IT REMAINS THE ONLY SOUTH AFRICAN RETAILER TO DO SO.

Suppliers are regularly visited, inspected, and audited by independent bodies to ensure compliance with our animal welfare principles.

| WE SUPPORT THE FOLLOWING PRINCIPLES FOR ANIMAL WELFARE | | | |
|--|--|---|--|
| EGGS | DUCK, LAMB, VENISON, CHICKEN, BEEF | PORK | AYRSHIRE MILK |
|  |  |  |  |
| <ul style="list-style-type: none"> Neither Woolworths nor David Jones sell whole eggs from hens kept in cages Currently, 100% of whole eggs and 100% of liquid and powdered egg ingredients in Woolworths private label food products are free range. Furthermore, Woolworths is committed to supporting initiatives that enable a shift away from caged systems in South Africa, and continues to engage collaboratively with other retailers around this David Jones Food also only sells free range whole eggs, and aims to use only free range eggs as an ingredient in private label prepared food, and in the selection of brands that retail on shelf  | <ul style="list-style-type: none"> 100% of Woolworths duck, lamb, and venison are produced according to our Free Range Farming Guidelines, and we continue to sell extensive lines of free range chicken and beef in-store (currently approximately 50% and 30% of products respectively). Free range means the animals eat a natural diet and are not given routine antibiotics or growth stimulants David Jones Food only sells fresh chicken that is RSPCA-approved outdoor-bred (free range), and where possible uses RSPCA-approved, free range or outdoor-bred beef and lamb | <ul style="list-style-type: none"> Woolworths launched the Kinder to Sows programme in 2014. The aim of the programme is to source pork from farms that no longer use sow stalls to restrain pregnant sows for prolonged periods, reducing the time adult sows spend in gestation crates from 16 weeks to less than one week. Currently, we source Kinder to Sows pork for Woolworths fresh pork products, pork ribs, and all bacon and gammon lines David Jones Food uses free range, RSPCA-approved or outdoor-bred pork where possible | <ul style="list-style-type: none"> Since 2002, Woolworths Ayrshire dairy farmers have not administered rBST to any of their Ayrshire dairy cows  |

OUTCOMES-BASED MEASUREMENT PROGRAMME

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

TO DATE, WE HAVE COLLECTED DATA RELATING TO THE LIVES AND WELFARE OF MORE THAN 150 MILLION ANIMALS ACROSS 14 (2020: 9) FARMING METHODS.

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

During the year, free range lamb, commercial beef, rainbow trout, and regular and Jersey milk were added to the programme, and data collection commenced.

Covid-19 continues to hamper and delay on-site visits, which ultimately makes progressing the programme more difficult. In addition, ongoing drought in parts of the country, as well as certain disease outbreaks, continue to put pressure on the farming industry.

ANTIBIOTICS

Woolworths is on a journey to reduce antibiotic use in our supply chain – particularly the use of shared class antibiotics, i.e. those that are critical to human health. The use of antibiotics in animals in our supply chain is informed by our Antimicrobial Guideline, which sets out five principles with regards to antibiotics: record, reduce, replace, refine, remove. The fifth principle, 'remove', was added during the course of this year. In order to establish a baseline of usage, we are currently recording the amount and type of antibiotics used by our suppliers through the outcomes-based programme. From there, we can work from an informed position to track, trend, and promote the reduction of antibiotic use.




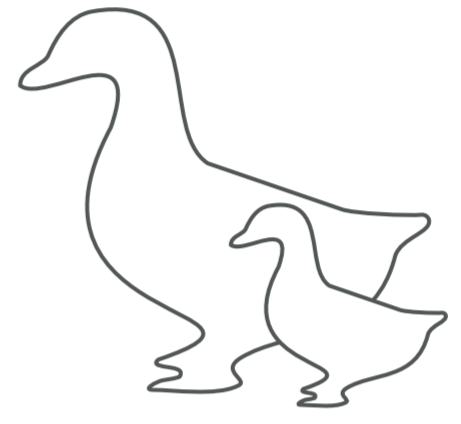
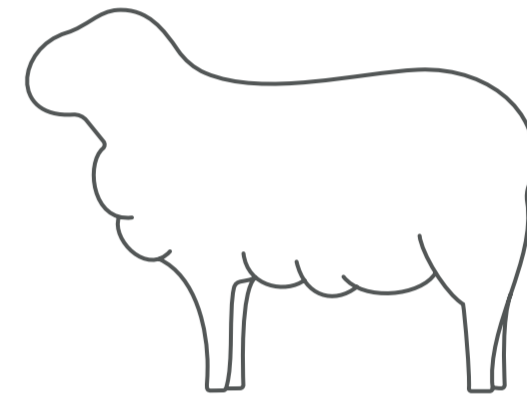
SUPPLIER TRAINING

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

DURING THE YEAR, THE WOOLWORTHS TEAM ATTENDED REGENERATIVE AGRICULTURE AND ANIMAL WELFARE TRAINING COURSES CONDUCTED BY FAI.

ANIMAL WELFARE IN FASHION, BEAUTY AND HOME

WE SUPPORT THE FOLLOWING PRINCIPLES FOR ANIMAL WELFARE

| ANIMAL TESTING | ANGORA | FUR | FEATHERS & DOWN | WOOL |
|---|--|---|--|--|
|  <ul style="list-style-type: none"> The Group does not permit the testing of our private label products on animals Since 2008, Beauty Without Cruelty has approved the entire Woolworths private label range of cosmetics and toiletries. Additionally, in mid-2019, the full WBeauty range became 100% vegan Since August 2017, all David Jones private label cosmetics products have held the PETA Beauty Without Bunnies accreditation |  <ul style="list-style-type: none"> The Group ceased ordering products containing angora in January 2014 |  <ul style="list-style-type: none"> The Group is a proud member of the Fur Free Alliance. We do not permit the use of any natural fur or farmed fur in our products, including branded products supplied to David Jones. Our definition of fur is aligned with that of the Fur Free Alliance, and includes any fur from animals bred and farmed purely for their skins, such as mink, sable, chinchilla, fox, muskrat, racoon dog, rabbit, astrakhan, and karakul, but excludes by-products of the meat industry, such as shearling and sheepskin |  <ul style="list-style-type: none"> The Group does not permit live plucking in any form, including for duck and goose down. We aim to source from suppliers who are Responsible Down Standard (RDS) compliant. We are also increasingly looking towards synthetic alternatives for our products, including using recycled PET in pillows, duvets, and puffer jackets |  <ul style="list-style-type: none"> The Group takes a proactive approach to sourcing a sustainable supply of wool that is non-mulesed, supporting local wool industries in South Africa and Australia, and sourcing non-mulesed wool where possible. Country Road Group and David Jones have a responsible wool strategy that will see them transition away from mulesed wool over time |

THE WHL GROUP DOES NOT PERMIT THE USE OF EXOTIC SKINS – SUCH AS SNAKE, ALLIGATOR, CROCODILE, AND LIZARD – NOR THE USE OF ENDANGERED SPECIES THAT APPEAR ON THE CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES (CITES, ALL APPENDICES I, II, III), OR THE IUCN RED LIST OF THREATENED SPECIES, IN OUR PRIVATE LABEL PRODUCTS.



PACKAGING AND WASTE

Our journey to ensuring zero packaging waste to landfill has not been immune to hurdles along the way. We have taken the approach of viewing these hurdles as learnings as we strive to meet our global commitments.

PERFORMANCE SUMMARY

VISION 2025+ GOALS

 All our packaging will be **REUSABLE OR RECYCLABLE** by 2022

FY21
WSA Food: 97% (technically recyclable)
WSA FBH, CRG and DJ
Work commenced on establishment of a baseline


NOT YET STARTED | BEHIND | **ON TRACK** | AHEAD

 **HALVE FOOD LOSS AND WASTE** in our own operations and across our top 30 suppliers by 2030

FY21
Work commenced on the establishment of a baseline

BASELINE
Still to be determined


NOT YET STARTED | BEHIND | ON TRACK | AHEAD

 All our private label products can be **REUSED, REPAIRED, RESOLD OR RECYCLED** by 2025

FY21
N/A

BASELINE
Still to be determined

NOT YET STARTED | BEHIND | ON TRACK | AHEAD

 All our private label clothing, beauty, and home products to contain at least **ONE RENEWED, REUSED, OR RECYCLED PRODUCT MATERIAL** input by 2030

FY21
N/A

BASELINE
Still to be determined

NOT YET STARTED | BEHIND | ON TRACK | AHEAD

COUNTRY ROAD LAUNCHED AN ONLINE CLOTHING RENTAL SERVICE THROUGH A PARTNERSHIP WITH GLAMCORNER



16.2M

Number of reusable bags sold in 2021 by Woolworths Food

CHANGE SINCE 2020: 414%^{LA*}

*Increase due to plastic shopping bag phase-out and increased sales of the low-cost reusable bag

0.57

Average number of plastic bags per transaction in 2021 for Woolworths Food

CHANGE SINCE 2020: -33%^{LA}

DAVID JONES, IN PARTNERSHIP WITH TERRACYCLE, LAUNCHED A RECYCLING INITIATIVE FOR BEAUTY PRODUCTS

200

Woolworths plastic shopping bag-free stores

2020: 5

SURPLUS PRODUCT DONATIONS

Clothing donated to the Clothing Bank

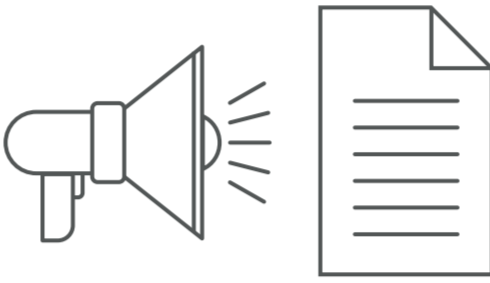
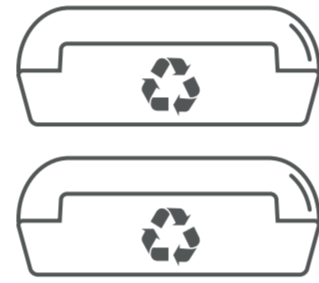

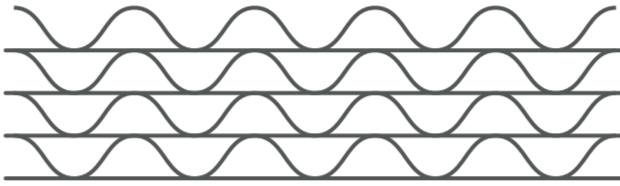
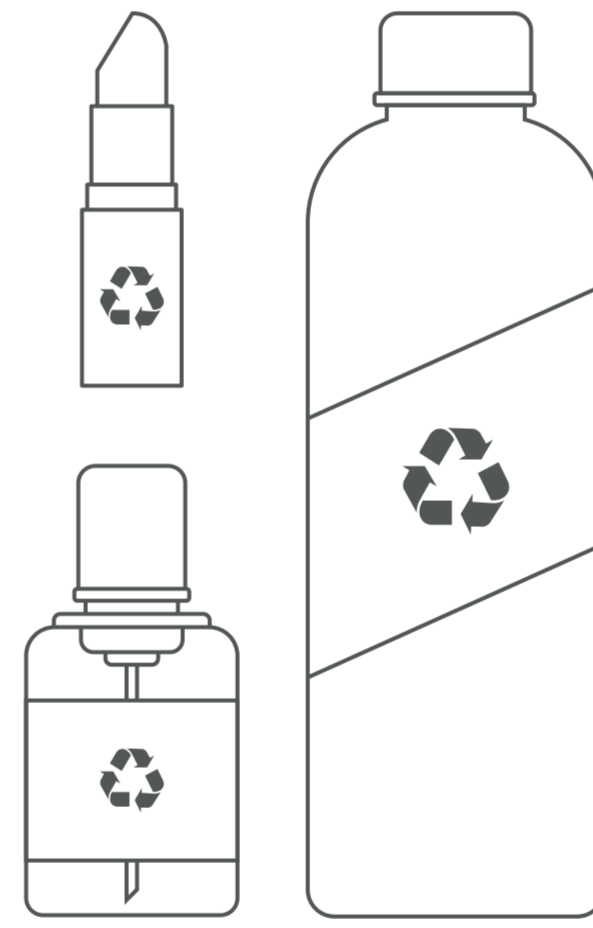



2021: R60.4M
2020: R49.7M

Food donated to charities

2021: R731M
2020: R643M

47 WOOLWORTHS STORES OFFERING PAPER BAGS FOR FASHION, BEAUTY AND HOME PURCHASES

STRATEGY AND MANAGEMENT APPROACH

| STRATEGY | MANAGEMENT APPROACH ^{1A} | HIGHLIGHTS | LOOKING AHEAD |
|--|---|--|--|
| <p>The retail sector produces a lot of waste, from food packaging to textiles. It is with this in mind that we have established an approach that aims to address our impacts and also manage our waste across the value chain. The Group's strategic intent for the management of waste and packaging is premised on design thinking that takes into account the use of sustainable materials as well as circularity in both the food and textiles space. We have been on a journey to zero packaging waste to landfill as well as ensuring that all our packaging will be reusable or recyclable by 2022. Since embarking on this journey in 2018, we have made great progress, especially in the areas of eliminating single-use plastic shopping bags from our operations as well as finding innovative ways of incorporating post-consumer waste into new packaging and products. These commitments were also our way of cementing work that had already started on waste reduction at the beginning of our sustainability journey.</p> <p>Our customers have always held us accountable for excessive and non-recyclable packaging. Our strategy also takes into account the concerns of our customers as they are the end users of our products. Being involved in how waste from our products is handled at the customer level, therefore, becomes one of the biggest focuses of our waste management strategy. Not only do we design for reuse and recyclability but we aim to play a part in how excessive waste, whether directly through our product packaging or indirectly through how this packaging is discarded by customers, is managed. This impacts the procurement process for the materials used, and requires full integration across the business in order to enable us to direct our efforts both upstream and downstream in our value chain.</p> <p>WE HAVE EMBEDDED A SYSTEMATIC APPROACH TO PACKAGING AND WASTE WITH A STRATEGY THAT AIMS TO:</p> <ul style="list-style-type: none"> • Design packaging to enable a circular economy • Minimise the need for non-renewable resources in packaging • Encourage the recycling of our packaging <p>Our approach to packaging is aimed at achieving a balance between a number of important considerations, such as food safety, product labelling, and product quality, as well as waste minimisation.</p> | <p>Internal buy-in has been an important focus within the Group to ensure that we are able to embed a systematic approach towards achieving our waste and packaging goals. Working closely with our product technologists in our various product groups as well as business operations, we strive to improve our packaging through:</p> <ul style="list-style-type: none"> • Driving packaging efficiencies by reviewing innovation opportunities for alternative sustainable packaging options • Identifying where the troublesome packaging is and removing it from our product offering. Troublesome packaging refers to packaging with characteristics that are not in line with our sustainable packaging vision • Reducing the amount of waste sent to landfill from our own operations • Making it easier for customers to recycle by communicating recycling options on product packs as well as providing recycling facilities where we operate • Documenting and tracking progress and performance against our commitments <p>We also work very closely with our suppliers to ensure that these focuses filter through our entire value chain. Where solutions are complex and hard to implement, we focus on industry collaboration with key stakeholders that share our vision. This has helped us to build critical mass within the industry and also to bring overall systemic change.</p> <p>In addition, we continue to position the company as a responsible retailer through constant engagement with our customers. Taking our customers on this journey is key to meeting our commitments and, therefore, we continue to communicate using various platforms in order to shift customer perception when it comes to how we manage waste and packaging.</p> | <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">  <ul style="list-style-type: none"> • The Group has joined other global retailers in calling for a United Nations Treaty on Plastic Pollution  <ul style="list-style-type: none"> • Woolworths rolled out 100% recyclable packaging for its entire avocado range  <ul style="list-style-type: none"> • Over 200 Woolworths stores are now plastic shopping bag-free </div> <div style="width: 45%;">  <ul style="list-style-type: none"> • David Jones has transitioned its online distribution centre packaging from using plastic pillows as void fills to using recycled kraft paper  <ul style="list-style-type: none"> • David Jones has partnered with TerraCycle to recycle hard-to-recycle beauty packaging material </div> </div> | <p>We have made great progress against our targets, and will continue to ramp up our focus on zero packaging waste to landfill and a transition to a more circular approach in line with the Vision 2025+ goals. We have established strong internal alignment as well as buy-in from suppliers and industry partners, placing us in a strong position to deliver against these goals. More specifically, for the next year we plan to focus on:</p> <ul style="list-style-type: none"> • Establishing a baseline for food waste measurement and reduction in Woolworths operations • Rolling out of additional plastic shopping bag-free stores • Focusing on our response to the Extended Producer Responsibility (EPR) legislation in South Africa, which is going to fundamentally change the waste landscape. Woolworths is directly impacted as a producer, and we will be ramping up our efforts to ensure we adhere to this legislation. While we have been doing a lot voluntarily in the waste management space, this legislation calls on each affected entity to do more • Increasing the percentage of ratio pack orders for Country Road Group <p>USEFUL LINKS FOR MORE DETAIL</p> <p>.....</p> |
| | | LOWLIGHTS AND CHALLENGES | RELATED UN SDGs |
| | | <ul style="list-style-type: none"> • Slow commitment of Woolworths suppliers to South Africa's Food Waste Voluntary Agreement, but we need to recognise that companies go through their own processes to join (potentially having to make the commitment at board level) • Concern regarding the ability to report on waste and packaging management progress due to the lack of comprehensive measuring and reporting tools throughout the Group's value chain • The consolidation of hanger recycling from stores to the distribution centres was delayed because of lockdown restrictions | <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #d9534f; color: white; padding: 10px; text-align: center;"> <p>2 ZERO HUNGER</p>  </div> <div style="background-color: #d9534f; color: white; padding: 10px; text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <div style="background-color: #003366; color: white; padding: 10px; text-align: center;"> <p>17 PARTNERSHIPS FOR THE GOALS</p>  </div> </div> |

PACKAGING AND CONSUMABLES

The Group has made significant strides towards our vision of achieving zero packaging waste to landfill. Since making that commitment in 2018, we have focused on innovation in order to increase the use of recyclable materials in our packaging as well as reducing the amount of packaging we use. These commitments have been included in our new Vision 2025+ strategy as well. We recognise that customers are the end users of our products; therefore, enabling the recyclability of the materials we use has been our way of taking our customers with us on this journey.

A packaging baseline for David Jones food products was established by quantifying the types of materials by volume used in David Jones packaging. We are now able to quantify the material types, and have used this information to set clear targets for packaging and waste reduction.

In 2020, Country Road reduced plastic packaging in its supply chain by using one outer bag on ratio pack orders instead of individual bags and then an outer bag. This resulted in a reduction of up to 500 000 fewer bags coming into our stores. For individually bagged garments, we have reduced the weight of the bag by moving from a 0.4 mm to a 0.3 mm bag.

In addition, in line with our responsible sourcing strategy, the Group continues to work on only securing materials that come from sustainable sources.

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

Here is a summary of some of the packaging improvements we have made in the last year.



Woolworths has removed the polystyrene plastic packaging and replaced it with a fully recyclable kraft tray made from 63% recycled paper that is FSC-certified, and a fully recyclable wrap.

In the Western Cape, we are trialling a moisture-resistant kraft pot to replace the traditional plastic pot for the Grow Your Own herb range. This shift could result in a 13.9-tonne plastic reduction per annum.



Woolworths fresh milk bottles, fresh milkshake bottles, and Earth Friendly tile and drain cleaner bottles contain a 30% sugar cane by-product. The bottles are also 100% recyclable with other plastic bottles.

SINGLE-USE PLASTIC PHASE-OUT

Phasing out unnecessary single-use plastic is a key element of the Group's waste and packaging commitments. Much of the plastic used in packaging globally is produced to be used once and then discarded. This not only puts a strain on our natural resources for virgin materials, it also adds to increasing levels of pollution in the environment. Over the years, we have established multiple initiatives to reduce this impact on the environment by phasing out unnecessary single-use plastic and excessive packaging.

REUSABLE AND SINGLE-USE PLASTIC BAGS

Woolworths has offered reusable shopping bags for sale since 2007. In 2018, we embarked on an initiative to phase out single-use plastic bags. As part of this initiative, we introduced a low-cost reusable shopping bag that consists of a minimum of 70% post-consumer PET waste made from recovered plastic bottles. We currently have 200 Food stores offering this low-cost reusable bag across South Africa. The bags are made by a local small business, Isibag, which employs more than 140 people from vulnerable communities.

In addition, Woolworths continues to offer our colourful fabric bags made from 85% post-consumer PET waste from plastic bottles, as well as our cause-related marketing bags. These are widely available in our stores. We have also launched a locally made, reusable produce mesh bag as a sustainable alternative to replace the barrier bag.

PAPER BAGS

After a successful trial to replace Woolworths single-use Fashion, Beauty and Home plastic bags with paper bags, we started rolling out the paper bags more widely across our stores. The paper bags are made locally by BagPac, one of our Enterprise and Supplier Development beneficiaries, using 100% recycled paper made of transit cardboard collected from our distribution centres.

We currently have 47 Woolworths stores that offer paper instead of plastic bags for Fashion, Beauty and Home purchases.

Woolworths Click & Collect and Woolies Dash services are in the process of rolling out paper bags for all deliveries, and reusable bags for ambient goods.

David Jones started selling reusable bags in 2018. Country Road Group offers only paper bags in all its stores.

WBeauty foam bath bottles contain a minimum of 20% recycled PET plastic (rPET) and are 100% recyclable.



Woolworths has changed the cardboard box and recyclable polypropylene bag used in our Everyday Rusk range – Bran, Muesli and Condensed Milk – to a 100% recyclable polypropylene bag.



Woolworths cling wrap is now recyclable.



Our WBeauty Botanicals Bath and Body range is crafted from 25% recycled plastic bottles.

Woolworths juice PET bottles now use a Clean Flake adhesive on the back of the polypropylene labels. It ensures that, during the wash stage of recycling bottles, the label completely releases from the bottle, increasing the volume of PET recycled.



The Woolies Babes Bamboo Baby Wipes range now comes in 100% fully recyclable polypropylene packaging.

200

plastic bag-free Woolworths Food stores

R1.6M

savings from the reduction of single-use plastic bag in Food stores



47

Woolworths Fashion, Beauty and Home stores offer paper bags

MANAGING OUR WASTE

Our aim is to prevent waste to landfill by establishing systematic waste recovery and sustainable disposal processes in all our operations. With the South African Extended Producer Responsibility legislation having been promulgated, our goal is to ensure that we are fully aligned to this legislation.

DIRECT OPERATIONS

All the secondary and tertiary packaging used in Woolworths operations, such as cardboard cartons and protective packaging, is collected, managed, and recycled from stores using existing logistics operations or utilising reverse logistics within our existing network. The cardboard packaging is currently reused to make our paper shopping bags.

HEAD OFFICE

There have been significant shifts in waste volumes across the Group as a result of more people now working from home. A number of waste streams could also not be recycled because of the lockdown, as some of the companies collecting these materials were either closed or had a backlog. The Woolworths head office still uses an online system to track waste streams on a 'real-time' basis and to identify where challenges exist. We are working on establishing a baseline for waste quantity at the head office, one that will take into account the current reduced staff occupancy conditions.



17%

of waste currently recycled from Woolworths head office

2020: 49%

Waste recycling was impacted by the Covid-19 lockdown, as the majority of the head office staff are working from home.

STORES

Waste management and customer takeback initiatives at Woolworths stores:



The Country Road Group recycled 46.9% of waste from stores in the last year compared to 39.3% in 2020, excluding waste from Polifix stores. In addition, 99% of take-home packaging is recyclable. Take-home packaging includes carry bags and tissue paper; it excludes primary packaging that is not removed in store, such as protective plastic layers, which customers choose to keep to protect their purchase.

WOOLWORTHS GREEN CAFÉS

The WCafé green café programme was designed as a grading tool to set out key goals to drive year-on-year improvement in terms of the following key principles: responsible sourcing, healthy food options, packaging and food waste, ethics and people, and impact on the environment. A food waste management policy and process was implemented to work on a zero food waste to landfill strategy for food generated at these cafés. A baseline is currently being established in order to understand the type of food waste, and how much of it, is coming from the cafés, and how best to reduce this. Management and reporting of food waste at the cafés will form part of our reporting against our Vision 2025+ food waste goal.

Significant progress has also been made with packaging sourcing. Currently, 85% of all packaging sourced for the cafés is recyclable or reusable.

DISTRIBUTION CENTRES

At the Country Road Group Omni-channel Fulfilment Centre in Melbourne, 87.5% of waste is currently recycled (2020: 87.5%). This score excludes the reuse of transit packaging such as cartons.

87.5%

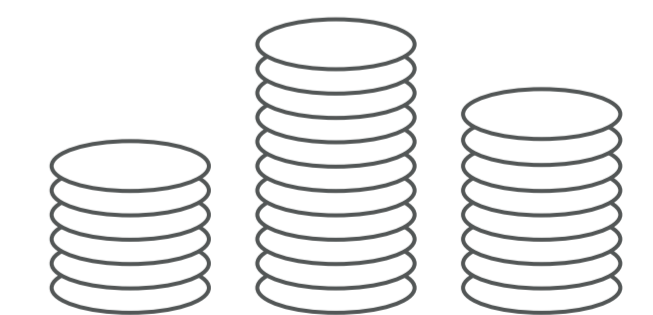
waste at the Country Road Omni-channel Fulfilment centre is recycled

The Woolworths distribution centres manage waste from a number of sources – transit packaging, waste generated at stores, which is returned via reverse logistics, as well as waste generated on site. In the

past, we used to only consider collecting and reusing cartons from our international suppliers. We have now increased carton recovery by sorting out cartons returned from stores as well, and sending them to a nearby distribution centre. These cartons are then reused to package product that is sent back to stores. At the Midrand distribution centre, we have installed a new carton bailing machine. We have recovered more than R39 million in waste recycling rebates since 2012 from the recycling of cardboard, plastic, paper, ceramics, glass, and metals.

At the Racecourse Gardens distribution centre in Cape Town, bokashi is added to wet waste to break it down into a dry mixture that can be used as compost. In the last year, 88 tonnes (2020: 67 tonnes) of wet waste was processed using this method.

In 2017, we introduced paperless picking at our Woolworths distribution centres. This involves the removal of approximately 70 000 kg of labels annually from trays or lugs used in the distribution of our products. We have saved more than R33 million worth of paper used for labels through this initiative in the last four years.



R33M

worth of Woolworths paper labels saved since 2017

2020: R21.9M

ONLINE DISTRIBUTION

Over the years, the void fill used for product distribution has taken various forms (expandable foam pillows, bubble wrap, aerotherne, and plastic air pillows). In many cases, these materials are not sustainable as they mainly use unrecyclable plastic. Some of the materials were redeveloped using biopolymer, which mostly found its way to landfill. Together with our logistics partner, Woolworths led an initiative to rally a number of key retailers in South Africa in order to garner scale on a project to trial a sustainable solution to void fill.

Currently, all Woolworths void fill is made of 100% recycled and recyclable content, all of which is locally sourced. We have also phased out the hologram on the accompanying dispatch documentation, which makes the documents fully recyclable.

David Jones has transitioned all online distribution centre packaging from plastic-pillow void fills to recycled kraft paper. We have also replaced bubble wrap with perforated, FSC-certified kraft paper. These alternatives also make it easy for customers to recycle.

DAVID JONES AND WOOLWORTHS VOID FILL FOR ONLINE DISTRIBUTION IS 100% RECYCLED AND RECYCLABLE.

STORE DESIGN AND VISUAL MERCHANDISING

The Woolworths store design team has developed a sustainability checklist that aims to ensure the incorporation of sustainable waste management practices at stores. This checklist ensures that material used in store design comes from sustainable sources, and is design-specified with either upcycling or recycling in mind. In order to make sure that this checklist is applied, each design needs to score a certain number of points before it can be deemed to have incorporated all the elements. This way, the store design team will be able to fully integrate sustainable thinking into their designs going forward.

Mimco recycles the material used for its visual merchandising, and all sustainability signage is made using recyclable paper. Witchery has reduced the production of 3D orienting from twice to once a year. All our fabric image frames are also sent back to the supplier for recycling.

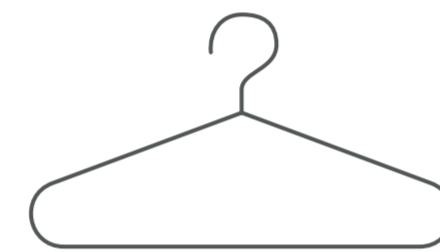
SUPPLY CHAIN

Working with our suppliers through the Woolworths green factories programme, we have increased our focus on food waste in the supply chain. We achieved this by adding more food-waste-related questions to the green factory assessment that suppliers complete annually. Some of our major suppliers have also been involved in the Food Waste Agreement, discussed in the Food Waste section. As part of our Vision 2025+ strategy and underlying goal, we will be encouraging our suppliers to sign the Agreement.

HANGER RECYCLING

David Jones private label, Country Road, and Trenergy, in partnership with The Ideas Company, collect hangers from stores for redistribution to suppliers to be reused.

At Woolworths, the hangers used are made from a minimum of 50% recycled material. To ensure they do not become waste, used hangers are collected from all Woolworths stores by Hangerman, which refurbishes them if damaged and sends them back to stores for reuse. Hangers that are too damaged are sent for recycling. In the next financial year, we plan to increase our hanger recycling recovery. We will switch from having Hangerman collect hangers from stores to using our existing reverse logistics to collect and take hangers back to distribution centres. Hangerman will then collect from the distribution centres, reducing the number of visits to stores. In the last year, 10.3 million (2020: 10.7 million) hangers were rescued or recycled (82 million to date).



WOOLWORTHS STORE HANGERS ARE MADE FROM 50% RECYCLED MATERIAL.

CUSTOMER RECYCLING

Woolworths has been working on increasing recycling rates in South Africa by introducing recycling programmes in areas close to our customers. Over the years, we have trialled and tested several recycling options for our customers. In some instances, we failed and had to find better ways of ensuring that customers have access to convenient recycling facilities in areas where they live. Some of our customer takeback facilities include:

- Recycling villages at five shopping centres in KwaZulu-Natal, in partnership with Imaginelf
- Reverse vending machines at four stores in South Africa. We plan to install an additional six machines around the country
- Provision for customers to drop off used batteries and lightbulbs at our stores for recycling. In addition, 30 of our stores have clothing collection facilities, where customers can drop off pre-loved clothing, which is then donated to the Clothing Bank
- As part of the Woolworths Food strategy, we implemented an in-store low-cost bag return process for customers. This will be trialled at the Palmyra Junction store in Cape Town. The plan is to convert these bags into pellets to be reused in other packaging materials used at our distribution centres. This provides a recycling solution for the diversion of worn reusable fabric shopping bags from landfill. To assist customers, an on-pack recycling label (OPRL) will also be attached to the reusable fabric shopping bags.

David Jones partnered with REDcycle to ensure that 2.7 tonnes of soft plastics generated through our food packaging are recycled. REDcycle has several collection points across Australia where customers can drop off their recyclables.

CASE STUDY

BEAUTYCYCLE

In celebration of Earth Day, David Jones, in partnership with TerraCycle, launched a recycling initiative for beauty products’ packaging. TerraCycle specialises in hard-to-recycle items including soft plastic, rigid plastic and pumps, glass bottles, jars and pots, masks and packaging, as well as make-up products’ packaging, including foundation bottles, lipsticks, eyeshadows, compacts, and mascaras. Customers can drop these off in the recycling boxes in David Jones stores. Once collected, the products will be sorted, shredded, melted down, and turned into plastic pellets that can be used in place of virgin plastics in order to make new items. This will help to break the cycle of waste in the beauty industry as together we strive to contribute to a more environmentally conscious future.



ON-PACK RECYCLING LABELS

Woolworths was instrumental in establishing an on-pack recycling label (OPRL) working group of major retailers in the country through WWF-SA. The call was for major retailers to voluntarily adopt this labelling system in order to standardise recyclability messaging on packaging. The purpose is to provide clarity and consistency for customers on the recyclability of packaging. All major retailers in South Africa agreed to adopt this OPRL standard. Currently, more than 2 400 Woolworths products are using the new OPRL logo. By making recycling information clearer, we hope that much more waste will be recycled, less contamination will occur in recycling streams, and more investment will be made in recycling infrastructure.

Country Road Group and David Jones Food have also begun using the Australasian Recycling Label (ARL) on certain products. A total of 45 David Jones products have so far implemented the ARL.

FOOD WASTE

Woolworths became one of the founding members of the SA Food Loss and Waste Voluntary Agreement in late 2020. This is a voluntary food waste initiative, led by the Consumer Goods Council of South Africa (CGCSA) and the Department of Trade, Industry and Competition (dtic), and co-funded by the South Africa-European Union Dialogue Facility (SA-EU DF). We have committed to a 50% reduction in edible food waste going to landfill by 2030, and this goal has been incorporated in our new Vision 2025+ strategy. We have also signed up as a Friend of Champions, a global network of like-minded businesses working towards this same commitment and aligned to Sustainable Development Goal 12.3. Our focus has been on ironing out the various aspects as part of the working groups – including reporting, food donations, and governance – to assist in translating the commitment for the South African context.

WE ALSO STARTED TO ENGAGE OUR SUPPLIERS ON CAPACITY BUILDING ON FOOD WASTE, AND TO ENCOURAGE OUR STRATEGIC SUPPLIERS TO SIGN UP TO THE VOLUNTARY AGREEMENT. WE HELD A KICK-OFF WEBINAR ON THE TOPIC IN MARCH 2021. REDUCING FOOD WASTE IS ALSO AN INTEGRAL PART OF OUR FARMING FOR THE FUTURE AND GREEN FACTORIES INITIATIVES.

Our current focus is on preparation for national reporting as from next year. While we have been measuring waste and donations in economic value, we have not previously translated this into weight-based metrics. This is a common challenge, as measurement systems are often not set up to do this. We are working to develop our end-to-end view on food waste across Woolworths stores, head offices, and distribution centres, and will be working more closely with our suppliers, whose participation in this process will help us identify food waste reduction solutions across the supply chain.

USEFUL LINKS FOR MORE DETAIL



ADDRESSING SURPLUS PRODUCT

We acknowledge that we will always have surplus product. Addressing this in our operations allows us to divert it from landfill. Specifically, we focus on surplus food and clothing from stores, which we donate to various organisations in the regions where we operate. All our Group companies support these initiatives.

SURPLUS FOOD

Woolworths donates surplus food from its stores to local charities. This is food that is past its 'sell by' date but not past its 'use by' date. We cannot avoid having unsold food in stores, but we have been working continuously to optimise ordering based on trends in order to reduce wastage.

Where food has passed its 'sell by' date, it is either sold to staff at a reduced rate or donated to charity partners at each store. We also have an end-of-day discount in stores for certain meat products; this is also available to our customers.

R731M

worth of food donated to charities in the last year

2020: R643M
2019: R611M

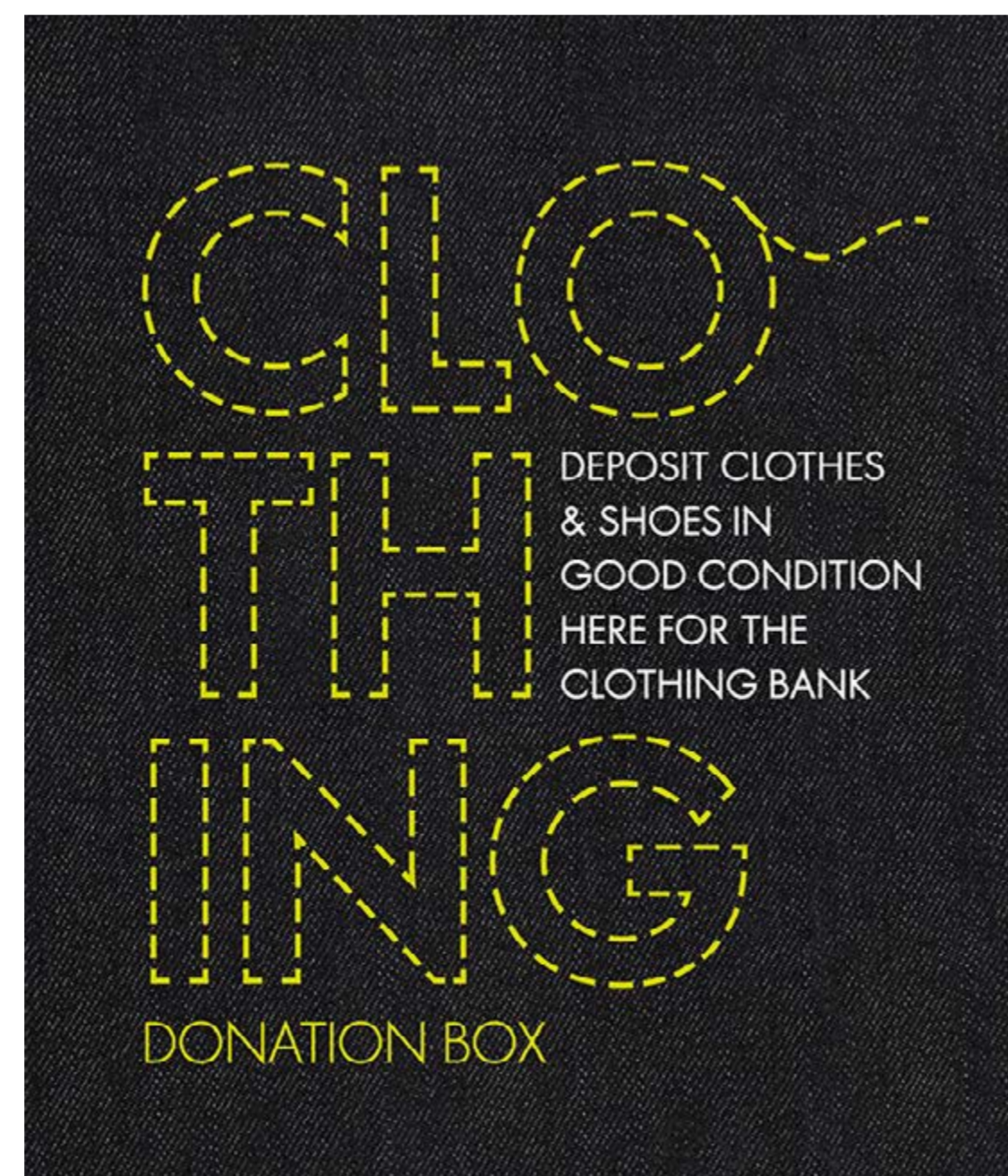
At David Jones, we divert food waste from landfill through our partnership with OzHarvest. OzHarvest is one of Australia's leading food rescue organisations, which collects quality excess food from commercial outlets and delivers it directly to more than 1 300 charities. Food waste is also recycled into fertiliser at the David Jones store on Bourke Street in Melbourne.

USEFUL LINK
FOR MORE DETAIL

SURPLUS CLOTHING

Our Group companies collect and distribute surplus clothing through two partner organisations – the Clothing Bank (Woolworths) and the Red Cross Fashion Trade (Country Road).

Through a programme of life skills training and financial and career development, the Clothing Bank aims to empower unemployed women from disadvantaged areas in South Africa to start sustainable clothing micro-businesses. Woolworths sends all surplus clothing from stores to the Clothing Bank; in addition, customers can donate their pre-loved clothing at 30 stores across the country. We are working on increasing the number of stores where clothing can be dropped off.



R60.4M

worth of clothing products donated to the Clothing Bank last year

2020: R49.7M
2019: R60.6M

Country Road customers donate their pre-loved clothes to the Red Cross, which supports humanitarian work in Australia. Fashion Trade is an initiative in which Country Road rewards customers with a A\$10 Country Road voucher when they donate their pre-loved items to the Red Cross, helping the community and saving clothes from landfill. Previously, this was an annual, three-week campaign, but it has been extended and is available to customers throughout the year.



This year, Country Road Group and the Red Cross celebrate 10 years of Fashion Trade.

CASE STUDY

GLAMCORNER X DAVID JONES

In 2019, David Jones launched a clothing rental service through a partnership with GlamCorner. GlamCorner is Australia's leading online rental service, where customers can purchase a monthly subscription to rent designer clothes. The partnership will create a one-stop destination for Australian consumers by offering them a sustainable rental service and a chance to become part of a circular fashion economy by increasing the lifespan of clothing, reducing the volume of items purchased for one-off occasions, and introducing a new access point to designer clothes.

The service is available online via the David Jones website as well as in-store at David Jones Elizabeth Street store. The optimised click-to-rent process will give David Jones customers access to a large inventory of international and Australian designers, covering everything from event dressing and workwear to leisurewear and everyday casual looks. This initiative is an exciting expansion of David Jones service offering, combining personalised styling appointments, virtual services, and contactless Click & Collect to provide customers with an ever-evolving curation of services and brands to suit their shopping preferences.

We are constantly considering new ways of doing business to support a circular economy, and this collaboration is another important move towards this.



CLOSING THE LOOP

In accordance with our Vision 2025+ goals related to circularity, we have started exploring a number of closed-loop systems to allow us to find new uses for materials used in the business that would otherwise go to landfill. We aim to reduce the amount of virgin raw materials used in our products while also designing our products with the end in mind. Designing for circularity means that we cut the cost associated with the procurement of raw materials to make our packaging while also contributing to the reduction of emissions associated with discarded packaging.

CASE STUDY

WOOLWORTHS CHRISTMAS DECORATIONS

Last year, Woolworths partnered with social enterprise Essay Gifts to design and produce Christmas baubles using the principles of a circular economy for plastics. More than 13 000 waste plastic bottles were removed from landfill, cleaned and disinfected, then turned into beautiful, 100% recycled and 100% recyclable Christmas tree baubles by craftspeople from Essay Gifts, an innovative initiative of South African handcrafters affected by HIV/Aids. The baubles were sold in stores as well as being used in displays in a number of stores. Every bauble sold contributed to their continued access to decent work, and helped them put food on their family tables over the festive season.



RECYCLED POLYESTER IN HOMEWARE

Woolworths uses fibre from 100% recycled plastic bottles to make hollow fibre duvet and pillow inners. This is estimated to save more than a million bottles from going to landfill every year. The bottles are recovered locally and processed into fibre right here in South Africa.

We have also removed the plastic packaging from our bedding, which now comes either in a self-fabric bag that can be repurposed, or with a recyclable belly band. This means that an estimated 17.5 tonnes of single-use plastic will be prevented from going to landfill in the next 12 months.

COUNTRY ROAD'S REDCYCLE RECYCLABLE SACHEL

In partnership with logistics company Australia Post, Country Road launched an 80% recycled content REDcycle recyclable satchel, making it the first retailer to do so in Australia. The satchel is fully recyclable through the REDcycle programme.

rPET IN BEAUTY

All Woolworths baby wash, shampoo, lotion, and bath cream bottles are now made from 100% post-consumer recycled plastic (rPET) that's also 100% recyclable. This means that an additional 0.8 tonnes of our plastic packaging can now be recycled every year.



ONE OF A KIND

In November 2020, Country Road launched 22 one-off jewellery pieces handcrafted in our Melbourne studio, upcycled from materials selected from the Mimco archive. They were offered online only, and 21 of the 22 pieces sold out within the first two days of going on sale. Previously, 30 pieces were launched at boutique stores.

MIMCO BIOPLASTIC FACE SHIELDS

Mimco celebrated five years of its partnership with the National Gallery of Victoria (NGV) by co-commissioning artwork produced by sustainable material innovator, Alice Potts. This included a set of bioplastic PPE face shields made from food waste and dyed using flowers collected from parks during the Covid-19 lockdown. Mimco also collaborated with Alice to produce a 20-piece limited-edition jewellery capsule crafted using the upcycled materials and sustainably produced sequins created by Alice from food and plant waste.

DAVID JONES SUSTAINABLE SNEAKERS

Last year, David Jones launched sneakers made from organically grown canvas and recycled materials.



COLLABORATION, PUBLIC POLICY, AND TRANSPARENCY

PLASTICS POLLUTION TREATY

The Group has joined other global retailers in calling for a United Nations Treaty on Plastic Pollution. The manifesto calls on UN member states to commit to the development of a global treaty on plastic pollution, and drive the transition to a circular economy for plastics through speed and scale. It would also help to standardise regulatory standards, and develop national targets and action plans to support innovation.



ELLEN MACARTHUR FOUNDATION

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

SA PLASTICS PACT

In January 2020, Woolworths became one of the founding members of the South African Plastics Pact, serving its inaugural steering committee. The South African Plastics Pact is a collaborative initiative that brings together key stakeholders from the local plastics value chain, including businesses, the South African government, and NGOs, to tackle plastic waste and pollution at its source.

AUSTRALIAN PACKAGING COVENANT ORGANISATION (APCO)

David Jones and Country Road Group are both members of the APCO Collective Action Group (CAG). The CAG is a team of leading industry representatives from across the supply chain, and government representatives, who oversee the strategic delivery of the 2025 National Packaging Targets.

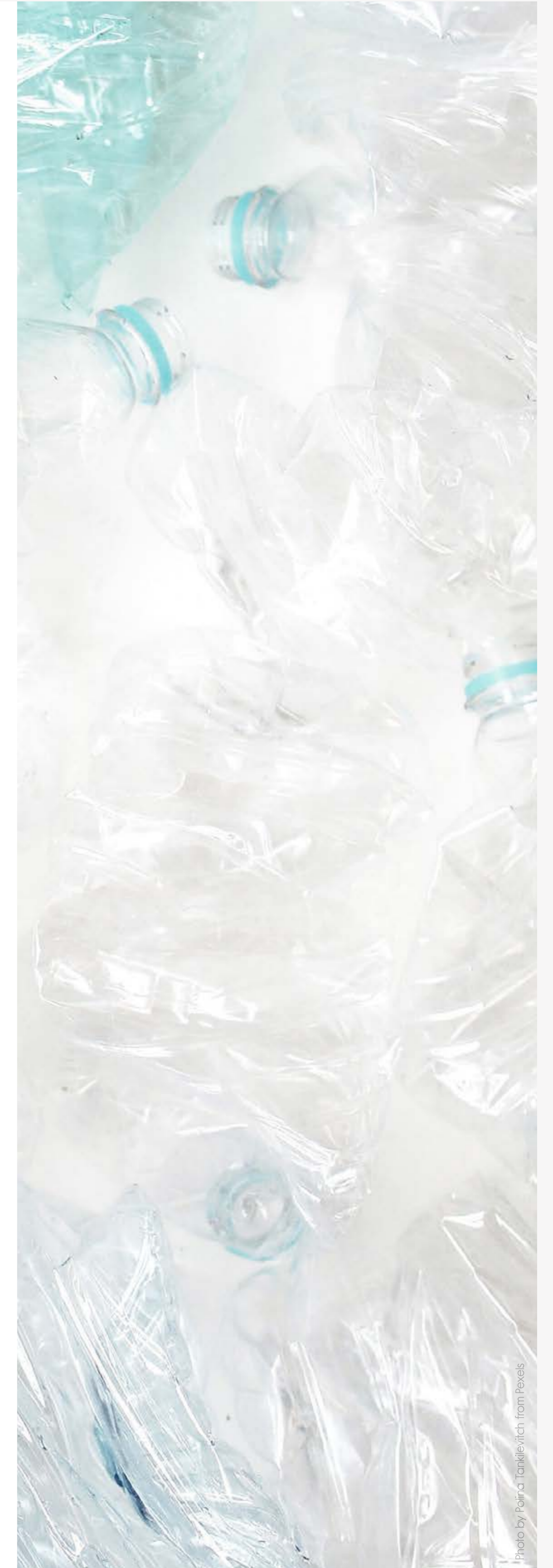
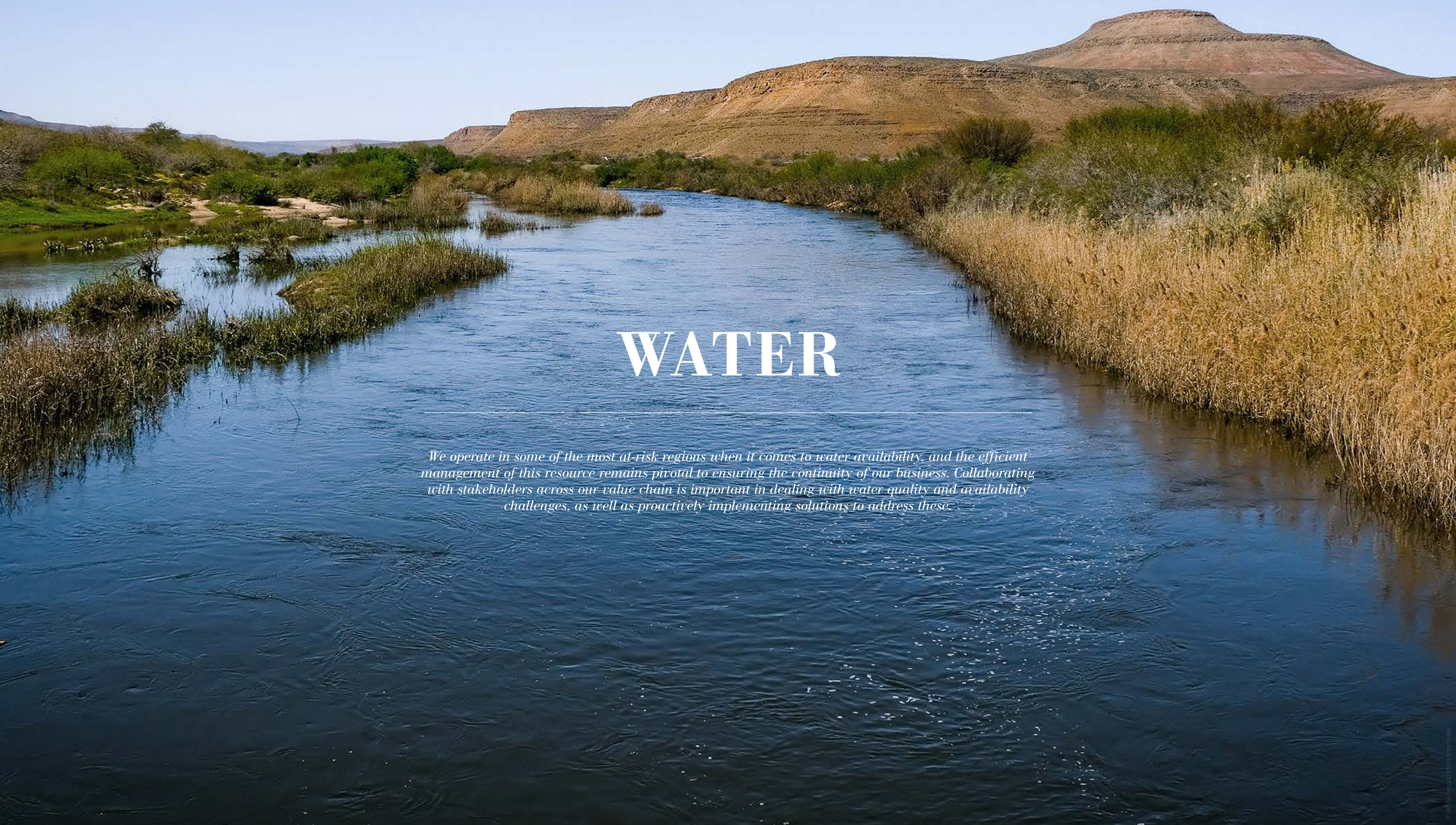


Photo by Pura Tankovich from Pexels



WATER

We operate in some of the most at-risk regions when it comes to water availability, and the efficient management of this resource remains pivotal to ensuring the continuity of our business. Collaborating with stakeholders across our value chain is important in dealing with water quality and availability challenges, as well as proactively implementing solutions to address these.

PERFORMANCE SUMMARY

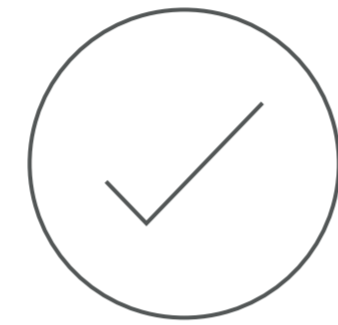
VISION 2025+ GOAL



Work with our suppliers and partners to create net **POSITIVE WATER IMPACT** in water-stressed basins in our value chain by 2050

WE ARE CURRENTLY WORKING WITH THE UN GLOBAL COMPACT CEO WATER MANDATE'S WATER RESILIENCE COALITION TO UNPACK HOW THIS CONTEXT-BASED GOAL WILL BE DEFINED, MEASURED, AND MONITORED.

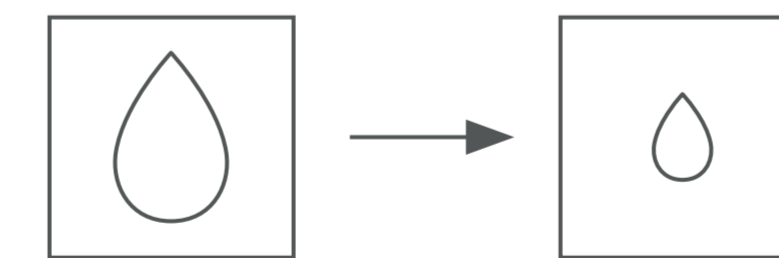
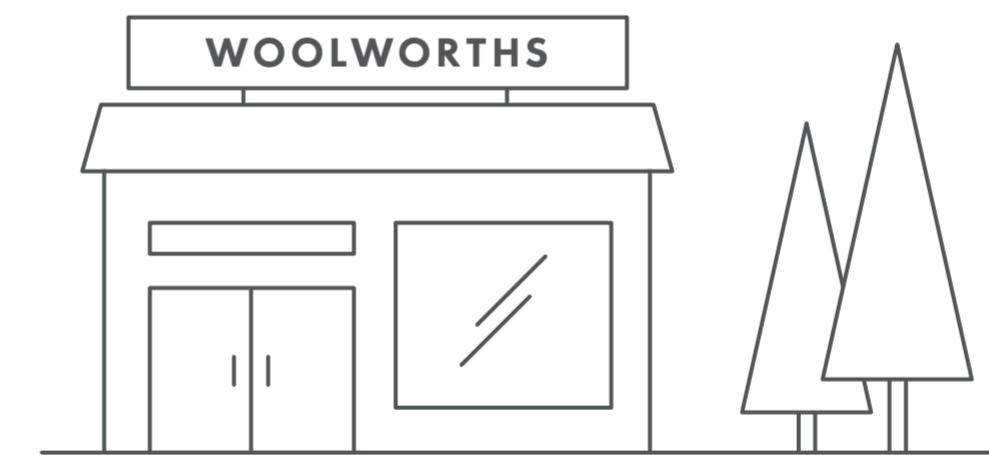
NOT YET STARTED BEHIND ON TRACK AHEAD



70%

of Woolworths Fashion, Beauty and Home products are free from hazardous chemicals

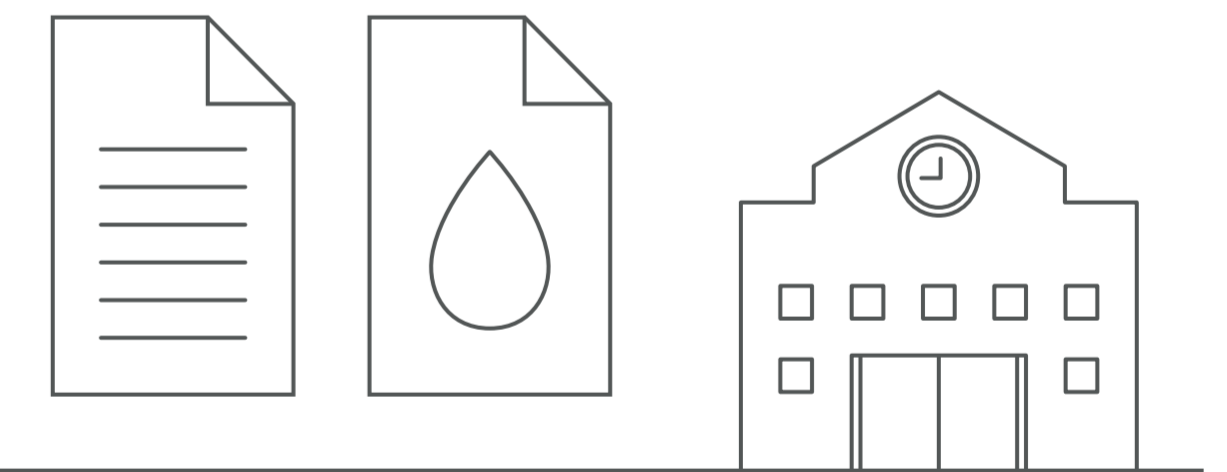
62 RAINWATER HARVESTING TANKS INSTALLED AT 114 SCHOOLS TO DATE BY WOOLWORTHS



63%

reduction in water consumption per square metre at Woolworths stores against a 2007 baseline

2020: 59.5%
2019: 56.6%



31

Schools

27 000

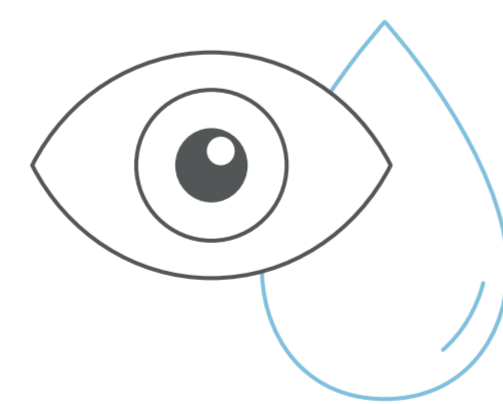
Learners

received water conservation-related lessons this year through the Woolworths Educational Programmes

73%

Percentage of relative water consumption shift to grey water in Woolworths corporate buildings

2020: 54%
2019: 66%



90%

of Woolworths facilities are monitored on a real-time basis

STRATEGY AND MANAGEMENT APPROACH

| STRATEGY | MANAGEMENT APPROACH | HIGHLIGHTS | LOOKING AHEAD |
|---|--|--|---|
| <p>In the last year, we have come to really understand the importance of effective water governance in all areas of the economy. Water quality and availability were brought to the forefront as communities responded to calls for non-medical means of avoiding infection with the virus that causes Covid-19. Access to clean water for hand washing became an integral part of our shared survival. It is also vital to sustaining manufacturing and agriculture, to the health and hygiene of our employees and the communities we operate in, and to keeping our facilities operational. To maintain operations in areas where water remains a key risk in respect of both availability and quality, we continuously implement innovative ways of ensuring that we proactively mitigate against some of the negative impacts associated with our operations, while at the same time minimising the risk to our business. Understanding our water risk and impact is essential for the sustainability of our operations. We have also established a systematic process of managing water across our operations, and in the various communities we work with.</p> <p><i>WE FOLLOW A COLLABORATIVE APPROACH OF WORKING WITH SUPPLIERS, FARMERS, ACADEMIC INSTITUTIONS, COMMUNITY-BASED ORGANISATIONS, AND BODIES SUCH AS THE WWF AND THE UNITED NATIONS GLOBAL COMPACT CEO WATER MANDATE.</i></p> <p>OUR FOCUS WITH REGARDS TO WATER IS LARGELY ON:</p> <ul style="list-style-type: none"> • Reducing water consumption, and managing wastewater across our operations and in our supply chain • Partnering for collective action, research, and education • Creating awareness among our employees, suppliers, and customers, as well as at schools | <p>The Group applies innovative solutions for monitoring and managing water consumption across our operations. With just over 60% of all water consumed by our direct operations (stores, distribution centres, and offices) in South Africa, this space has been one of our main focus points.</p> <p>Using our internal green building protocols to facilitate water-efficient design, we have implemented technologies, such as rainwater harvesting and use of alternate water supplies, such as groundwater, across our operations to help us use water efficiently. In a bid to save water, preference is given to the installation of air-cooled refrigeration and air conditioning systems. We continue to consider the conversion of the few remaining water-cooled systems in our facilities to air-cooled systems, based on commercial viability and their remaining useful lives. All Woolworths facilities have dual-flush ablution systems and timer taps on basins. Where possible, we have installed greywater systems that help to retain as much water as possible on-site for reuse. In areas experiencing a shortage of water supply, we install backup water tanks on a needs basis.</p> <p>Within the Group’s supply chain, water availability and quality impact the sourcing of our raw materials, as well as the processing of finished products. We have, therefore, invested in green infrastructure through water stewardship programmes. We also engage with our suppliers, helping to implement innovative solutions in their operations to monitor and manage water usage through programmes such as Farming for the Future, water stewardship, and green factories.</p> <p>Woolworths works with schools in impoverished communities, helping to educate children about the importance of water conservation, sanitation, and good hygiene. This is linked to the Woolworths Educational Programmes, which aims to support education, health, and wellbeing of children at South African schools. Aligned to this, we install water tanks at schools affected by drought, as well as those with inadequate infrastructure.</p> | <div data-bbox="1484 505 1653 676"> </div> <ul style="list-style-type: none"> • The Group has joined CEOs from 15 other corporations in signing the UN Global Compact’s World Water Day pledge <div data-bbox="1940 505 2100 676"> </div> <ul style="list-style-type: none"> • The Woolworths water stewardship programme received additional funding for alien-vegetation clearing activities <div data-bbox="1771 956 1995 1264"> </div> <p><i>WHL received a B score in the 2020 CDP assessment</i></p> <div data-bbox="1474 1552 1602 1681"> </div> <ul style="list-style-type: none"> • The Woolworths water stewardship project was delayed as a result of the Covid-19 lockdown • In Australia, the recent structural changes have impacted our water-management activities. We have very little water visibility due to the closure of some of our large David Jones sites | <p>The focus on water continues as the Group transitions to the next phase of our sustainability strategy, Vision 2025+. Our goal is to work with our suppliers and partners to create net-positive water impact in water-stressed basins in our value chain by 2050.</p> <p>MORE SPECIFICALLY, WE WILL:</p> <ul style="list-style-type: none"> • Further engage with WWF-SA to continue work on existing water stewardship initiatives, and explore the feasibility of establishing more projects • Encourage our suppliers to set context-based water targets • Expand the Woolworths green factories assessment to include textile-processing plants in order to understand their water footprint <p>USEFUL LINKS FOR MORE DETAIL</p> <hr/> <div data-bbox="2368 1250 3115 1303"> <p>RELATED UN SDGs</p> </div> <div data-bbox="2441 1375 2633 1571"> </div> <div data-bbox="2655 1375 2847 1571"> </div> <div data-bbox="2866 1375 3057 1571"> </div> <div data-bbox="2441 1591 2633 1787"> </div> |

WATER EFFICIENCY IN OUR OPERATIONS

DIRECT OPERATIONS

Woolworths operations in Africa account for the bulk of our water use across the Group. This presents an opportunity to seek innovative technology for water efficiency within our entire real estate portfolio. This is the area in which we have the greatest control, and where we can actively improve monitoring, management, and efficiency of water use.

The rollout of real-time water-metering systems in our African facilities has been a priority over the years. Currently, 90% of our Woolworths operations are monitored in real time. Real-time monitoring provides us with water-usage data, helping to detect leaks, reduce water usage, and prevent potential loss or damage. We install backup storage, and retain and reuse as much water on-site as possible through the use of greywater systems. We have also been investigating the feasibility of installing ultra-low-flow toilets in all our facilities.

HEAD OFFICE

At the Woolworths head office, 73% of water used this year came from the underground water supply, which we purify on-site to help meet our daily water needs. We have continued to investigate solutions to increase this share of greywater use, and to ensure we are not dependent on municipal water going forward.

STORES

Our stores are at the heart of our business, and water is a critical part of keeping them operational.

In South Africa, the persistent multi-year drought presented an opportunity to amend store specifications, and installation of backup water tanks became standard for stores in high-risk areas across the country. At the moment, the tanks are installed on a needs basis.

David Jones has achieved a 21.7% (2020: 21.7%) water usage reduction per square metre in the last year.

DISTRIBUTION CENTRES

Our distribution centres have focused on installing rainwater harvesting technology to increase rainwater capture and reuse.

Woolworths has put reverse osmosis systems (RO) into operation at its Montague Gardens and Racecourse Gardens distribution centres in Cape Town. The Covid-19 lockdown has impacted the maintenance – and thus the operations – of these plants.

Country Road Group has 100 000-litre rainwater tanks at its Omni-channel Fulfilment Centre (OFC). The rainwater collected is used in cold-water taps and hose taps, irrigation, and urinals.

For hygiene management, David Jones started trialling electrolysed water (e-water) technology – an organic, less toxic, more sustainable solution for cleaning. It works by using electrolysis technology to dilute a salt solution through an electrolyser, which segregates the ions formed, producing two oppositely charged solutions with altered physical and chemical properties. This reduces the need to use harmful chemicals in cleaning.

SUMMARY OF WATER USAGE (KILOLITRES)

| | 2021 | 2020 | % CHANGE YEAR-ON-YEAR |
|----------------------|-----------------------|---------|-----------------------|
| WOOLWORTHS | 555 175 | 571 581 | -3% |
| STORES | 389 260 ^{1A} | 397 015 | -2% |
| DISTRIBUTION CENTRES | 158 967 ^{1A} | 162 214 | -2% |
| HEAD OFFICE | 6 948 ^{1A} | 21 352 | -67% |

Woolworths water usage for 2020 and 2021 is measured and reported on a financial year basis (1 July to 30 June).

CONTEXT-BASED WATER TARGETS AND COLLECTIVE ACTION

A large portion of the Group’s value chain is based in areas where water remains a critical risk. Africa and Australia are among the most at-risk regions globally in terms of water availability, and our focus in both is to ensure that we use water efficiently, building resilience to impacts such as drought by focusing on adaptation.

THROUGH THE UNITED NATIONS GLOBAL COMPACT CEO WATER MANDATE, WE HAVE BECOME A PARTICIPANT IN A PILOT PROJECT FOR SETTING CONTEXT-BASED TARGETS FOR WATER. HAVING A CONTEXT-BASED WATER TARGET WILL ALLOW US TO CUSTOMISE OUR APPROACH TO ADDRESSING WATER CHALLENGES IN THE REGIONS IN WHICH WE OPERATE, BASED ON THE TYPES OF CHALLENGES THEY PRESENT.

WATER RESILIENCE IN OUR SUPPLY CHAIN

Water remains a key enabler of crop production within the Group’s value chain. With climate variability resulting from climate change, adaptation becomes vital in the agricultural space. Climate change can impact water availability and quality in our value chain through changes in the water cycle; this will ultimately have an impact on growing our food products, sourcing key commodities, and the processes associated with the manufacturing of our textiles.

Programmes such as Farming for the Future and the green factories programme enable us to engage with our suppliers and implement mitigation and adaptation strategies for water usage and wastewater management.

FARMING FOR THE FUTURE WATER FOOTPRINT INDEX

The Farming for the Future programme is well established within the Woolworths Food agricultural supply chain. Farmers have seen the benefits of implementing some of the innovative mitigation and adaptation strategies in relation to sustainable farming and, most importantly, the management of scarce resources. Through this programme, we work with our suppliers to decrease their water footprint over time, and to determine any risk to the supply of products. This is done by implementing annual Water Footprint Index (WFI) assessments as part of Farming for the Future assessments. The WFI takes into account 116 parameters linked to water-usage efficiency, wastewater, alien vegetation, and soil quality, among others, and helps to track an individual supplier’s progress year-on-year. This assessment was rolled out to an additional 57 farmers this year.

Using five years of WFI data, we have begun to conduct analyses to understand the critical success factors for water-usage efficiency in our supply base. This will be used to develop case studies as a reference for shared learning among our Farming for the Future suppliers. In addition, we are assisting farmers in preparing for possible water-usage allocation shifts in the future by ensuring they are equipped with the right data.

**USEFUL LINK
FOR MORE DETAIL**



WATER STEWARDSHIP

Water stewardship initiatives were heavily impacted by the Covid-19 lockdown. Teams were unable to take part in alien-vegetation clearing, and farms were restricting researchers’ access to their premises.

WITH FOOD SUPPLIERS

Working together with WWF-SA since formalising our strategic partnership, Woolworths has committed to establishing one water stewardship project annually. This has come with some challenges; however, there continues to be progress in the projects that have been established. The Alliance for Water Stewardship (AWS) has supported this partnership by providing a standard and tools to address water-related risks in the supply chain.

In 2019, we expanded our engagement to the water-scarce Sabie and Crocodile catchment area in the Mpumalanga province of South Africa – an area that is strategically important for sourcing our citrus fruit and nuts. The progress of this project was impacted by the Covid-19 lockdown, with certain activities halted, but a report of a desktop study was drafted by Aqualinks, a research and implementation body working on water initiatives in southern Africa. Stringent regulations related to the pandemic have delayed further physical engagement with suppliers, and all interviews had to be conducted telephonically. A technical report will be published once these interviews are concluded.

It has also become apparent that, in the Ceres region, issues of groundwater, coupled with a recurring drought, are increasingly becoming a problem for farmers. Groundwater is usually used as emergency water, but in Ceres, farmers depend on this resource for irrigation throughout the year. Many farmers in the area have installed boreholes, which means that groundwater is being depleted at a rapid (but unknown) rate. As a result, Woolworths, together with the Titus Irrigation Board, the Breede-Gouritz Catchment Management Agency (BGCMA), the LandCare Programme and WWF-SA, commissioned a study to understand groundwater at the Breede River source. Using data loggers (electronic devices used to store data over time), we will further unpack both the short-term and the long-term groundwater level trends to understand the aquifer’s sustainable use levels. Progress has been made with the groundwater monitoring programme; we are now able to illustrate trends from the data that has been captured. In accordance with the Courtald Commitment 2025, an extension officer has been appointed to take over groundwater monitoring in the area. The Titus Irrigation Board is very interested in the information, and is working with farmers in the area to improve water-usage measurements and groundwater management.

Through the Woolworths green factories programme, we have also commenced the collection of water data from strategic processing factories.

**USEFUL LINK
FOR MORE DETAIL**

IN TEXTILE FACTORIES

Country Road Group and David Jones private label are committed to working with supplier partners to manage water stewardship in the supply chain. At a minimum, Country Road Group expects all suppliers to adhere to the expectations outlined in its Environmental Code of Practice.

As cotton is the material most used across Country Road Group and David Jones private label collections, the businesses are focused on supporting sustainable cotton farming practices, which use less water and fewer chemicals in the production process. Additionally, Country Road Group has partnered with its accredited tanneries to promote best practices in chemical management and wastewater treatment.

Country Road Group and David Jones also support the use of Lenzing certified fibres. Lenzing supports the recycling of water and chemicals during processing, and reduces discharge.

Woolworths is in the process of gathering data from suppliers to understand the type of water and wastewater management initiatives currently underway. The data captured will be used to establish green factory parameters, and to inform water stewardship work with suppliers.

**USEFUL LINK
FOR MORE DETAIL**

REHABILITATING WATER CATCHMENTS

The sustainability of South Africa’s water catchment areas has been threatened by droughts and other water-related risks in recent years. The rehabilitation of these catchments is an important initiative to ensure that they thrive once again, and that they are able to sustain the ecosystem services they provide.

The WWF-SA Water Balance Programme was initiated to aid in the restoration and protection of some of South Africa’s critical water sources ravaged by alien vegetation. Through its partnership with WWF-SA, Woolworths has made an annual investment into this programme. Rehabilitating water catchments involves alien-vegetation clearing to restore the pristine nature of each catchment. Over the years, the Upper Breede-Gouritz catchment area in the Western Cape has been a major focus. A local coordinator, working with a team of 150 people, was employed to manage the rehabilitation of this area; so far, 1 000 ha of riverine area has been cleared of alien vegetation, saving approximately 200 000 m³ of water annually.

DETOX – ELIMINATION OF HAZARDOUS CHEMICALS

Water is a scarce resource; therefore, ensuring water quality is important in protecting waterways. Through the Woolworths detox strategy, we have committed to eliminating 11 key priority chemicals from our clothing supply chain in recognition of their harmful impacts on water resources. This commitment covers the entire life cycle and all production procedures associated with the making and using of all products Woolworths clothing sells by 2025. We are also in the process of making all our babywear detox-compliant by 2022. Using the OEKO-TEX® Standard 100 for due diligence and testing, we aim to ensure that the chemicals used in our products are not harmful to the environment, and that they meet our detox commitments. All OEKO-TEX® certificates and expiry dates have been attributed against mills in the product life cycle management system (Woolworths internal data management system for the clothing, beauty, and homeware departments), so we can start automated reporting of progress going forward. We have also added Bluesign® as an accreditation body. Bluesign® provides sustainable solutions for the processing and manufacturing of products, and offers continuous monitoring of company progress against this.

To date, Woolworths has eliminated hazardous chemicals from 70% (2020: 54% against a target of 60%) of our products.

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

David Jones has a harmful substances policy that outlines our stance on the use of harmful chemicals by suppliers when producing our products. All suppliers are bound by this policy, and have to comply with its requirements.

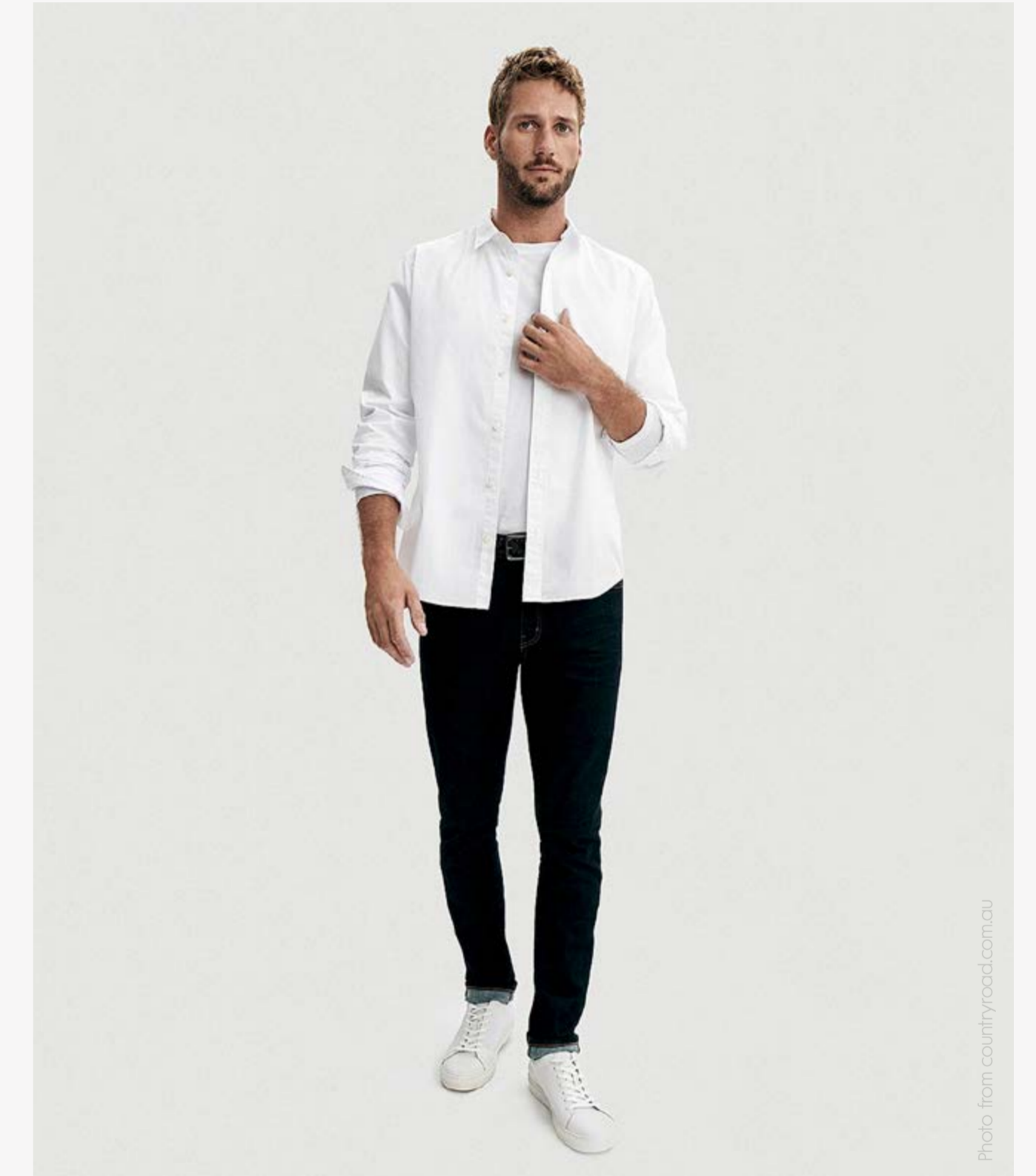
PRODUCTS WITH NONE OF THE HARSH CHEMICALS



Woolworths RE: denim is processed using ozone, laser or eFlow technology to reduce water consumption. No harmful chemicals are used in the dyeing process.



Woolworths Earth Friendly cleaning range is made from plant-based materials, is greywater safe, and is free from artificial colorants. All packaging – even the soft plastic – is made from recycled plastic, and is fully recyclable. Some packaging is made from 100% rPET, or even bioplastic – a first for household cleaning products in South Africa.



In partnership with Jeanologia®, Country Road Group has developed a range of men’s Low Water Wash Denim. The washing of the denim uses 50% less water compared to global standards.

**USEFUL LINKS
FOR MORE DETAIL**

WATER STEWARDSHIP IN OUR COMMUNITIES

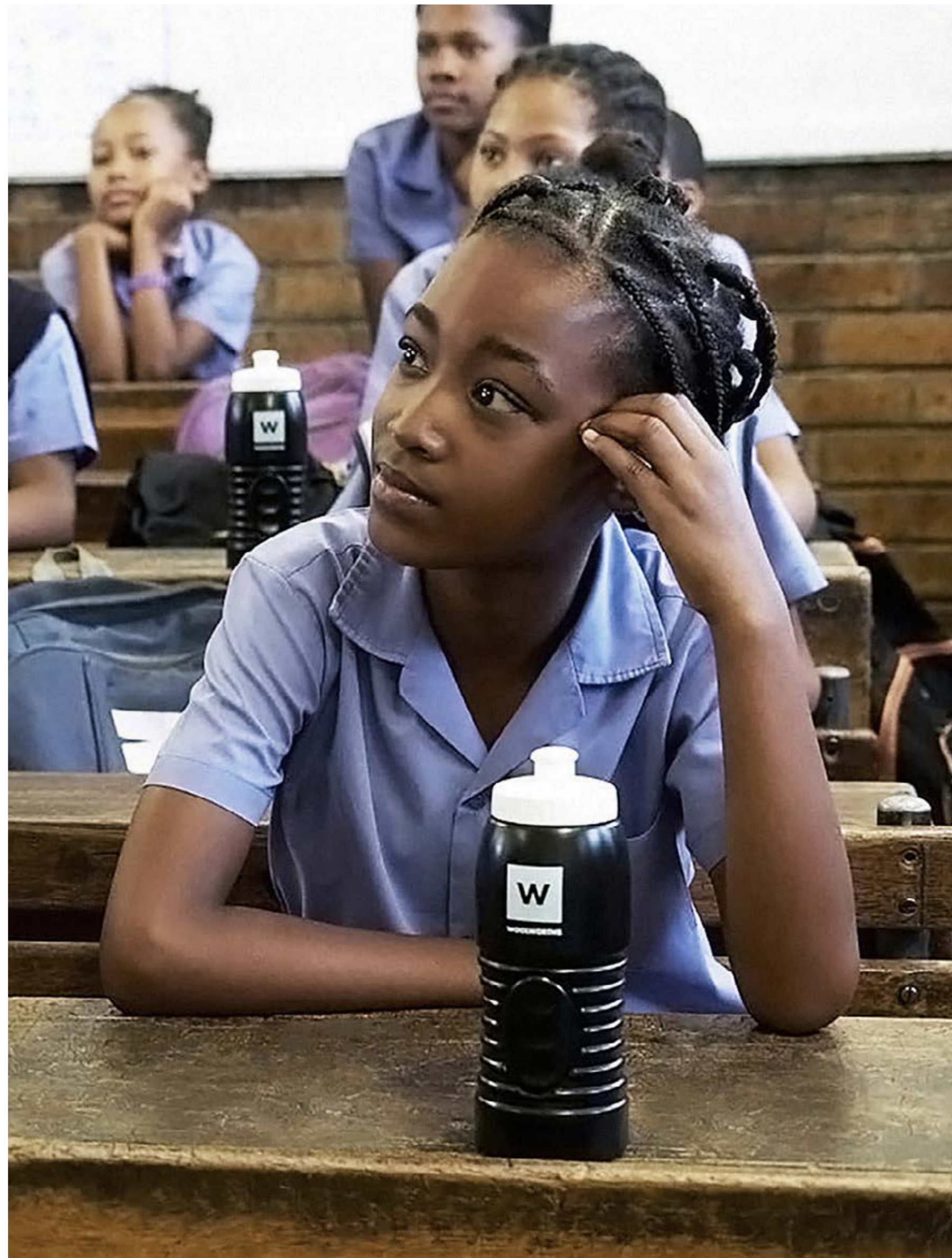
According to UNICEF, by 2040, one in four of the world's children will be living in an extremely water-stressed area. Woolworths main aim is to enable community access to water by providing water and sanitation infrastructure, especially at impoverished schools. The strategic focus for the Woolworths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

WOOLWORTHS EDUCATIONAL PROGRAMMES

Through the Department of Basic Education, Woolworths has partnered with MySchool MyVillage MyPlanet and various schools to bring water-themed lessons that are aligned to the curriculum to schools.

The main aim is to bring awareness, and educate children on topics such as why water is important, why it is a scarce resource, what risks threaten water security, and what can be done to conserve water. In the last year, we have reached 31 schools, and provided more than 27 000 learners with fun, interactive, informative lessons on how to change their daily water habits and live a water-saving lifestyle. We will continue to provide online water lessons as well as printed learning material to facilitate teaching and learning at school and at home. Over the years, these lessons have been presented to more than 300 000 learners in close to 600 primary schools across the country. In the last year, 10 000 water awareness and conservation booklets were delivered to 120 schools.

WATER MONTH IS ALSO USED ANNUALLY TO AMPLIFY THE IMPORTANCE OF WATER CONSERVATION AT SCHOOLS.



CASE STUDY

WOOLIES WATER FUND

The Woolies Water Fund was established in partnership with Urban Harvest in 2018 with the aim of transforming communities and schools by improving access to safe water and sanitation, and ensuring the conservation of this precious resource in support of healthier and more sustainable livelihoods. Woolworths customers are able to help raise funds for sustainable water solutions at under-resourced schools by swiping their MySchool card. There are more than 3 000 active supporters of the Woolies Water Fund contributing monthly. Since inception, R3.4 million has been donated to schools that do not have sustainable access to water.

We are committed to creating a better water future for all, and to saving water wherever possible. Through the fund, 62 water tanks have been installed in schools across four provinces, as well as 80 handwashing stations. We have also upgraded the piping, guttering, filtration systems, and borehole pumps to ensure that schools and the surrounding communities have sustainable access to clean, fresh water. In addition, we have distributed hygiene kits that include 40 000 hand sanitisers, soap, bleach, and masks to schools and communities in need, to give children a safe, hygienic, fresh start in life. Going forward, the fund aims to complete 20 projects annually.



WOOLIES WATER FUND
GIVE | TEACH | CONSERVE



MySchool MyVillage MyPlanet
MAKE EVERY SWIPE COUNT

PUBLIC POLICY ALIGNMENT AND TRANSPARENCY

PUBLIC POLICY

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

THROUGH THE WE MEAN BUSINESS COALITION, WE HAVE PUBLICLY COMMITTED TO:

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

WE ARE ALSO ENGAGING WITH THE UN GLOBAL COMPACT CEO WATER MANDATE AND THE NATIONAL BUSINESS INITIATIVE TO ADVANCE SUSTAINABLE WATER POLICIES AND MANAGEMENT ACROSS THE INDUSTRY.

TRANSPARENCY

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

USEFUL LINK ⋮
FOR MORE DETAIL ⋮



ENERGY AND CLIMATE CHANGE

As a Group, we continue to make good progress against our targets to reduce greenhouse gas emissions across the value chain. Having approved, science-based targets has presented an opportunity to consolidate all our initiatives in order to determine where to reduce emissions. We are committed to ensuring that we continue to align to global best practice for reducing greenhouse gas emissions.

PERFORMANCE SUMMARY

VISION 2025+ GOALS

CO₂ Achieve net ZERO CARBON IMPACT by 2040

Achieve net zero carbon Scope 1 and 2 emissions by 2040, with 50% reduction by 2030; and work with our top suppliers, representing 25% of total procurement spend (in rand), to set their own reduction targets

FY20*: 4%** REDUCTION IN SCOPE 1 AND SCOPE 2 EMISSIONS***
FY19 BASELINE: 536 562 tCO₂e

NOT YET STARTED BEHIND ON TRACK AHEAD

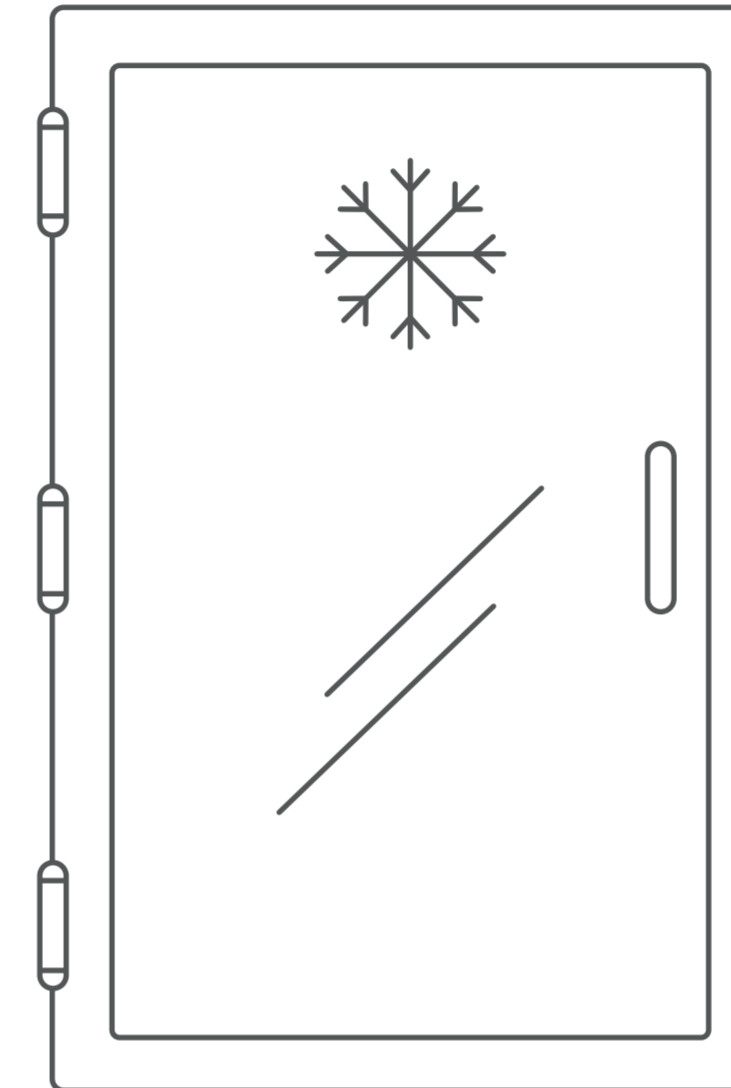
⚡ Source 100% of our energy from RENEWABLE SOURCES by 2030

Source **100%** of our electricity from renewable sources by 2030

FY20*: 0.61%
BASELINE: 0.5%

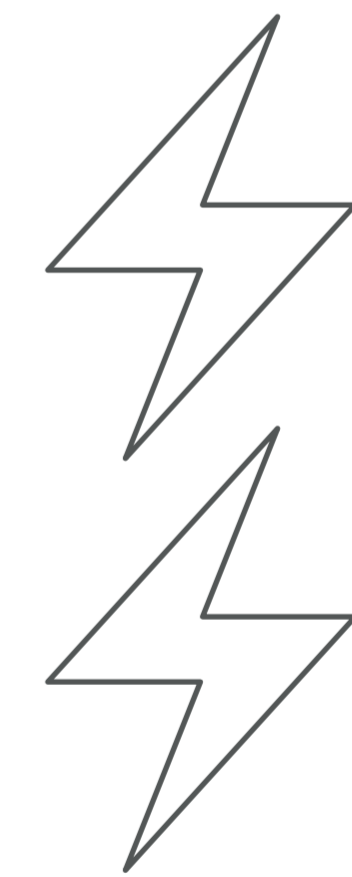
NOT YET STARTED BEHIND ON TRACK AHEAD

*Energy and carbon footprint data is reported annually in arrears **We missed the year-on-year target by 1.5% ***Reduction against the science-based target projection



230
Woolworths stores have had their fridges fitted with acrylic doors, reducing electricity use by approximately 25% upon installation

EP100
174%
improvement in the Group's energy productivity (m²/MWh) from a 2005 baseline (4% improvement year-on-year)

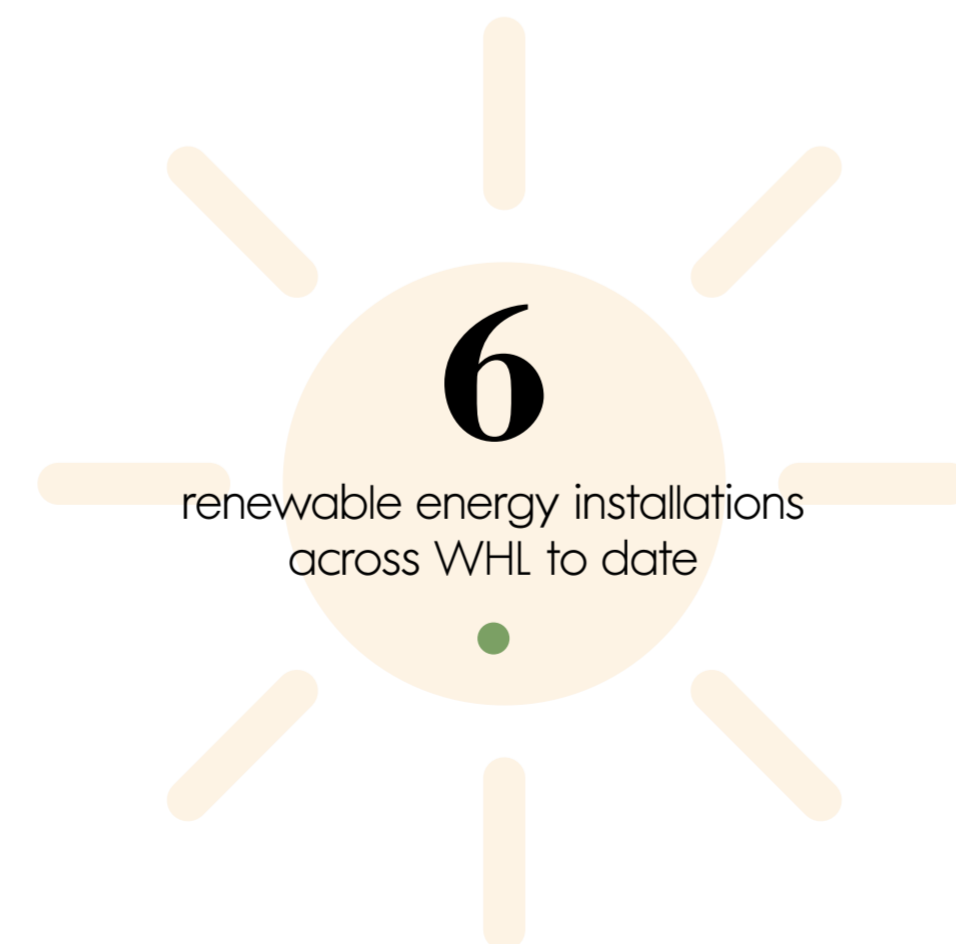


6%
decrease in WHL electricity intensity (kWh/m²) per general letting area
2020: -2%
2019: -0.2%

37%*
increase in absolute WHL emissions compared to previous year. However, like-for-like emissions decreased by 2% compared to previous year

2019: 6%
2018: 1%

*Additional activities included



60%
Woolworths stores have natural gas CO₂ refrigeration systems

STRATEGY AND MANAGEMENT APPROACH

| STRATEGY | MANAGEMENT APPROACH ^{1A} | HIGHLIGHTS | LOOKING AHEAD |
|--|--|--|---|
| <p>Last year, we announced the approval of our science-based target. Having quantifiable and measurable targets is important in building credibility across our business, and with our stakeholders. Science-based targets afford us an opportunity to consolidate our efforts in addressing the impacts of climate change within our business. We recognise the importance of improving our energy performance and reducing our overall carbon emissions.</p> <p>The Covid-19 pandemic had a huge impact on the world economy, resulting in a decline in CO₂ emissions in 2020 as a result of the reduction in economic activities. This, however, was short-lived – emissions started to rise again as countries around the world began to ease restrictions on economic activity. Our strategy has remained the same; we continue to play our part in ensuring that our business is designed for resilience against climate change, while also reducing our climate impact.</p> <p>Over the years, the ability to maintain credible data in order to manage our footprint has allowed us to see consistent progress in our energy productivity. This has also become an enabler for new approaches or paradigm shifts in decision-making across the business. We cannot ignore the adverse impacts that our business has on the environment we operate in; therefore, decision-making that takes these impacts into account helps to ensure proactive change.</p> <p>We know that to ensure the long-term sustainability of the company and its operations, adapting to climate change should be at the centre of our energy-management strategy.</p> <p>Our commitment is, therefore, to reduce our overall emissions footprint across the value chain and to incorporate more renewable sources of energy across it.</p> | <p>Without a bigger-picture view of our impact across the value chain, we will not be successful in achieving our emissions reduction targets. We have, therefore, implemented a systematic approach to managing our energy footprint and addressing the impacts of climate change across our entire value chain. Through programmes such as Farming for the Future, we bring together all stakeholders, suppliers, and subject matter experts from within the business to ensure that sustainable and climate-friendly solutions are sought and implemented. We have focused our efforts on more quantitative initiatives, including metering, energy efficiency, and emissions reduction, and have embarked on a low-carbon transition journey. These initiatives have helped us to measure, track, and manage our progress over time while also continuing to yield energy savings and financial benefits. This has been shaping the way we address the strategic risks posed by climate change, and build a business case for climate adaptation.</p> <p>Understanding our impact requires close monitoring and evaluation of our energy footprint. We have, therefore, focused on ensuring that we establish seamless processes for collating, evaluating, and managing data in this space. We have also conducted training and awareness programmes as part of capacity-building to encourage adoption and application of best practices in all our facilities, especially in stores and distribution centres.</p> | <div style="display: flex; justify-content: space-around;"> <div data-bbox="1503 525 1678 785"> <ul style="list-style-type: none"> Despite the restrictions posed by the lockdowns resulting from the Covid-19 pandemic, Woolworths was able to continue rolling out clear-view fridge doors as well as LED lighting at its facilities </div> <div data-bbox="1959 525 2135 785"> <ul style="list-style-type: none"> For the first time, David Jones and Country Road Group included an employee commute report in the carbon footprint for Scope 3 GHG emissions </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div data-bbox="1503 1093 1736 1260"> <ul style="list-style-type: none"> Woolworths completed a 13-week virtual training programme for store staff that focused on energy and water usage reduction by the employees </div> <div data-bbox="1959 1093 2192 1260"> <ul style="list-style-type: none"> As of this year, the Group will be making reference to the Task Force on Climate-related Financial Disclosures (TCFD) </div> </div> | <p>We will continue to explore initiatives that will contribute towards the reduction of our energy use and carbon emissions across the Group.</p> <p>SPECIFICALLY, WE WILL BE FOCUSING ON</p> <ul style="list-style-type: none"> Conducting electric vehicle trials for online deliveries to increase our share of electric refrigeration in Woolworths delivery vehicles Further rollout of LEDs with every new facility, as well as retrofitting existing stores Ramping up efforts to increase the installation of renewable energy systems across the Group Implementing the next phase of our science-based targets commitment. This will also involve exploring ways to get our suppliers to join in the second part of the commitment, which is to have suppliers, representing 25% of total procurement spend (in rand), to set their own reduction targets |
| <p>USEFUL LINK ⋮ FOR MORE DETAIL</p> | | | <p>RELATED UN SDGs</p> |
| <p>LOWLIGHTS AND CHALLENGES</p> <ul style="list-style-type: none"> The installation of solar PV technology remains a challenge from a legislative perspective, as we are limited by the size of installations allowed. Nevertheless, we continue to explore options for generating renewable energy across our network | | | <div style="display: grid; grid-template-columns: repeat(3, 1fr); gap: 10px;"> <div data-bbox="2438 1377 2636 1573"> </div> <div data-bbox="2652 1377 2850 1573"> </div> <div data-bbox="2866 1377 3064 1573"> </div> <div data-bbox="2438 1589 2636 1785"> </div> <div data-bbox="2652 1589 2850 1785"> </div> <div data-bbox="2866 1589 3064 1785"> </div> </div> |

WOOLWORTHS CONTINUES TO BE TRANSPARENT THROUGH VOLUNTARY DISCLOSURE TO ORGANISATIONS SUCH AS THE CDP (FORMERLY KNOWN AS THE CARBON DISCLOSURE PROJECT), AS WELL AS MEETING ALL MANDATORY REPORTING OBLIGATIONS IN THE AREAS WHERE WE OPERATE.

OUR COORDINATED ENERGY MANAGEMENT PROGRAMME INCLUDES THE FOLLOWING PILLARS:

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

ENERGY PRODUCTIVITY

Saving energy forms part of our strategy to mitigate and manage the company’s exposure to climate change-related risks. In the past year, the Group achieved a 174% improvement in energy productivity from the 2005 base year. This measure forms part of our disclosure to EP100 (Energy Productivity 100). We attribute our success to continuous efforts in the implementation of smart and energy-efficient technology and practices. With soaring electricity prices, energy productivity ensures that we are able to do more with less. In addition, since accurate data measurement and tracking is integral to understanding our overall footprint and identifying areas for improvement, we have been actively monitoring electricity usage across all our facilities. This has enabled us to identify priority areas for the implementation of these technologies, so we can reduce our energy usage. In Australia, we have upgraded lighting automation at some of our stores, enabling us to save energy through better management.

We also continue to focus our efforts on retrofitting our facilities with the most energy-efficient technology available in the market. This improves our energy productivity, and helps us derive savings from improved systems that run more efficiently and are easier to maintain.

IN THE PAST YEAR, THE GROUP ACHIEVED A 174% IMPROVEMENT IN ENERGY PRODUCTIVITY FROM THE 2005 BASE YEAR.

WOOLWORTHS ELECTRICITY SAVINGS

Energy efficiency has delivered financial savings and has provided a cushion against variable utility costs. We have been actively calculating energy savings in order to:

- Evaluate the monetary impacts from our energy-efficiency initiatives
- Identify where the highest monetary savings from energy-efficient initiatives are
- Build a case for continuous energy-saving initiatives across the business

Currently, we are able to qualitatively derive and document financial benefits from initiatives such as diesel efficiencies, and value of recoveries of incorrect billings on electricity, and tax rebates, as well as energy-efficiency innovations implemented.

R249M

total electricity savings in FY21

FY20: R190M

FY19: R136M

R801M

electricity savings over 5 years

R7.5M

cumulative Section 12L tax rebate since 2017

R2.9M

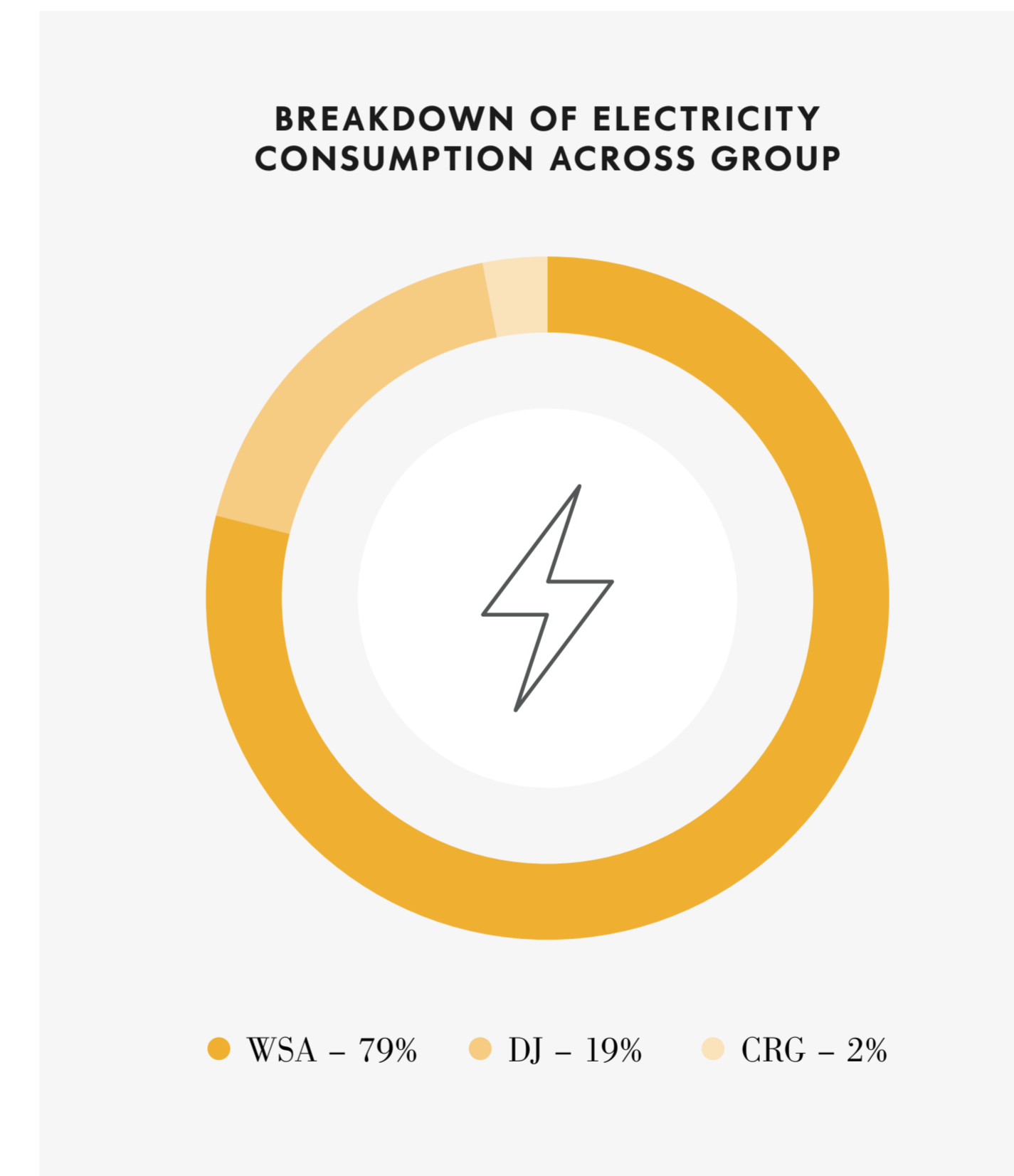
Section 12L tax rebate

2020: R1.4M

2019: R909K

ELECTRICITY CONSUMPTION

WHL trades across an area of 2 238 213 m². In the last financial year (July 2019 to June 2020), our total electricity consumption across the business was 468 809 712 kWh (2019: 497 562 091 kWh). This represents a 6% decrease from the previous year.



Woolworths South Africa continues to be the biggest user of electricity across the Group, accounting for 79% of our electricity consumption. This is due to the high energy requirements of refrigeration across the Woolworths Food business. David Jones accounts for 19% and Country Road Group accounts for 2%. At the Botanica head office in Australia, lighting has been dimmed by 60% to achieve energy savings while ensuring compliance with lighting requirements and standards.

The Group’s relative electricity intensity per square metre of general letting area (kWh/m²) for this year is 208.5 kWh/m² (2020: 222.3 kWh/m²), a reduction of 6% compared to last year. This figure is the measure of our energy efficiency across all WHL facilities. The average absolute electricity used will continue to increase as we expand, but the average absolute used per square metre should decrease as we improve efficiency and productivity.

CLOSED-DOOR REFRIGERATION IN STORES

One of our success stories is the rollout of closed-door refrigeration in Woolworths stores. The first closed-door refrigerator, with framed glass doors, was launched in 2013. Since then, technology has advanced, and we currently use lightweight, frameless acrylic doors for a better customer experience.

In 2020, despite the restrictions posed by Covid-19 safety protocols, Woolworths was able to continue with the rollout of closed-door refrigeration in its stores. As a result of this initiative, we’ve seen a reduction in energy usage at our stores of close to 25%. An added benefit of this technology is the reduction in food waste, thanks to improved cold-chain maintenance and an increase in shelf-life. So far, a total of 230 stores have had their fridges fitted with acrylic doors.

LED LIGHTING UPGRADE

Taking advantage of LED technology improvements, Woolworths and David Jones have begun to upgrade old metal-halide and fluorescent luminaires to energy-efficient LEDs throughout their stores. We have retrofitted the LED technology at 110 stores to date. One of our distribution centres, Maxmead, has also been fully fitted with LED lighting. Not only does this technology have a two to five-year payback period, it also leads to a reduction in electricity consumption and costs.

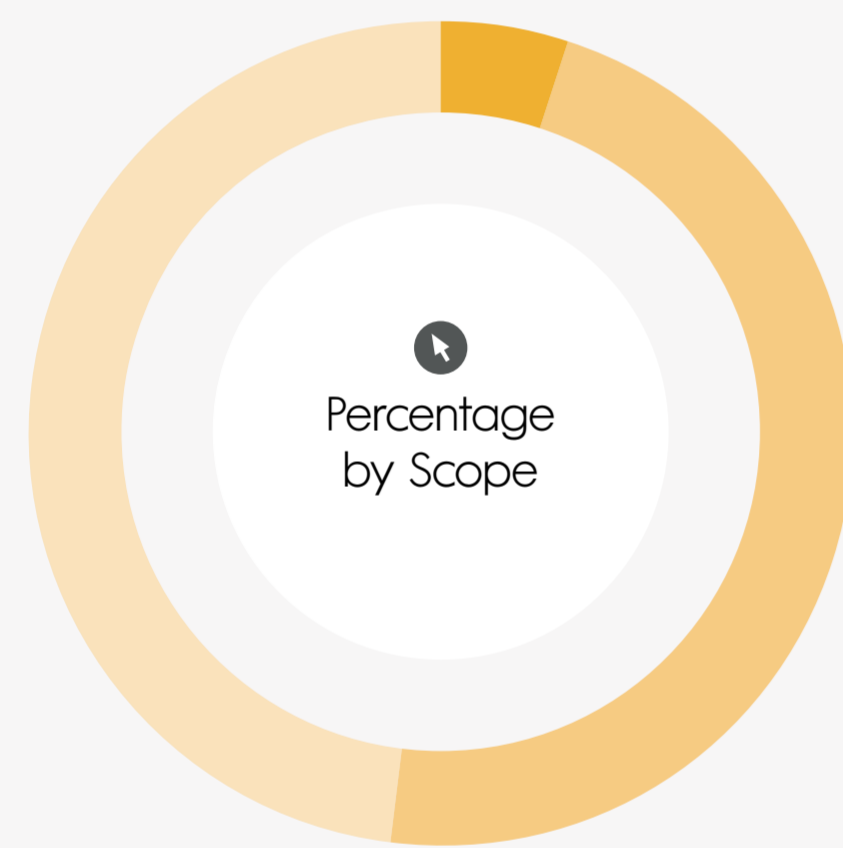
In stores, Woolworths achieved a reduction of between 14% and 30% in energy demand compared to using metal-halide lighting – and because LED lighting has a longer lifespan than traditional fluorescent lighting, our maintenance requirements have also been reduced.

In terms of quality, LED lighting is equivalent to, or better than, other lighting solutions traditionally used in retail spaces, and provides a better colour spectrum. Its energy efficiency and lower electricity consumption contribute to the reduction in our overall carbon footprint.

CARBON FOOTPRINT

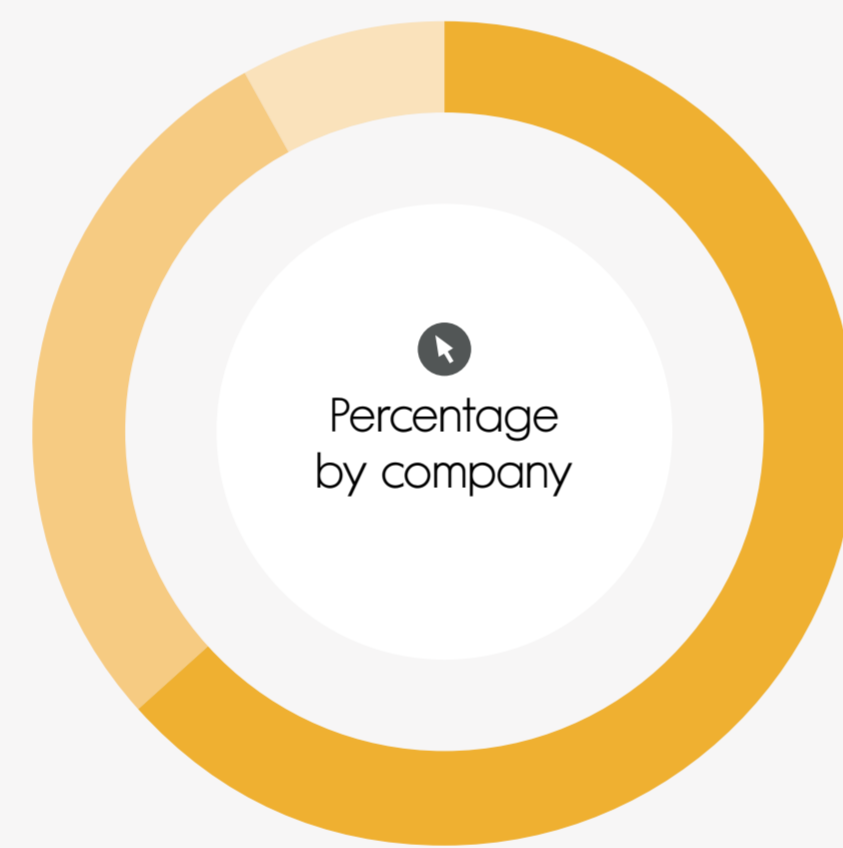
The WHL carbon footprint is calculated annually using the GHG Protocol Corporate Accounting and Reporting Standard for three Scopes within our operational boundaries. The current report is for emissions calculated for the period 1 July 2019 to 30 June 2020.

OVERVIEW OF EMISSIONS



- Scope 1 – 5%
- Scope 2 – 47%
- Scope 3 – 48%

*Excluding outside of Scopes



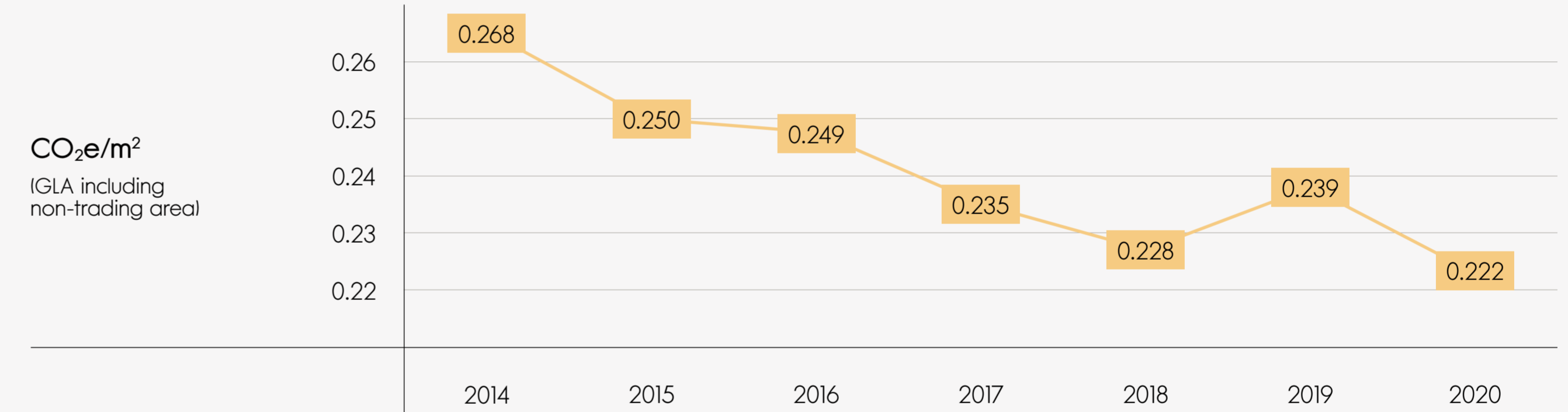
- WSA – 63%
- DJ – 29%
- CRG – 8%

*Excluding outside of Scopes

Overall Scopes 1, 2 and 3 emissions (excluding outside of Scopes) increased by 37% compared to last year. This was largely driven by a 188% increase in Scope 3. Additional categories (Group capital goods, upstream transportation and distribution, employee commuting, as well as upstream leased assets for David Jones and Country Road Group) were added to our overall Scope 3 emissions. Additional data was acquired for downstream transportation and distribution for Country Road Group and David Jones.

If we compare like-for-like, Scope 1 increased by 0.21%, Scope 2 decreased by 8%, and Scope 3 increased by 16%. Overall Scopes 1, 2 and 3 emissions excluding outside of Scopes emissions (Non-Kyoto Protocol GHG emissions) decreased by 2%.

CO₂E PER GENERAL LETTING AREA FROM 2014



The Group's concerted efforts to save energy have ensured that we continue to see a gradual decline in our carbon emissions per square meterage of general letting area. Year-on-year emissions intensity decreased by 7% for Scope 1 and Scope 2. This represents a 17.6% decrease compared to base year.

VERIFICATION

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

David Jones also reports its Scope 1 and 2 footprint in accordance with ASAE3000 to the National Greenhouse and Energy Reporting (NGER) scheme in Australia. This is verified by Ernst & Young, and is subsequently incorporated into the overall WHL footprint.

USEFUL LINKS FOR MORE DETAIL

THE OVERALL WHL TOTAL SCOPES 1 AND 2 GREENHOUSE GAS EMISSIONS DECREASED BY 7% (2019: 5.83%), AND INCREASED BY 37% (2019: 6% INCREASE) WITH SCOPE 3 INCLUDED.

LOW-CARBON TRANSITION

In line with our commitments to source all energy from renewable sources as well as achieve net zero carbon emissions by 2040, we have embarked on transitioning our business into a low-carbon business. To meet these commitments, we will need to accelerate our efforts in deploying the correct low-carbon technologies, as well as the sourcing of renewable energy. We view the reduction of our overall carbon emissions as a strategic lever in this transition, and continue to keep abreast of innovation in this space as new and affordable technologies continue to be introduced to the market.

RENEWABLE ENERGY

Investing in renewable energy is a key part of building our resilience against climate change and the increasing cost of fossil fuel-based energy. Where feasible, the Group has deployed solar PV as part of our commitment to source all our energy from renewables by 2030. In the past year, we began investigating the feasibility of a purchase power agreement (PPA) at one of our South African stores to act as a blueprint for other facilities where we have no ownership. We currently have six renewable energy installations across the group. Combined, these installations produced 2 840 927 kWh (2019: 2 256 988 kWh) of electricity, which was all consumed on-site. This is a 26% increase year-on-year, with 89% of the renewable energy generated by our South African installations. This amounts to 1% of our total electricity usage. Our focus over the next few years will be on ramping up our access to renewable energy.

GREEN BUILDINGS

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

CO₂ REFRIGERATION SYSTEMS

Woolworths has started installing natural gas refrigeration systems across all its facilities. The use of natural gas refrigerants (CO₂) instead of synthetic gases for refrigeration in stores has contributed to the gradual decrease in both our absolute Scopes 1 and 2 greenhouse gas emissions (tCO₂e) over the years. Unlike conventional synthetic refrigeration gases, CO₂ has virtually no impact on the earth's protective ozone layer, and has a low global-warming potential and less of a contribution to climate change. Although we are unable to isolate the energy savings associated with these installations in our stores, we know that they have numerous benefits in terms of the ozone layer, as they reduce the release of the ozone-depleting R22 gas (freon) into the atmosphere. We now have 100 stores fitted with CO₂ refrigeration systems.

In partnership with Mercedes-Benz, we have replaced some of our older vehicles with new, innovative, fuel-efficient ones. The new vehicles guarantee over 60% in fuel savings compared to their predecessors. Through these initiatives, we have increased our supply chain diesel efficiency by 56% year-on-year, which translates to R2.9 million worth of diesel saved in the past year (FY20: R6.6 million). Overall, Woolworths transport emissions were 0.192 CO₂e/du, a 4% decrease compared to the previous year (2020: 0.199 CO₂e/du). This is a measure of emissions per delivery unit delivered in South Africa.

HYBRID ELECTRIC VEHICLE TRIAL

Woolworths currently has one hybrid transport refrigeration unit. It uses solar PV, with diesel fuel as backup, and runs on a 30 kW lithium battery pack that lasts for about nine hours. This unit reduces CO₂ emissions from the vehicle by about 50%; it is also low on noise pollution.

FRIGOBLOCK REFRIGERATION

Woolworths currently has three FRIGOBLOCK refrigerated units at proof-of-concept stage. These are alternator-driven refrigeration units that reduce diesel consumption as well as associated CO₂ emissions by between 50% and 75%. Rather than using diesel to keep the temperature in our refrigerated trucks where it should be, they draw power from the alternator that runs from the truck engine. This technology provides benefits such as the absorption of electric power from the truck engine and reduced noise pollution, and ensures energy efficiency when compared to an external industrial diesel combustion engine. The systems are also 90% recyclable, unlike lithium battery systems, which are not recyclable. Depending on the outcome of this trial, we will be rolling out the technology to more vehicles.

ENERGY-EFFICIENT LOGISTICS

Together with Imperial, Woolworths has established a Logistics Integration Centre (LIC), which gives us the ability to analyse distribution patterns continually to help us optimise delivery footprints. Over the years, we have rolled out fleet-management solutions such as route optimisation of delivery vehicles and temperature management of refrigeration systems in delivery vehicles. We have also invested in Fleetboard technology, an internet-based vehicle management system that provides real-time information about the operational performance of individual vehicles. These solutions have enabled us to create a vertically integrated transport management system for our delivery vehicles. We can monitor the condition of our fleet and the safety of our drivers on a real-time basis from the LIC.

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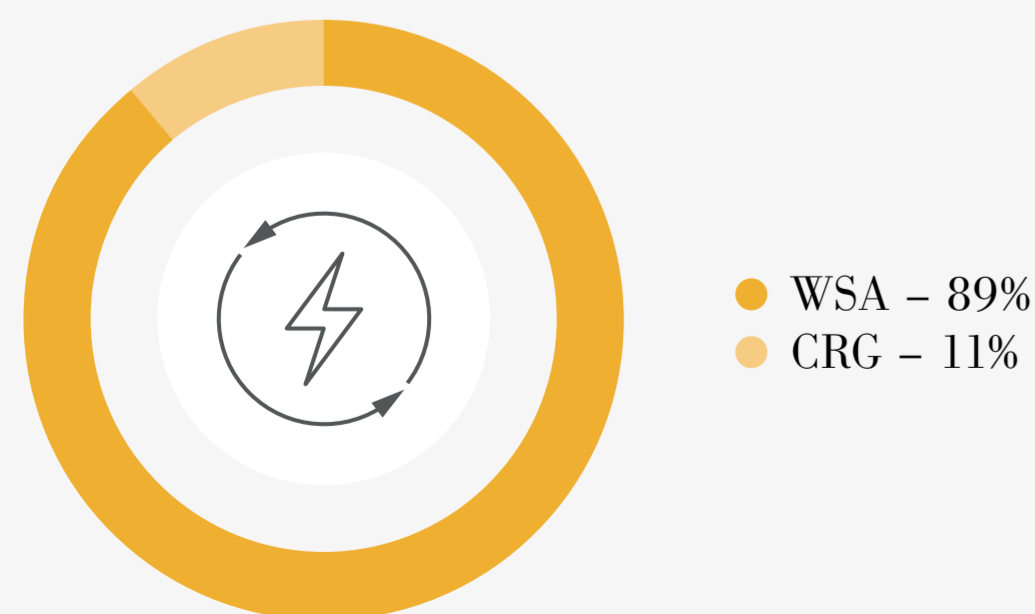
Woolworths green stores to date

8

Woolworths green stores opened this year

GREEN STAR RATED FACILITIES

GROUP RENEWABLE ENERGY BREAKDOWN



SUPPLIER ENGAGEMENT

SCIENCE-BASED TARGETS

As part of the work done for setting the Group's science-based targets, we needed to understand the uptake of science-based targets by our suppliers. We screened all our suppliers of purchased goods and services across the Group in order to determine:

- Which suppliers made commitments to set science-based targets
- Which suppliers have approved science-based targets
- Which suppliers, based on procurement spend, we can align and engage with in order to meet the second part of our approved science-based target (which speaks to supplier engagement)

Using various communication methods, we will engage with the top 25% of suppliers, expecting them to commit to a science-based target for their Scopes 1 and 2 emissions by 2024. These suppliers are responsible for 80% of our emissions from purchased goods and services based on procurement spend.

GREEN FACTORIES

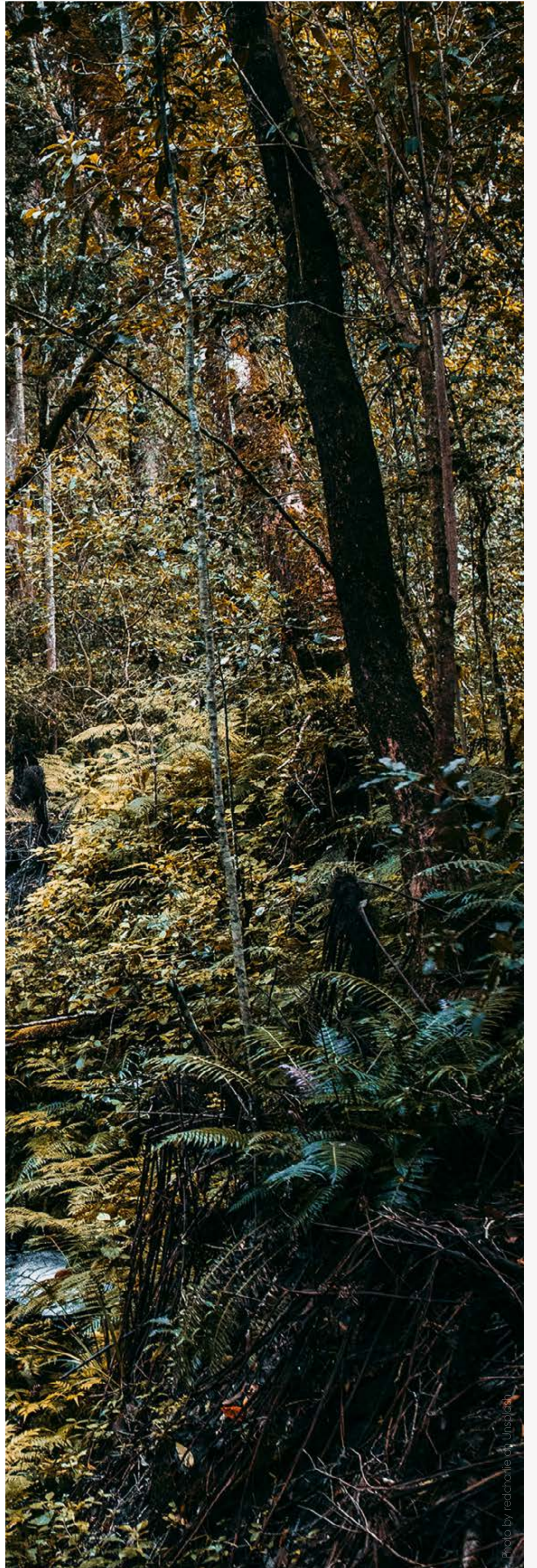
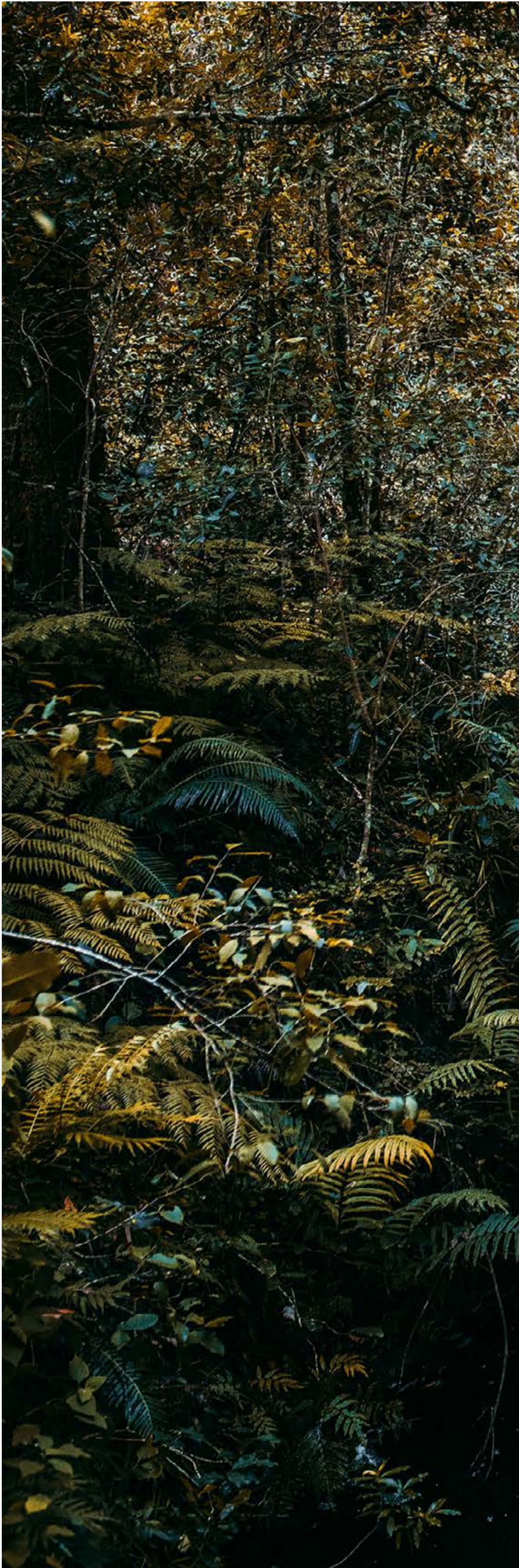
We continue to encourage and promote the adoption of best practices across the value chain through collaborative efforts with our value chain stakeholders, especially our suppliers. The Woolworths green factories programme is the vehicle we use to support our suppliers in identifying areas of opportunity for continuous improvement when it comes to managing environmental and social metrics on their premises. The programme is now in its fourth year and, since launching in 2017, has evolved from addressing our suppliers' water and energy-efficiency issues to assessing how food waste is managed. The intention of the programme is to promote enhanced data collection and management of environmental and social metrics for greater efficiency and productivity, to promote resilience in our supply base, and to reward and recognise supplier achievement.

Every year, we ask our suppliers to complete a holistic assessment that takes into account sustainability management, water, energy, waste, human rights, employee wellbeing, lean manufacturing, transformation, and responsible sourcing. Suppliers who have been participating since the inception of this assessment have indicated significant improvements in operational efficiency. With new legislation being promulgated – for example, with regards to packaging taxes – as well as our commitment to reducing emissions through meeting our science-based targets, the data that suppliers are providing is becoming essential to understanding our overall footprint. There is now greater integration with our suppliers to achieve emissions- and food waste-reduction

targets, as well as an increasing desire from suppliers to track their environmental footprint and apply improvement interventions.

The Covid-19 pandemic has impacted physical site engagement with suppliers, who have also not been able to fully prioritise sustainability initiatives. In the past year, questionnaires were sent to 88 (2020: 126) suppliers, of whom 65 (2020: 105) voluntarily responded, a decrease of 38% from the previous year. The number of silver-rated sites has more than doubled since the initiative started in 2017; we now have 25 sites (2020: 25). We are also starting to see suppliers set more formal sustainability targets and ensure that they have adequate data management protocols to maintain these. Regardless of the impacts of Covid-19, we view this initiative as a long-term partnership with our suppliers, and we will continue to build stronger relationships for a more resilient supply chain.





INDUSTRY COLLABORATION

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

SCIENCE-BASED TARGETS

In 2020, our science-based target was approved in line with the 1.5 °C trajectory. We committed to reducing absolute Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2030 from a 2019 base year. In addition, we committed that 25% of our suppliers, by procurement spend, covering purchased goods and services, will have science-based targets by 2024.

ELIMINATING DEFORESTATION

We aim to eliminate deforestation within our supply chain by focusing on the sustainable sourcing of commodities such as soya, palm oil, beef, timber, and pulp. Progress on this is covered in the Ethical Sourcing chapter.

DOUBLING ENERGY PRODUCTIVITY (EP100)

In 2017, we became the first major retailer to sign up to EP100, an initiative of the Climate Group to help companies double their energy productivity. Using general letting area as an economic output, Woolworths set targets to double our energy productivity by 2020 from a 2005 baseline. We have met our target, having achieved a 174% improvement in our energy productivity this year.

TRANSPARENCY AND DISCLOSURE OF CARBON FOOTPRINT

We voluntarily report WHL's performance through the CDP programme for climate change, deforestation, and water. David Jones and Woolworths continue to report carbon emissions in accordance with the National Greenhouse and Energy Reporting Act in Australia and National Greenhouse Gas Emission Reporting Regulations in South Africa, respectively.

IMPROVING WATER SECURITY

Progress on this is covered in the Water chapter.

USEFUL LINKS FOR MORE DETAIL

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To find out more about what we're doing, visit

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