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ASX Market Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

## **2019 Sustainability Report**

Attached is a copy of the Woolworths Group Sustainability Report which was released today.

**For further information contact:**

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WOOLWORTHS GROUP



# Everyone

2019 SUSTAINABILITY REPORT





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This is an interactive PDF designed to enhance your experience. The best way to view this report is with Adobe Reader. Click on the links on the contents pages or use the home button in the footer to navigate the report.

### Scope of report:

Unless otherwise stated, this report covers all our operations in Australia and New Zealand for the 2019 financial year – 1 July 2018 to 30 June 2019 (F19). Only workforce data (excluding safety) is included for our global sourcing offices in China, Bangladesh and Thailand.







## Partnerships.

It is through the power of partnerships that we will be able to amplify our impact and deliver on our bold ambitions to become a more sustainable business.

Working together to drive change has helped us achieve many of our results this year.

With our customers we have removed over 3 billion single-use plastic bags from our environment.

With our team members we are creating an inclusive culture that values diversity in all its forms.

With our suppliers we are working together to safeguard the rights of the workers in our supply chain.

With our community partners we are changing the lives of Australians and New Zealanders in need.

With our shareholders we are creating sustainable long-term value.

We are proud of our achievements, but we need to, and want to, do more to make things better.

## Better for everyone.





# Chief Executive Officer's message



The retail sector is being disrupted – rapidly changing customer preferences, increases in online shopping and, importantly, heightened customer and team expectations in regards to plastic, food waste and clean energy. It is against this backdrop of change that we are lifting our aspirations in regards to sustainability. We understand our responsibility to not only work to improve our own business, but to partner with our customers, suppliers, team and other stakeholders to build a better tomorrow.

Retail is a team game, and our 190,000+ team members working together and advocating for our brands are critical to our success. Keeping our team, customers and visitors safe continues to be our top priority and our total injury frequency rate has improved by more than 5% from 2018. We consider safety holistically and are painfully aware of the mental health challenges present in today's society. This year we launched our "I Am Here" program to support our team and help embed the importance of psychological safety into our culture. Inclusivity is another important element of this and we're proud this year have achieved Gold Tier Employer status in Australian Workplace Equality Index for LGBTI inclusion for the second year running, and to have launched our second Indigenous Reconciliation Action Plan.

Through our extensive agricultural supply chain we have observed the devastating effects that climate change is having on our farmers in Australia and New Zealand. We have also experienced this first hand during the Townsville floods in February. As a large user of electricity, we accept our responsibility to take action and have re-set our emissions reduction target to 60% below our

2015 levels by 2030. This is consistent with limiting warming to 1.5°C above pre-industrial levels.

Our team has continued to work hard and has made significant steps towards achieving – or in some cases exceeding – our 2020 Sustainability commitments. However, real success goes much further than this. We want to integrate sustainability into the way that we go about our business every day, so that every decision we make is made with our purpose at its heart – *"Creating better experiences together... to create a better tomorrow"*.

We continue to be committed to providing genuine, transparent reporting on our progress, and this year have increased our disclosure in our most strategically important areas of sustainability.

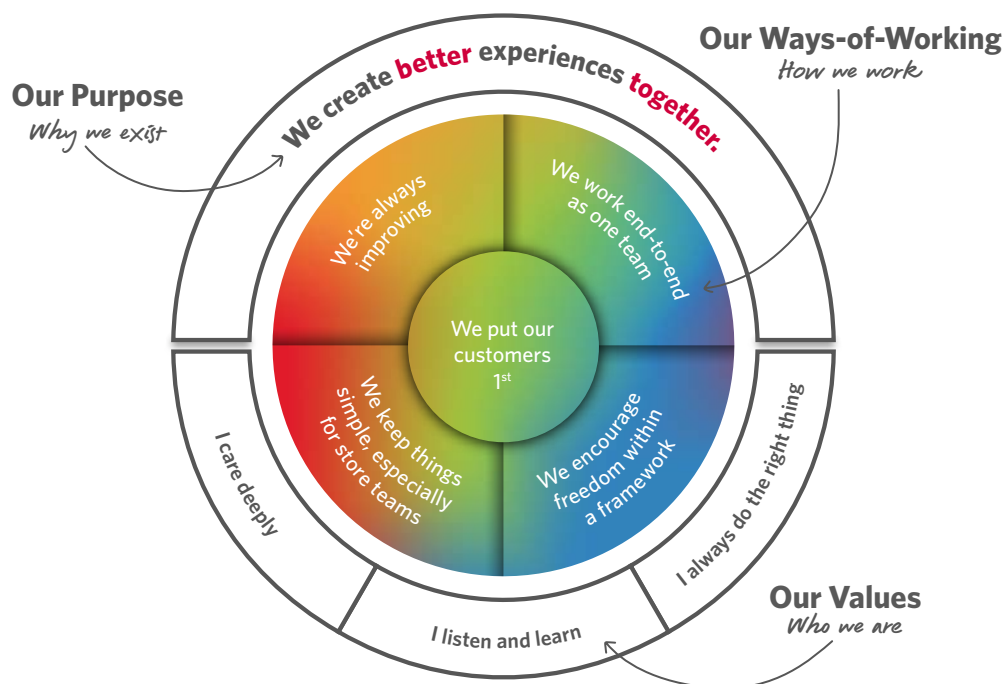
On behalf of the Woolworths team I am pleased to share with you our 2019 Sustainability Report.

**Brad Banducci**  
CHIEF EXECUTIVE OFFICER

Woolworths Group is a signatory to the United Nations Global Compact (UNGC). UNGC signatories embrace a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. In this report, we share our performance against the UNGC core values.



# Our Group Purpose



Woolworths Group is a diverse group of retail businesses and brands across Australia and New Zealand united by our common **Purpose** – to create better experiences in partnership with our customers, communities and networks, and make a positive impact on our world. Our Purpose is what drives us, and every one of our team members.

Our customers are at the heart of everything we do. We constantly embrace new and innovative ideas, and new ways of thinking and doing, to enable us to be agile, responsive and adaptable – ready to meet the evolving needs and demands of our customers and our changing environment.

Our *Core Values* define us, and what we stand for, and our *Ways-of-Working* describe the way we do things. Together, our Purpose, Core Values and Ways-of-Working help us to strive to continuously maintain the optimal culture and conditions for all of our businesses to thrive.

Our sustainability work is centred around making a positive impact across our network, whether it be:

- Safeguarding the mental health and wellbeing of our team members and the human rights of those in our supply chain
- Listening to our customers' concerns by reducing the amount of single-use plastic or packaging from our supermarkets
- Using more sustainable ingredients across our Own Brand product range
- Trialling or implementing new technologies, practices or policies to further reduce the ecological footprint of our business operations.

We are committed to building greater trust, loyalty and impact through our actions. This report presents some of our achievements from the 2019 financial year.





# Woolworths Group

# 2020

## commitments

Launched in February 2017, our 2020 Strategy brings new focus, resources and energy to sustainability.

The targets assigned under our People, Planet and Prosperity pillars cover Woolworths Group's engagement with customers, communities, supply chain and team members, as well as our responsibility to minimise the environmental impact of our operations.

## People

### embracing diversity

We value diversity across Woolworths Group. Our customers should see in our people a reflection of themselves and their communities. In this strategy we embrace targets that support diversity and, hand in hand with this aim, inclusion and respect.

#### Promoting gender equity

- 1** *At least 40 per cent of executive and senior manager positions to be held by women.*
- 2** *No salary wage gap between male and female employees of equivalent positions on a per-hour rate at all levels of the company.*

#### Building our diversity

- 3** *100 per cent of those responsible for hiring new team members to have completed unconscious bias training.*
- 4** *Continue the focus on encouraging cultural diversity, with a commitment that by 2020 the Woolworths Group team will truly reflect the communities we serve.*

#### Supporting Aboriginal and Torres Strait Islander employment

- 5** *Proportion of Indigenous team members to equal Federal Government Employment Parity contract. Once achieved, 2 per cent of our Store Operations team members will be Indigenous.*
- 6** *Proportion of Indigenous Graduates to equal Federal Government Employment Parity contract. Once achieved, 2 per cent of our Graduates will be Indigenous.*

#### Creating a safe environment

- 7** *We are committed to maintaining a workplace that safeguards the health and wellbeing of our team members, customers and visitors.*

#### Offering opportunities for all

- 8** *Achieve Gold Tier employer status in Australian Workplace Equality Index (AWEI) for Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion.*



# Planet

## for a healthy environment

We recognise Woolworths Group's environmental impact across our value chain and will work with our suppliers, service providers and operations to innovate for a healthy planet. We will support the move to a circular economy, source environmentally sustainable commodities and respond to climate change.

### Moving to a circular economy

- 9** Towards zero food waste going to landfill.
- 10** Improve the recyclability of our own brand packaging and contribute to the circular economy.

### Sourcing environmentally sustainable commodities

- 11** Source key raw materials and commodities sustainably to an independent standard by 2020. We will raise awareness of sustainably sourced products.
- 12** Achieve net zero supply chain deforestation for 'high-impact' commodities in our own brand products, such as palm oil, timber, pulp and paper, and packaging.

### Responding to climate change

- 13** **Commitment achieved and revised:** Reduce Woolworths Group's carbon emissions to 10 per cent below 2015 levels.
- 14** Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15 per cent of CO<sub>2</sub>-e below 2015 levels.

# Prosperity

## founded on trusted relationships

We will focus on positive relationships with suppliers, give back to the communities in which we operate, and rebuild trust with our customers and investors.

### Working with our business partners

- 15** We will achieve a top quartile ranking in how we engage fairly and equitably with our suppliers as measured by independent supplier surveys.
- 16** We will focus on a best practice compliance system according to the Global Social Compliance Program. We will collaborate with peak organisations to improve workers' lives.

### Giving back to the communities in which we operate

- 17** We will invest the equivalent of 1 per cent of a three-year rolling average of total Group Earnings Before Interest and Tax (EBIT) in community partnerships and programs.
- 18** We will publicly report social impact to quantify the positive changes we are creating with a focus on health, economic development and emergency relief.

### Creating shared value with our customers

- 19** We will achieve leading customer satisfaction scores.
- 20** We will help our customers to consume all of our products in a healthy, sustainable way.





# Our journey



## **Achieved:** Woolworths Group Board 50% Women

The Woolworths Group Board is gender balanced with 50% women.



## Woolworths Group Launch 2020 Commitments

In February 2017 we launched our 2020 strategy, setting out our sustainability journey.



## Unconscious bias training

Unconscious bias training pilot program completed. Planning for rollout across the Group.



## **Achieved:** No salary wage gap

Salary wage gap between male and female employees of equivalent positions reduced to 0.41% (statistically insignificant).



## **Achieved:** LGBTI Inclusion

Awarded Gold Tier employer status in Australian Workplace Equality Index for LGBTI inclusion.

## PEOPLE

## PLANET

## PROSPERITY



## Reduce food waste to landfill

Recommitted our goal to reduce food waste to landfill.



## Energy management

Commenced work on establishing the Energy Management Centre of Excellence.



## Plastic bags

Australian stores no longer offer single-use lightweight plastic shopping bags.



## Country of Origin labelling

We were the first supermarket to commence labelling our own brand products.



## **Achieved:** 1% EBIT community contribution

1% of EBIT donated to community causes across Australia and New Zealand.



## Responsible Sourcing Program

Reviewed and launched our new Responsible Sourcing Program.



## Product renovation

Removed artificial colours, flavours and added MSG and reducing saturated fat, sugar and sodium across own brand products.



## Health Influencer Day

Hosted our first collaborative Health Day in Australia and New Zealand.

2016

2017

2018



### I am here program launch

Launched 'I am here' program  
dedicated to supporting  
mental wellbeing.



### Achieved: LGBTI Inclusion

Awarded Gold tier status in  
Australian LGBTI Inclusion Awards  
for the second year running.



### Reconciliation Action Plan

Launched our revised  
Reconciliation Action Plan.



### Destination Zero

Maintaining a safe environment  
for customers, team members,  
suppliers and visitors.



### Achieved: Natural Refrigerant

Installed 18 natural refrigeration  
systems in our stores across  
Australia and New Zealand.



### Achieved: Emissions reduction

2019 carbon emissions 18%  
below 2015 levels.



### Taskforce on Climate-related Financial Disclosure (TCFD)

Our disclosures to be aligned to the  
TCFD requirements



### Reset our emissions targets

Our revised emission targets are  
being put forward to the Science  
Based Target Initiative.



### Climate Risk Assessments

Held Group wide climate risk  
assessment workshops to  
understand our key risks.



### Moving to a circular economy

Improve the recyclability of Own  
Brand product packaging and  
reducing food waste going to landfill.



### Healthiest Own Brand products

Woolworths Own Brand products  
named the healthiest in Australia by  
independent researchers.



### Responsible Sourcing Program

Reviewed 768 audit reports  
of high risk suppliers.



### Top supplier survey rating

Achieve top quartile rating in  
independent supplier survey for  
fair and equitable engagement.

2019

2020





# Our business

All parts of the Woolworths Group have been working **better together** to deliver the achievements described in this report.

## Woolworths Group

WOOLWORTHS GROUP

Woolworths Group manages some of Australia's and New Zealand's most recognised and trusted brands. We endeavour to create a world-class experience for customers across all our stores and platforms.

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## Australian Food



We are Australia's largest supermarket chain and operate 1,024 supermarkets across the country. Australian Food also includes FoodCo, Metro and WooliesX.

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## Endeavour Drinks



Endeavour Drinks comprises 1,576 stores, including the Dan Murphy's, BWS, Cellarmasters and Langton's brands.

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## New Zealand Food



Our Countdown branded supermarket chain has 180 supermarkets across New Zealand, serving around three million customers every week. New Zealand food also includes CountdownX and franchise FreshChoice and SuperValue Supermarkets.

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## Portfolio Businesses

### BIG W



BIG W provides Australians with great value across 183 stores, as well as online choices for general merchandise.

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### Hotels



ALH Group is a market leader, operating 328 hotels, including bars, dining, gaming, accommodation and venue hire operations.

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# People

## Embracing diversity

The commitments in our People pillar exemplify our Purpose and Core Values. In partnership with our more than 190,000 team members, we are building an inclusive culture that celebrates diversity in all its forms. It is this diversity that enables us to engage, innovate and create better experiences for our teams and customers.



Team members

**196,000+**

▼ 2.5% from F18



Voice of Team  
engagement score

**80%**

Remained steady  
in F18



Total recordable  
injury frequency rate  
(TRIFR)

**14.99**

▼ 5.72% from F18



Proud @ Woolworths

**2,200+**  
members

▲ 29% from F18







Amelia Fogavini, Lisa Hohoi, Arjun Singh,  
Nuengruthai Nualphaka — Woolworths Supermarket Conder.





# Promoting gender equality

Woolworths Group is committed to creating a culture and workplace that provides all of our team members with access to the same benefits, opportunities and resources. We take our responsibilities to our people seriously, and regularly review our systems so that all obligations are being met. Where issues are identified we commit to rectification.

## IMPACT:

Commitment **1**

Commitment **2**

Sustainable Development Goal



WOOLWORTHS GROUP

## Updated Parental Leave Policy

Making things better for families is a core part of what we do at Woolworths Group – and this includes supporting our team members who are at the start of their parenting journey.

Woolworths is proud to have increased paid parental leave for primary caregivers to 12 weeks (from six weeks) and introduced secondary caregivers' leave of one week. Additionally, team members who have primary caregiver responsibilities for a new child may also qualify for up to 24 months' unpaid parental leave.

All team members have access to our online parental leave platform containing information and resources for those seeking to better manage their career and parenting duties.

WOOLWORTHS GROUP

## Superannuation payments on paid parental leave

We are pleased to become the first Australian retailer to introduce superannuation contributions when eligible team members take 12 months of parental leave.

*"We know Australian women are retiring with a lot less super than men. As one of the country's largest private employers, we want to play our part in closing the gap. We hope this new initiative will help to create an even more inclusive workplace at Woolworths, where our goal is that all team members can enjoy the same rewards, resources and opportunities, regardless of gender."*

Group Chief People Officer, Caryn Katsikogianis.

**34%**

of executive and senior manager positions held by women



## Women in BIG W

BIG W has exceeded expectations in gender diversity in leadership positions, with more than 50% of leadership positions held by women.



Teresa Rendo – General Manager Commercial with 19 years in the business.



Woolworths Group is Australia's top company in Thomson Reuters' 2018 Diversity and Inclusion Index and 14th across the globe.



## Women in leadership

In our Countdown business, over the last financial year the number of women at General Manager level or above has increased from 50% in F18 to 63%. The number of senior roles held by women in our business has also increased from 33% to 35% in F19. We're working to provide women within our business the support they need to take on leadership roles, including through targeted training and opportunities. In F19 we introduced a Women in Leadership program, which has already helped 300 women from across our stores and supply chain to develop their leadership capabilities and confidence. We are committed to attracting and retaining female talent at all levels, from graduates through to our female store team members and our executive or senior leadership team.



Jacqueline Jones,  
Countdown Store Manager

WOOLWORTHS GROUP

## Flexibility Policy

We care deeply about ensuring that each of our team members has the flexibility necessary to balance their work and life priorities. As we work together to achieve our business outcomes, offering greater flexibility will enable us to attract and retain a diverse, committed workforce, and to improve wellbeing, engagement, productivity, innovation and effectiveness. Offering greater flexibility also empowers us to adapt to an ever-evolving workplace, and to changing customer needs and community expectations.

As a large retail organisation, there are many opportunities for flexibility across the Woolworths Group. We recognise that flexibility means different things to different people and our new Flexibility Policy includes:

- Allowing team members to work hours that better suit family, study and other commitments
- Flexible career opportunities
- Flexible leave options
- Opportunities to work at flexible or diverse locations.

Woolworths Group is ranked

#29

globally in Equileap's 2018 Gender Equality Global Report and Ranking, the only Australian retailer in the top 200.

WOOLWORTHS GROUP

## Pay Parity

Our Pay Parity Review methodology compares salaries of like-for-like roles of our team members across the Woolworths Group. This analysis helps identify gender pay gaps between our male and female team members by grouping our positions and career streams, also taking into consideration team member movements that can result in fluctuations in our gap. Our target is to remain below a statistically insignificant 1% gap and to report this annually after our annual remuneration review cycle.



WOOLWORTHS GROUP

## Family Violence Support Policy

Woolworths Group recognises that family violence affects many people in Australia and New Zealand and it can impact our team members and their ability to contribute effectively at work. Building on our work in New Zealand, where Countdown has gained White Ribbon accreditation for its Family Violence Policy, in November 2018 we introduced a new Family Violence Support Policy across our Australian business. The policy formalises support options for anyone in our team experiencing family violence, including free and confidential counselling, as well as five days paid and five days unpaid leave to cover matters such as medical and legal appointments or moving house.





# Embracing our diversity

Woolworths' efforts to better reflect the customers and communities we serve exemplify our commitment to maintaining a diverse, engaged and inclusive workforce.

## IMPACT:

Commitment **3**

Commitment **4**

Sustainable Development Goal



WOOLWORTHS GROUP

## Supporting and upskilling our people

At Woolworths Group, supporting and upskilling our team members is an essential investment in our people and our future growth. Our team members, from the newest through to the most senior, are provided with continued learning and development opportunities to help them achieve personal and career goals. These opportunities include our pathways in stores, formal coaching programs, a Leadership Toolkit and management and leadership training programs for current and future leaders of our business. We understand that life changes and can throw up unexpected situations – we have leave policies in place (covering areas such as parental, carer or compassionate leave) and other programs to support our team members through the challenges they may face. As part of this, we maintain various easily accessible tools and support programs, such as the Retirement Planning Toolkit.

WOOLWORTHS GROUP

## Inclusive leadership training

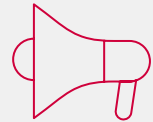
Recognising and harnessing the diversity within our teams is an enabler of business growth, team member engagement, workplace innovation and productivity.

In 2018, over 420 leaders from across the business attended a series of inclusive leadership and unconscious bias face-to-face workshops to develop and practice constructive and inclusive behaviours in the workplace.

Over the last year, our Asia sourcing teams and Countdown business has also rolled out our inclusive leadership program, aimed at addressing the potential for unconscious bias in our hiring team, which is something that we know can impact the diversity of our workforce. Over 360 team members have taken part in the program. While we continue to roll out this training, in the coming year we will also evaluate the impact the program has had on our recruitment process and the resulting diversity of our workforce, and determine our future plans for making the training accessible to more of our team members and embedding inclusive leadership practices and understanding more broadly.

Voice of Team engagement score

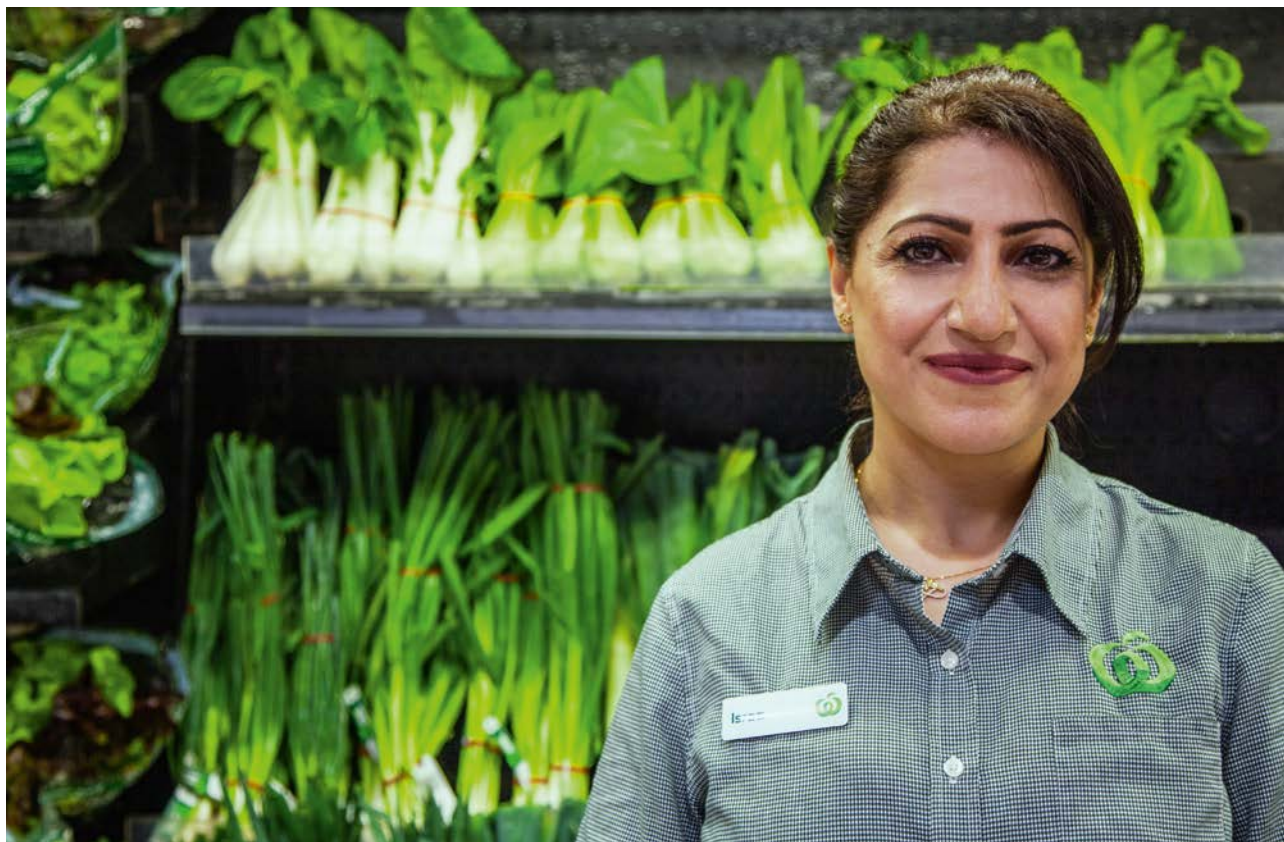
**80%**



## Refugee Employment Program

In order to better reflect the culturally diverse communities we serve, in F18 we implemented a program in partnership with Community Corporate to provide employment opportunities for displaced refugees from Syria and the Middle East, to aid them in successful resettlement. We are proud to report that through this program in F19, 55 refugees commenced employment in our New South Wales and Victorian Metro stores. Our program is now set to expand into Queensland, South Australia and WooliesX.





## Israa Alfarasi

*Woolworths Supermarket, Liverpool, NSW*

Israa, a 42-year-old woman from Iraq, sought asylum in Australia with her mother in 2012. Before fleeing the conflict that destroyed her home, Israa studied accounting and worked as a primary school teacher. She has always been her mother's sole carer.

As an asylum seeker, she was not permitted to work and only had access to six weeks of English courses. Language was a major hurdle for Israa, who desperately wanted to give back to the community which had taken her in.

In 2017, Israa was granted temporary protection, enabling her to start studying and working. Swiftly making up for lost time, she immersed herself in study by enrolling in the Adult Migrant English Program, obtaining a security licence, studying aged care and completing a food handling and barista course. She also obtained a first aid certificate, a construction industry 'white card' and certificates in 'Responsible Service of Alcohol' and 'Responsible Conduct of Gambling'. While Israa completed unpaid work experience at a local supermarket and café, she was unable to obtain paid employment.

Israa's brother successfully completed the Woolworths Refugee Program at the end of 2018 and, through him, Israa applied for the 2019 Easter intake.

Successfully completing a work experience placement at Woolworths' Liverpool store, Israa commenced as a permanent part-time team member in mid-April 2019. When asked what her job means to her, Israa responds, "It means everything for my life, to improve my life and my English. I can mix with other people, do something useful for me and for others in my family, and help other people at work who need help."



# Supporting Aboriginal and Torres Strait Islander employment

## IMPACT:

Commitment **5**

Commitment **6**

Sustainable  
Development Goal



We are proud to have continued to recruit, engage and retain more Aboriginal and Torres Strait Islander team members this year.

WOOLWORTHS GROUP

## Reconciliation Action Plan

On 5 July 2019, Woolworths Group proudly launched our second Reconciliation Action Plan (RAP) in Coffs Harbour, NSW. Our RAP outlines our continued commitment to taking actions that build relationships, respect and opportunities between Aboriginal and Torres Strait Islander and non-Indigenous Australians.

Our vision for reconciliation is a better future in which all Australians have an equal voice and access to opportunities for prosperity. Our role in contributing to reconciliation includes:

- Advocating for, and actively supporting, the Uluru Statement from the Heart by encouraging constitutional change and structural reform to empower First Nations peoples with constitutional recognition and a guaranteed voice

- Listening to and learning from the knowledge and experience of Aboriginal and Torres Strait Islander peoples past and present, especially in matters affecting Country and First Nations communities and networks
- Building strong and lasting relationships with Aboriginal and Torres Strait Islander peoples, based on principles of equal partnership, social justice and respect for their cultures and histories in order to make a positive impact where it is needed most
- Building recognition, understanding and respect for the value of Aboriginal and Torres Strait Islander cultures, histories and achievements
- A renewed focus on building business opportunities with Aboriginal and Torres Strait Islander

partners, while ensuring access to sustainable jobs and opportunities for individuals that have the potential to create lasting and multi-generational benefits for families and communities.



Reconciliation Action Plan  
July 2019 - July 2021







WOOLWORTHS GROUP

## Resourcing the Future Indigenous Employment Program

We have continued our partnership with the Federal Government and Diversity Dimensions through our Resourcing the Future Indigenous Employment Program. In total, 2,279 Indigenous team members have joined us since the program's inception. Retention rates remain high at 71%.

This year, we again achieved our commitment that at least 2% of our graduates be Indigenous by refining our recruitment processes to identify and remove systemic barriers to successful recruitment, and further strengthening our graduate engagement strategy. We are continuing to develop other opportunities for increasing Indigenous youth employment at Woolworths Group, including paid apprenticeships and internships.

### Lisa Hohoi

*Woolworths Supermarket, Conder, ACT*

Lisa Hohoi is a proud Murray Island woman from the Torres Strait, and is part of the Komet Clan. She joined Woolworths through the Resourcing the Future Indigenous Employment Program in 2016 as a Team Member in the Deli department in the Conder, ACT, store and has since been promoted to the position of Deli Team Support.

Prior to starting at Woolworths, life was difficult for Lisa, who struggled to get back into the workforce after having her children and escaping a domestic violence situation.

Lisa seized the opportunity to provide a new life for her children when she saw an opening to join the Program. For Lisa, being promoted to the position of Team Support has been "a really rewarding experience - it helped me grow my confidence as a woman within the workplace. I'm very happy to have really good people around me that genuinely believe in me, see that I have potential, and recognise that I'm hard working. This has opened up so many opportunities for me, and for that I want to say, thank you, Woolies".

Lisa is a role model for her children. Seeing their mum in a Woolworths uniform, working hard and excelling in her role, has inspired her children to be strong, resilient and self-sufficient, just like their mum. Lisa adds, "Working for Woolworths has taught my kids to reach for opportunities and to go further in life. They know that they can achieve anything as long as they work hard and have the right attitude".



# Supporting Aboriginal and Torres Strait Islander employment

## IMPACT:

Commitment **5**

Commitment **6**

Sustainable  
Development Goal



WOOLWORTHS GROUP

## Welcome to Country and Acknowledgment of Country at Woolworths Group

Woolworths Group is working hard to ensure that we acknowledge the traditional custodians of this land and pay our respects to Aboriginal and Torres Strait Islander elders, both past and present.

Across all businesses we are encouraging our team members to either have an Acknowledgement

of Country or Welcome to Country performed at meetings and forums. This year we are talking with our team members about why it is important to do an Acknowledgment of Country when our people gather together. At our Norwest support office we began Reconciliation Week with a didgeridoo performance from Tom Saunders, a Welcome

to Country from Aunty Millie Ingram and the unveiling of an Acknowledgement of Country plaque that will be proudly displayed at the entrance of our building. Acknowledgement of Country plaques are currently being installed in many of our stores, support offices and distribution centres.





*Our vision for reconciliation is for a better tomorrow where all Australians have an equitable voice and opportunities for prosperity.*



Photo: Trevour Veale / News Corp



## Jawun Indigenous Community Program

*Steve Davies, Online Fulfilment Manager, Dan Murphy's*

Steve is one of many team members to have taken part in a secondment under Endeavour Drinks' partnership with Jawun, which has been in place since 2013. Secondtees are placed into six-week programs across Australia to share their skills and experience to help Indigenous organisations with local community projects. Steve was seconded to the Lirrwi Yolngu Tourism Aboriginal Corporation in the North East Arnhem Land Region to provide an end to end solution for food logistics for their tourism business.

"I gained a more thorough understanding of Australian history and the challenges confronting Indigenous Australians, and a greater appreciation of their diversity."





# Caring for the safety and wellbeing of our teams and customers

## IMPACT:

Commitment

7

Sustainable Development Goal



Safety



We care about the physical and psychological safety and health of our customers, team and communities. We are committed to creating a safe work environment, where people arrive home from work and shopping free from injuries and illness.

WOOLWORTHS GROUP

## Our continued focus on mental health

The mental health of our team members continues to be our number one safety, health and wellbeing priority. We aim to establish a culture where psychological safety is seen as just as important as physical safety, and we have implemented programs to assist our teams and their families, including:

- Team Assist (a free and confidential psychological support service)
- The deployment of over 1,000 trained mental health first aiders across our business
- Our Woolworths Wellbeing Portal (providing online health and wellbeing resources to our team)
- Our Woolworths Financial Wellbeing program (offering interest free loans of up to \$2,000 for team members experiencing unexpected financial stress).

This year we focussed on achieving a culture where **'it's ok not to feel ok, and it's absolutely ok to ask for help'** by implementing the **'I am here'** program. The program is designed to help us look out for ourselves, and others, in order to create a supportive work environment for every team member, every day. We consider that these three little words can make a difference.

We understand that checking in with people is important, but that it can be difficult to know what to do when someone tells you that they need help. 'I am here' uses a combination of team members' personal stories and online learning to demonstrate what a difference a small gesture like having a cup of tea with a colleague, and being there for them, can make.

'I am here' was launched in February 2019 with over 1,000 team members completing the training in the first 24 hours. Since then, over 17,000 team members have completed the

course and participation continues to grow. The launch coincided with the final of the Woolworths' Singer/Songwriter competition, which centred on the theme of being there for someone. All proceeds from the competition were donated to Lifeline, an invaluable resource Woolworths continues to support and invest in.

We continue to encourage our team to participate in the program and are exploring how we can share the program with the broader community.



Three little words  
that can make  
a difference.



## Defibrillators in store

The Australian heart Foundation reports there are around 57,000 heart attacks each year in Australia<sup>1</sup> – the equivalent to one heart attack every 10 minutes.

We know that for every minute without CPR, or treatment with a defibrillator to restart the heart, your chances of surviving a cardiac arrest go down by 10%. After 10 minutes without CPR or treatment, there is little chance of survival at all.

This is why Woolworths has begun installing Automated External Defibrillators (AED) nationally at our stores, starting with those where medical services may not be immediately accessible. We have AED available in 500 stores as at June 2019, designed for use by anyone as they are equipped with step-by-step voice instructions.



## Electrical safety

Electricity is critical in how we get our work done and serve our customers, but it can also pose a serious risk to our people if not properly managed. We have identified key areas of improvement for electrical safety, and in March 2019 we started a program to implement reinforced electrical cables and water resistant power sockets in all of our supermarket production departments. The program has been implemented in all Australian Supermarkets.



## Safety innovation

### Hazard detection

When we launched our Gregory Hills 'Smart Store' in April 2019, we were excited to launch our first safety robot. The robot patrols the store floor and detects safety hazards like spills and trip hazards, alerting a store team member where cleaning is required. The robot also watches over the hazard until addressed, to prevent injuries to team members and customers.



### Wearable manual handling sensor

Our Supply Chain division piloted a wearable 'coaching' device to reduce manual handling injuries this year in our Victorian Distribution Centre. The device monitors the wearer and provides them with instant feedback (via vibration and an audible alert) when they make high-risk movements that could lead to injury. The device also communicates with the team member's phone or tablet to provide coaching to improve manual handling techniques.

Team members who participated in the pilot achieved a greater than 50% reduction in high-risk movements on average, and provided positive feedback about the device. The pilot was extended to include team members at two more distribution centres in the first half of 2019 and, if successful at those centres, will lead to a wider implementation plan across the business for 2020.



<sup>1</sup> [www.heartfoundation.org.au/about-us/what-we-do/heart-disease-in-australia](http://www.heartfoundation.org.au/about-us/what-we-do/heart-disease-in-australia)



# Creating opportunities for all

We are proud to have achieved Gold Tier Employer status in the Australian Workplace Equality Index (AWEI) for Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion for the second year running.

## IMPACT:

Commitment

8

Sustainable Development Goal



LGBTI Inclusion



## Welcome Here Project membership

In 2019, BWS has partnered with ACON to become a registered Welcoming Place, in support of ACON's Welcome Here Project.

The Welcome Here Project supports businesses/organisations throughout Australia to create and promote environments that are visibly welcoming and inclusive of Lesbian, Gay, Bisexual, Transgender, Intersex and Queer/Questioning (LGBTIQ) communities. As a registered Welcoming Place, BWS stores are moving to proudly display a sticker and charter that let people know that LGBTIQ diversity is welcomed and celebrated at BWS.

At BWS, our culture celebrates our people, who are encouraged to be themselves and have fun. This core value extends not just to our team, but also to our customers and our communities. We are proud to say that teams in over 400 of our BWS stores have chosen to participate in this initiative and the numbers are climbing.



## Rainbow Tick in New Zealand

Our Countdown business achieved Rainbow Tick accreditation in November 2018 for its hard work in creating and providing a safe and inclusive workplace for its LGBTI team members and allies. Organisations that meet the Rainbow Tick benchmarks are committed to a quality improvement program focused on LGBTI inclusion across the areas of Policies, Team Training, Team Engagement and Support, External Engagement and Monitoring.







## BIG W sponsors the Australian LGBTI Awards

BIG W was a proud sponsor of the Australian LGBTI Awards for the third year running. The Australian LGBTI Awards seek to highlight individuals and organisations with an outstanding commitment to the LGBTI community. We are proud to announce that Chelsea McPhail Rosenberg was awarded the title of 2019 Diversity Champion, a well-deserved recognition for the significant impact Chelsea has made on LGBTI inclusion at Woolworths Group.

WOOLWORTHS GROUP

## Australian LGBTI Inclusion Awards Gold Tier Employer

Woolworths Group is proud to again be recognised with Gold Tier Employer status at the 2019 Australian LGBTI Inclusion Awards for the second consecutive year.

The Australian LGBTI Inclusion Awards, based on the findings of the AWEI, the national benchmark on LGBTI inclusion, recognise Australia's top organisations for LGBTI inclusion and celebrate leaders, individuals and networks that have made a significant impact on LGBTI inclusion within their workplaces.

Woolworths Group is the only retailer in Australia to have achieved Gold Tier status.

In the past 12 months, Woolworths Group has undertaken initiatives to further progress LGBTI inclusion in the workplace, for example:

- Holding educational LGBTI events and training sessions for team members and leaders
- Hosting a diversity roundtable and networking event
- Growing the Proud @ Woolworths Group network to 2,200+ team members – a 29% increase in membership from the last financial year

- Celebrating Wear it Purple Day (raising awareness of LGBTI inclusion and supporting LGBTI youth) across the Woolworths Group, nationwide
- Again partnering with the Sydney Gay and Lesbian Mardi Gras in 2019, with team members participating in their first Sydney Gay and Lesbian Mardi Gras Parade this year
- Launching LGBTI inclusion training online to improve access for all team members
- Hosting a guest panel event to mark the Transgender Day of Remembrance, to improve transgender awareness and inclusion across the Woolworths Group.

*"While we know we still have more work to do, we are fully committed to continuing to support and empower our LGBTI team members. It is a very exciting time to be at Woolworths – as a diverse team, we know we can create better experiences together, for ourselves and for our customers, each and every day."*  
Rachel Mead, Woolworths Group Head of Diversity and Inclusion.



# Creating opportunities for all

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## IMPACT:

Commitment

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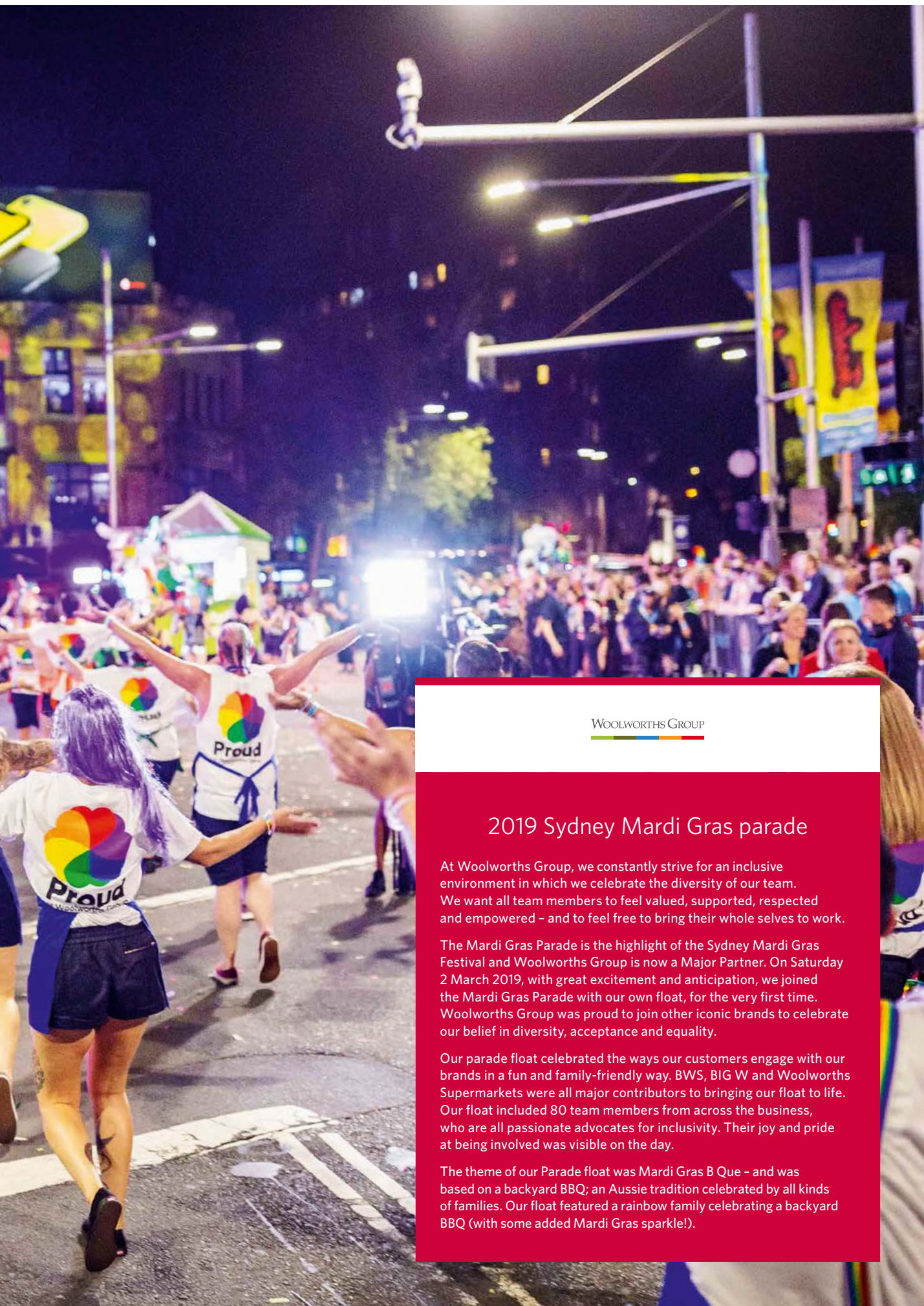
Sustainable Development Goal



LGBTI Inclusion







WOOLWORTHS GROUP

## 2019 Sydney Mardi Gras parade

At Woolworths Group, we constantly strive for an inclusive environment in which we celebrate the diversity of our team. We want all team members to feel valued, supported, respected and empowered – and to feel free to bring their whole selves to work.

The Mardi Gras Parade is the highlight of the Sydney Mardi Gras Festival and Woolworths Group is now a Major Partner. On Saturday 2 March 2019, with great excitement and anticipation, we joined the Mardi Gras Parade with our own float, for the very first time. Woolworths Group was proud to join other iconic brands to celebrate our belief in diversity, acceptance and equality.

Our parade float celebrated the ways our customers engage with our brands in a fun and family-friendly way. BWS, BIG W and Woolworths Supermarkets were all major contributors to bringing our float to life. Our float included 80 team members from across the business, who are all passionate advocates for inclusivity. Their joy and pride at being involved was visible on the day.

The theme of our Parade float was Mardi Gras B Que – and was based on a backyard BBQ; an Aussie tradition celebrated by all kinds of families. Our float featured a rainbow family celebrating a backyard BBQ (with some added Mardi Gras sparkle!).





# Planet

## For a healthy environment

We recognise the impact that our business may have on the communities and environments in which we operate and take conscious steps to operate sustainably. We aspire to be a leader in sustainable business and continue to explore, trial and implement new initiatives, and partner with other stakeholders to amplify our impact and share our learnings.



Total food relief  
diverted to people  
in need

**18.8M**  
meals



Stores with  
transcritical or  
waterloop system

**18**



Solar power generation

**10,686**  
MWH



2019 carbon  
emissions

**18%**

▼ below 2015 levels







Anna Playfair-Hannay, Animal Welfare Manager and her dog, Boss.





# Moving to a circular economy

Woolworths Group continues to implement initiatives to reduce food waste, such as promoting greater organic recycling and strengthening our food rescue partnerships to provide hunger relief to those in need.

## IMPACT:

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Sustainable Development Goal



Sustainable Development Goal



## Reducing food waste

As the largest food retailer in Australia, fighting food waste and addressing hunger relief are two of Woolworths' priorities for building and supporting healthy and sustainable communities.

Food waste is a \$20 billion problem in Australia and it is estimated that 40% of all food grown and manufactured in this country for Australian consumption is wasted. We are doing our part to reduce food waste going to landfill through our national 'Reducing Food Waste to Landfill Program', which was rolled out to Australian Supermarkets in July 2018. This program was designed to give store teams the education, training, resources, time and equipment to better identify and divert, surplus food away from landfill and towards at least one of the following beneficial streams of; food rescue for hunger relief; donations to local farmers for animal feed; or commercial organic recycling for composting.

Food rescue has doubled in the last year with the additional focus, and has only been made possible with the support of food rescue agencies in our local communities as well as our key national partners: OzHarvest, Foodbank, and FareShare in Australia. These partners are critical to rescue and redistribution of our surplus fresh food, so that instead of going to landfill a lot of this food can instead be donated free of charge to people in our communities affected by food insecurity.

Overall our stores have continued on average to reduce food waste to landfill by 8% year on year, for the past 4 years.

As of January 2019, 100% of Supermarkets across Australia now have a program to keep food out of landfill.

**Food for thought**

**Did you know?**

**100%**

**of our stores now have a program to keep food out of landfill**





Equivalent number of meals<sup>1</sup>  
provided  
to people in need

OzHarvest **9.6** Million

Foodbank **2.9** Million

FareShare **1.2** Million

Local  
charities  
and others **5.1** Million



## Countdown's Food Rescue Program

We continue to work towards zero food waste going to landfill in New Zealand and partner with more than 20 food rescue groups throughout the country with the aim of achieving that goal. Our Food Rescue Program continues to be an integral part of our efforts. 100 per cent of Countdown stores work with local food rescue partners and farmers, donating surplus food with the aim of directly benefiting families or farmers in need in our local communities. In F19, this meant that approximately \$5.2 million of food was donated to food rescue partners and \$1.7 million of food surplus was donated to local farmers. To ensure the ongoing success of this important program, we're also actively working to support our partners through our Countdown Food Rescue Partners Contestable Fund, which has seen more than \$435,000 worth of grants over the last three years go to 15 of our partner organisations. This year, the majority of funding awarded has gone towards helping our partners expand their operations - whether that's buying a new vehicle to transport food to recipients or hiring more team members to help them do their important work. We have also continued to work alongside our food rescue partners to share ideas and best practice with each other through our annual Food Rescue Summit, which is also helping drive collaboration in the sector. Another important element in reducing food waste is what happens in store, and we are working on improving our in-store waste management, and reducing our stock loss. Countdown's zero food waste project, funded in part by the Ministry for the Environment's Waste Minimisation Fund, will allow our business to identify further opportunities to reduce the amount of food currently going to landfill.



<sup>1</sup> The ratio of rescued food to number of meals is based on a 500g meal size, except for OzHarvest (F19 revised methodology) which uses 3 meals from 1 kg.



# Moving to a circular economy

## IMPACT:

Commitment

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Sustainable Development Goal



We are continuing to work to remove or reduce plastic packaging across our product ranges, and provide further opportunities for our customers to contribute to the circular economy through recycling.



## 2025 national packaging targets

In September 2018, Woolworths aligned to the packaging targets set by the Australian Government and the Australian Packaging Covenant Organisation (APCO) by committing that 100% of all own-brand packaging be reusable, recyclable or compostable by 2025. Woolworths was the first supermarket to commit to the 'Australasian Recycling Label' which gives customers better guidance on which components of the packaging is recyclable. We will continue to add the label to more products as packaging is refreshed and updated. We have been working hard this year on making changes in line with these targets by reviewing our current range and introducing initiatives such as:

- Introducing recycled content packaging on our Own Brand 600ml water
- Adopting the 'Australasian Recycling Label' on many Woolworths' Own Brand products including readymade meals, pre-packed salads and yoghurt.



## Sustainable packaging in drinks

Endeavour Drinks is collaborating with APCO and industry leaders such as the Winemakers' Federation of Australia to identify and address sustainable packaging issues affecting the industry. Several initiatives are underway, including:

- A pilot waste audit at 22 stores in South Australia to identify improvements and how sustainable packaging can be progressed at store level
- Identifying opportunities to reduce the quantity of plastic stretch wrap used to distribute wine products across the supply chain and how to increase recovery of this material
- Developing, with APCO and others, a set of guidelines for retailers, winemakers and their suppliers on sustainable packaging opportunities for wine, supported by awards that recognise good performance
- Collaborating with others in the industry to 'lightweight' wine stock bottles.





## Plastic reduction in New Zealand

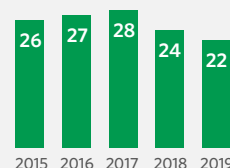
As the consumer demand for less plastic has increased, so too has the pressure on our business to make changes for the better. Over the last year we've delivered some positive results.

We've continued to remove plastic from our produce range. Since early 2018, we've removed more than 117 tonnes of plastic packaging and just over 70 tonnes of cardboard from our stores. We've also begun rolling out misting units in our stores, allowing certain fresh produce to be displayed without plastic and packaging. To date, five stores have been upgraded this way, and a further 30 stores will be completed by the end of 2019.

Single-use plastic bags removed from our stores in the last year

# 3 Billion

Waste intensity (t/square metres)



## Reducing landfill waste



As part of Woolworths Group's sustainability commitments, our Endeavour Drinks business is making great progress towards addressing the waste that goes to landfill and improving the recyclability of its Own Brand packaging at its winery and production facilities in South Australia.

With funding support from Green Industries SA's Solid Waste Management Improvement Incentives Program and Dorrien Estate Winery, Vinpac and our Angaston production facility recently undertook an audit to measure their solid waste and recycling performance.

Both sites had outstanding waste and recycling performance, diverting over 99% of waste from landfill. These sites deal with, on average, around 40 different kinds of waste, including wine processing residuals, pallets, plastics, barrels and glass.

Since this audit, these facilities have switched from single-use to ceramic cups, begun recycling cork and are looking at innovative ways to recycle problematic waste, with the aim of closing the gap to achieve zero waste to landfill.



## Reducing plastic across our stores

### Produce

Our customers continue to tell us that reducing plastic packaging across the store, particularly for fruit and vegetables, is a key concern for them. Plastic reduction is a complex task given that packaging protects the quality and extends the shelf life of fresh produce as they are transported and in turn reduces food waste, another key concern for our customers. In response to both issues, we have been working hard to identify and address excess plastic packaging across our produce range and have so far removed 313 tonnes of plastic from our fruit and vegetables in the last 12 months, and close to 500 tonnes over the last two years. We have reduced plastic packaging across a range of our products, including organic bananas, tomatoes, stone fruit, celery, kale and organic spring onions. The tray we use for

our sweet potatoes and organic apples is now made of recycled cardboard, rather than plastic. This is an important start, and we will continue to remove excess plastic from our produce range over the coming year.

### Bakery

We've removed 505 tonnes of plastic packaging from our in-store bakery items over the last 12 months. We've achieved this by replacing plastic with a reclaimed and rapidly renewable sugarcane pulp product which is certified home compostable and is also recyclable. In April 2019, we were recognised for this vital work with a special commendation at the Australian Institute of Packaging's annual Australasian Packaging Innovation and Design Awards.





# Sourcing environmentally sustainable commodities

We are constantly working to source high impact commodities and key raw materials from sustainable supply chains and raise awareness of sustainably-sourced products with our customers, partners and suppliers.

## IMPACT:

Commitment **11**

Commitment **12**

Sustainable Development Goal 

Sustainable Development Goal 



## Sustainable seafood

Seafood is a complex commodity to source sustainably due to the large range of globally sourced wild and farm-raised species that we offer. Working with fishermen and farmers around the world can create challenges for us in identifying and tracking all of our sources, especially when considering the varying size and reporting capabilities of our suppliers. Good progress has been made on packaged seafood, and we continue to build our understanding of the unique sourcing profile of fresh seafood.

### Our partnership with the World Wildlife Fund

Woolworths and the World Wildlife Fund (WWF)-Australia established a partnership in 2019, to provide us with technical advice on the sustainability of our seafood supply chain, as well as offering strategic recommendations to transition our entire seafood range to more sustainable sources.

### OpenSC

OpenSC is a new blockchain-enabled food tracking platform developed in partnership between WWF-Australia and BCG Digital Ventures.

OpenSC can track individual products from origin to consumer with the aim of helping businesses and consumers avoid illegal, environmentally-detrimental or unethical products, while also improving supply chain accountability and transparency.

OpenSC was developed through a series of successful pilots with a number of WWF's corporate partners, including Woolworths.

*"Woolworths has been working with OpenSC to pilot this innovative technology as part of our ongoing commitment to delivering high-quality, fresh and sustainable products to our customers."* – Alex Holt, General Manager of Quality, Health and Sustainability at Woolworths Group.

### Sustainable Seafood Week

Woolworths participated in Sustainable Seafood Week in March 2019 – a celebration of the certified fisheries, retailers,

chefs and restaurants around Australia supporting the Marine Stewardship Council's (MSC) mission to ensure sustainable seafood for future generations.

For the first time, the event was jointly coordinated by the MSC and the Aquaculture Stewardship Council (ASC), which together raised awareness regarding choosing responsibly farmed seafood (marked with the green ASC label) and sustainably-caught wild seafood (marked with the blue MSC label).

### Traceability

In 2019, Woolworths became a signatory to the Australian Seafood Traceability Statement, an industry-led business commitment towards best practice in traceability across the seafood supply chain. We have also joined the Global Dialogue on Seafood Traceability, an international business-to-business platform seeking to advance a unified framework for global seafood traceability practices.

WOOLWORTHS GROUP

## Paper straws



Reducing single-use plastics is top of mind for many of our customers, and following the removal of single-use plastic bags across the Woolworths Group. The Group ceased selling plastic straws in our stores in December 2018. This removed around 134 million straws from circulation per year.



## Sustainable beef

We believe our role is not just to avoid negative impacts from deforestation, but to promote responsible production that benefits people, communities and the planet. An effective approach to address deforestation will require strong collaboration. As such, we will continue to actively engage with a variety of stakeholders to identify and protect high conservation value areas within our supply chains and work with suppliers, governments, producers and other corporate and NGO partners to achieve this. Woolworths is a signatory to the Australian Sustainability Beef Framework which tracks performance annually over a series of indicators, including environmental stewardship – one of which is ‘the balance of tree and grass cover’.

## Palm oil



In F19, we continued to support the production of Roundtable on Sustainable Palm Oil (RSPO)-certified sustainable palm oil and palm kernel oil in all our own-brand food products. We are working hard with our suppliers to increase our use of certified sustainable palm oil across our product range through an increased uptake of the RSPO supply chain certification process.

We have identified all known and potential palm oil derivatives in our own brand Non-Food products (such as cleaning products). We support the production of these palm-based derivatives and working with our suppliers to use RSPO-certified sustainable ingredient.

We want to play our part in consumer awareness around palm oil products, and that's why Woolworths is part of Tiger Trek, an educational experience at Sydney's Taronga Zoo, designed to increase consumer sentiment towards Certified Sustainable Palm Oil (CSPO). Woolworths Own Brand products are featured in Tiger Trek to highlight our strong commitment to using sustainable palm oil and palm kernel oil, and to build public support to transform the industry.

## Sustainably sourced own brand commodities:



## Pulp, paper and timber

WOOLWORTHS GROUP

We are progressing well towards our target that all products containing paper, pulp and timber are sourced from independently certified sources or post-consumer recycled content. As of June 2019, we are proud to report that 89% of our Own Brand products sold in our Australian supermarkets, and 91% of our Own Brand products in Countdown supermarkets already meet our commitment.

In Woolworths Supermarkets, we achieved the following:

- Own Brand toilet paper, tissues and paper towels all come from Forest Stewardship Council (FSC)-certified or recycled sources
- All Own Brand cards, wrapping paper, gift bags and tags are FSC-certified
- All paper and timber products in our Armada and M.I.N.T. ranges are FSC-certified.
- As seen in our M.I.N.T. and Armada ranges, we are also embracing bamboo as a sustainable alternative to timber-based materials. It is a rapidly renewable resource, with most species maturing quickly in three to five years. Bamboo can be grown using less pesticides, fertilisers or irrigation, does not require replanting and has a lower environmental footprint than timber-based products.



# Animal welfare

Animal welfare is important to us and to our customers. We are committed to working with our farmers and partners to focus on good animal welfare management in our supply chain.

WOOLWORTHS GROUP

## Embedding the Five Freedoms in our practices

We continue to be the leading Australian retailer on animal welfare, and constantly strive to work responsibly to progress and influence best practice in the responsible sourcing of dairy, beef, lamb, poultry, eggs, pork and aquaculture products. Our approach is based on, and endorses, the following 'Five Freedoms', proposed by the Farm Animal Welfare Committee:

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

We source all fresh beef, lamb, pork, poultry, eggs and dairy products from Australia, to support our local communities and networks.



### RSPCA Chicken

We are proud to report that all fresh Own Brand chicken sold in Woolworths is now 100% RSPCA-approved.

We are working hard with our suppliers to transition all of our ingredient chicken in Own Brand products to RSPCA-approved or equivalent standard by December 2020. Currently, we are at 95% compliance (up from 70% last year).

#### Free range chicken

All free range chicken sold in our stores is certified to the standards set by Free Range Egg & Poultry Australia Ltd for production and quality.

### Woolworths and the Business Benchmark for Animal Welfare (BBFAW)

The BBFAW is the leading global measure of farm animal welfare management, policy commitment, performance and disclosure for food companies.

To demonstrate our commitment to continually improving animal welfare in our supply chain, we work closely with CIWF to maintain and improve our internationally-recognised BBFAW score. This year, Woolworths was again rated Tier 3, the highest rated retailer for animal welfare in Australia.



### Proudly cage-free

Since 2015, all Woolworths branded eggs are cage-free; laid by hens free from close confinement. We are continuing our work towards using only cage-free eggs as an ingredient in Own Brand products by 2025.

We are also committed to be cage free by 2025 in relation to all supplier-branded eggs and in the year to date we have seen a 6.7% decline in caged egg sales.

We are proud to report that we have been awarded the Compassion In World Farming (CIWF) Good Egg Award in 2019 for our commitment to ending the sale of caged eggs and caged egg products in our stores.





WOOLWORTHS GROUP

## Committed to working responsibly with animals

We are committed to working responsibly with the animals in our care, and continue to drive and influence best practice within our supply chain. That is why we have a dedicated animal welfare manager and livestock team.

Our Animal Welfare Manager, Anna Playfair-Hannay, is responsible for the day to day management of animal welfare within our supply chain. She works together with our internal teams, suppliers and farmers to deliver and embed of our animal welfare commitments and standards.

Our Livestock team are based regionally and spend most of their time on farms with our suppliers. Combined, they have over 250 years of experience and are responsible for buying cattle, sheep and pigs directly from farmers we know and trust to bring our customers the best quality meat.

*"The livestock team works closely with our farmers and suppliers to ensure the highest quality protein product is delivered every time. Spending time on farms and building a strong rapport and relationship is a vital aspect of our business. This ensures a sustainable and consistent product is delivered. Many of our farmers and suppliers have had a long-standing relationship with Woolworths for generations, and they are focused on delivering a consistent and quality product each and every time with a strong focus on animal welfare."*

**MATT SPRY,**  
SENIOR LIVESTOCK MANAGER - BEEF

*"Animal welfare is integral to any business that works with animals and is especially important to Woolworths. Good products start with good ingredients so it is fundamental for Woolworths to ensure animal welfare is never compromised and that we work together to continually improve our standards."*

**ANNA PLAYFAIR-HANNAY,**  
ANIMAL WELFARE MANAGER



Sam Burton Taylor, Beef Farmer;  
Anna Playfair-Hannay, Animal Welfare Manager;  
Matt Spry, Senior Livestock Manager – Beef.



# Responding to climate change

We recognise the effects of climate change to our customers, our communities, our business and our planet and remain committed to contributing to climate change mitigation. We have revised our direct emissions target to 60% below 2015 levels.

## IMPACT:

Commitment

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Sustainable Development Goal



WOOLWORTHS GROUP

Australia's climate is characterised by variability and extremes. CSIRO's State of the Climate 2018 report outlines that Australia can expect to experience further increases in temperature, with more extremely hot days, an increase in fire risk, high-intensity storms, and intense heavy rainfall.

Woolworths Group is acutely aware that the way food is produced is impacting our environment. Agriculture is responsible for 75% of deforestation worldwide, and is the largest contributor of non-CO<sub>2</sub> greenhouse gas emissions. While there may be enough food for everyone on the planet today, this may not be the case in the future. Recently published scientific work suggests that climate change may reduce crop yields by 2% per decade over the next 100 years and the poorest regions of the world are expected to be the worst hit.

We acknowledge that the world is undergoing climate change, and global food systems must be transformed. We have a responsibility to act to reduce our own emissions as a business, but also understand our role to help influence this future evolution of our industry.

As we progressively adopt the recommendations of the G20 Financial Stability Board's Taskforce on Climate-related Financial Disclosure (TCFD), we continue to grow our understanding of the key climate risks for our business.

Climate change is a systematic risk that presents risks and opportunities throughout our portfolio. We are transforming our business, and sustainable success in a carbon constrained future is one of many drivers for this.

## Our position on climate change

We accept the Intergovernmental Panel on Climate Change's assessment of climate change science and have identified climate change as a material sustainability issue relevant to our businesses (see materiality assessment, page 86). We understand the responsibility we carry in mitigating climate change and we are supportive of Australia's commitments under the Paris Agreement to limit global warming to 1.5°C–2°C above pre-industrial levels.

Our business may be impacted by the long term effects of climate change, including:

- Increased severity or regularity of extreme weather events which may result in business disruptions, changing supply conditions, safety risks for our team members and customers, and damage to our physical assets and transport infrastructure
- Changes to global policy and government regulations
- Changes to customer needs, preferences and behaviours.

## Climate change strategy

Climate change is part of our broader sustainability strategy which is described on pages 4 to 5 of this report. We are focused on improving the emissions intensity of our operations, to contribute to climate change mitigation as well as reducing our business costs.

## Task Force on Climate-related Financial Disclosures

Woolworths Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which has developed voluntary, consistent climate-related financial disclosures for companies, and is committed to providing stakeholders with information in relation to how we are managing climate change risks. We recognise we are on a journey to enhance our management and disclosure of this critical issue and will work to progressively improve our disclosures against the TCFD recommendations, aiming to be completely aligned by 2020.

## Climate change governance

We are striving to continuously improve our approach to climate change governance, to help embed it within our operations through improved procedures and Board oversight that strengthens our accountability. We continue to define roles, responsibilities and procedures at every level of our business from buying teams to the Board.

Woolworths Group considers climate change to be a critical, board-level strategic issue. The Board Sustainability Committee (SusCo) oversees our Group-level response to climate change risks and opportunities. SusCo comprises three directors and an independent Chair, and reports directly to the Board. Climate change forms part of our sustainability strategy, progress on which is reported to SusCo on a quarterly basis. As such, SusCo has responsibility for reviewing

actual or potential climate-related impacts to the Company and making recommendations to the Board and its relevant committees, as appropriate, regarding its findings. As part of this process, this year we conducted an assessment to determine the climate-related risks and opportunities we face; utilising the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Heads of Business Units and Business Areas are responsible for identifying, assessing, responding, managing and reporting upon climate risks within their business units/area and implementing appropriate risk treatment where risks exceed risk appetite. The Woolworths Facilities Management team is responsible for the energy efficiency and greenhouse gas emissions of our own operations, and manage our board-endorsed energy strategy targeting supply, demand and innovation opportunities to reduce our carbon emissions.

## Updating our emissions reduction target to a 1.5°C trajectory

The Intergovernmental Panel on Climate Change's (IPCC) 2018 Special Report on global warming of 1.5°C outlined that global warming is likely to reach 1.5°C between 2030 and 2050. The report also highlighted that climate-related risks for natural and human systems are significant even at 1.5°C. We unequivocally endorse the findings of the IPCC and recognise its call to action on climate change from all sectors of society.

As a food retailer, Woolworths has an extensive agricultural supply chain, and the agriculture sector is subject to climate-related risks arguably more than any other part of the economy. Assessing climate risk in the agriculture sector requires strategic long term planning and management strategies focused on the medium to long term, and it is because of this that we are committing to a science-based emission reduction target for 2030.

With warming already surpassing 1°C above pre-industrial levels, we have engaged management at the very highest levels on the practical steps involved in becoming a low carbon business. Constantly improving environmental performance has become a business-as-usual activity for Woolworths. This has driven cost savings and delivered very real improvements in operational efficiency, giving confidence that bold sustainability targets can unlock innovation and new commercial opportunities.

It is because of this that we are committing to an updated emissions reduction target that is in line with the level of carbon reduction required to limit global warming to 1.5°C above pre-industrial levels.

Using the Sectoral Decarbonisation Method, we investigated the 2°C and 1.5°C warming trajectories and modelled what it would take to achieve these. With a sector trajectory established from the Science Based Target (SBT), we traced back to 2030 to what our emissions target would need to be. The analysis found that Woolworths' direct

## Risk identification process

Woolworths Group identifies climate-related risks and opportunities as part of our Group risk management process in line with our Enterprise Risk Management (ERM) framework. The ERM framework comprehensively sets out the requirement for consistent identification, assessment, escalation, management and monitoring of risks across the Company through the major risk categories:

- Strategic risk
- Operational risk
- Financial risk
- Compliance risk.

As a material business risk included in our Group Risk Register (see [Annual Report page 31](#)), climate

change is identified, assessed and monitored in line with the Group Risk Management Policy.

Strong risk governance provides for formal and informal oversight of climate risk from both top down (at an enterprise level of material risks) and bottom up perspectives. It improves decision making by considering both the consequences and the rewards associated with risk taking and risk management.

The Board Audit, Risk Management and Compliance Committee (ARMCC) is the primary Board committee that has oversight of Enterprise Risk Management (ERM) framework and the Group Risk Register. Governance is supported by the Woolworths Executive Committee and relevant committees and forums across the Group. Specific oversight of climate risk is managed by SusCo.





emissions need to be 60% less than 2015 emissions levels by 2030, which becomes our new target.

Committing to a science-based target helps Woolworths improve our climate resilience. Taking ambitious action helps Woolworths stay ahead of future policies and regulations to limit greenhouse gas emissions, ensure we comply with Australian Corporations law to the highest standard and the growing requirements on governance and disclosure in relation to climate risk

management. We are also conscious of the role we play to show leadership and help to raise the ambitions of others.

Through our continued investment in abatement measures such as onsite solar, and the phase-down of synthetic refrigerant use, we will achieve significant emissions reduction in our business. However, we are working on our pathway to achieve the 1.5°C target. We are committed to actively scanning emerging technologies, explore renewable energy sourcing

strategies and continually improving the energy efficiency of our business in order to meet this ambitious goal. With the increasing speed of technological improvements in energy efficiency and renewable energy production, we believe there will be new and exciting carbon reduction opportunities in the future that we cannot accurately forecast today.

We are working with the Science Based Target initiative to have our target independently assessed and approved and will report once this process is complete.

## Climate risks and opportunities

Risks were identified in the following themes, and the outcomes are discussed in the following sections. Potential financial impacts have not been modelled, however indicative financial impacts were determined using our Enterprise Risk Management framework.

### Climate change risk themes



PHYSICAL



MARKET



TECHNOLOGICAL



REPUTATION



POLICY

CLIMATE ISSUE	POTENTIAL RISK	MITIGATION AND OPPORTUNITIES
 <p>Policy</p>	Change in policies which apply a carbon price will impact our energy, fuel and raw material costs and operating costs for refrigeration systems.	We are looking into conducting scenario analysis to establish the potential impact of a carbon price on our direct operating costs, and integrate these costs into our business planning and decision making.
 <p>Technological</p>	The delayed adoption of new technologies in our facilities will reduce Woolworths Group's competitiveness.	We will investigate new initiatives for optimising efficiencies such as innovative renewable energy installation, batteries and renewable energy procurement approaches. Our science-based target will bring particular focus to this work.
 <p>Reputation Risk</p>	Consumer and community expectation is that the Woolworths Group, being an iconic brand and ASX10 company, will lead in mitigating and adapting to climate change. As more extreme weather events occur in relation to climate change, if Woolworths Group fails to act and communicate climate action, there is a risk in being perceived to be laggards and 'climate change culprits', resulting in brand/reputation damage.	Woolworths Group will continue to actively engage with our stakeholders and improve our disclosure on climate-related risk management. We will work to ensure that our existing and future commitment for climate action is effectively communicated.
<p>Extreme weather impacting our:</p> <ul style="list-style-type: none"> <li>Facilities</li> <li>Stores, distribution, logistics operations</li> <li>Teams.</li> </ul> 	Our operations are susceptible to extreme weather events such as flooding and electricity blackouts. This can lead to increased product damage and stock write-offs. There is also potential wellbeing risks for our teams as, for example, the number of extreme heat days increase.	We will assess the use of climate modelling to assess the risks to physical assets and help us plan for extreme events.

## Identifying the climate risks and opportunity

During the year, we undertook risk assessment workshops with key stakeholders across the Group to assess the potential physical and transitional risks that may arise under Australia's changing climate, their impacts and their opportunities for Woolworths' operations.

Given the breadth of the impacts of climate change and our expansive supply chain, the climate risk identification and evaluation workshops were undertaken in two sessions:

- Operational risks (retail stores, logistics, distribution centres)
- Upstream and downstream risks (suppliers and customers).

An overview of the potential climate risks on these areas of our business is as follows:

- **Customers:** Woolworths Group's corporate trust and brand association could be impacted by climate change, if our ability to meet customer demand for sustainable, low-price, high-quality products is compromised. Moreover, the definitive momentum towards sustainable

attitudes, met with increasing public concern about climate change, ethical sourcing and health will likely affect both customer preferences and stakeholder expectations of Woolworths Group's role as a large listed company.

- **Suppliers:** Woolworths has a large and complex supply chain network across Australia and internationally. Physical climate-related events such as droughts, cyclones and flooding, along with climate-related regulatory interventions, can directly affect the quality and quantity of fresh produce and compound business disruptions.
- **Operations:** The transport, distribution and storage infrastructure for our businesses are expected to grow, as customer demand continues to increase for more convenient delivery solutions. Greater centralisation of infrastructure assets (such as large distribution centres) could potentially concentrate our exposure to the physical impacts of climate change.

## Potential disruption and relocation of commodity supply chains

According to the latest IPCC report, Australia will observe:

- Changes in temperature (further increases in sea and air temperatures, more hot days and marine heatwaves and fewer cool extremes)
- Changes in precipitation (decrease in rainfall across Southern Australia with more time in drought, but an increase in intense heavy rainfall throughout Australia)

- Global and local sea level rise (further sea level rise and ocean acidification)
- Extreme weather events (cyclones, storm surges, bushfires).

This is a new paradigm for Australia's agricultural sector, and it could have widespread supply-chain implications for our fresh food and drinks businesses. Acute shocks to supply will increase price volatility in the food industry. We have identified some potential risks in the table below:

ACUTE RISKS	CHRONIC RISKS
Droughts affects fresh produce, and lead to price shocks for customers. Vegetables, fruit and honey have historically been vulnerable to price spikes during Australian droughts.	Suppliers' ability to adapt to climate change may have long term effects on our supply chain and logistics. This includes cold-chain management issues and current distribution centres and logistics not being in locations that are optimal for sourcing produce in the future.
Cyclones and storm surges can affect produce that is grown in concentrated locations in Australia, such as bananas.	Diversified sourcing will provide some insulation from climate risk for products where more alternative growing regions exist (for example, where berry farms can shift further south). However, risks are heightened for products that have limited options for relocation (such as wine grapes) which could deeply affect availability of produce and price to customers.
Heatwaves may affect the quality of produce from farm to store, increasing damage and write-offs should the cold-chain be compromised along the way, especially for delicate fruits such as berries, mangos and avocados.	Higher priced goods may lead to substitution/reduction in demand.





We examined the potential climate-related impacts on key commodities, examples of which are shown below:

PRODUCT	CURRENT CONDITIONS	PROJECTED CLIMATE CHANGE IMPACTS
<b>Beef</b> 	Beef cattle are grown in every Australian state and territory with cattle breeds of temperate origin, (such as Angus and Hereford) typically raised in southern regions, grazing on intensively managed pastures. Woolworths mainly sources beef produced in Queensland, with smaller production from NSW and Victoria.	Warmer and drier climates in the future will contract pasture-growing seasons, leading to lower and more variable animal stocking rates and increase reliance on supplementary grain feeding. The negative effects of climate change on the grain industry (see grain section below) may have flow-on costs to dairy production. Reduced rainfall will limit the capture of runoff to supply drinking water, an issue highlighted during the Millennium Drought. Increased heat stress may lead to farmers choosing more heat-tolerant cattle breeds, possibly of lower meat-eating quality.
<b>Poultry</b> 	Commercial chicken meat production is established in most states and territories in Australia. Major chicken-growing areas are generally within 100 kilometres of processing plants, with many of the largest operations within 50 kilometres of a capital city. The ideal temperature range for broiler chickens to thrive is 18–22°C, and 19–22°C for laying hens. Intensive poultry industries rely heavily on feed such as wheat and barley.	Heat stress for broiler chickens causes them to reduce feed intake, resulting in poor weight gain and poorer meat quality. Heat stress affects laying hens' laying rate, and reduces egg weight and shell quality. The negative effects of climate change on the grain industry (see below) will have flow-on costs to poultry production.
<b>Bananas</b> 	85% of Australia's bananas come from North Queensland's coastal region.	Tropical cyclones can destroy large portions of banana crops (as occurred with Cyclone Yasi in 2011). Future changes to tropical cyclones are uncertain, with studies projecting a lower frequency of cyclones but increase in their intensity.
<b>Apples</b> 	Apples are largely resilient, but they are sensitive to extreme heat conditions. As little as 10 minutes of extreme sunlight (more than 35°C) is enough to cause penetrative burns through apple skin, leading to sun damage.	Climate change is expected to increase the number of hotter days (more than 35°C) in fruit-growing regions such as Goulburn Valley, increasing the rate of fruit damage. Additional netting may be required, which could add to production costs.
<b>Avocados</b> 	Grown in subtropical fruit trees, avocados need a frost-free climate with little wind, as high winds can increase moisture stress, dehydrate the flowers and reduce pollination. Both male and female plants need to be open for as long as possible to increase the chances of pollination.	Hot weather can cause sunburn damage and yield a smaller fruit. Temperatures above 35°C can reduce flowering, because some avocado trees only produce flower buds under cool temperatures. As the climate warms, daily temperature ranges will narrow in the tropics and sub-tropics, reducing the overlap between open stages of male and female parts and thus decreasing pollination chances.
<b>Citrus</b> 	Lemons are commercially grown throughout Australia and are the dominant citrus crop in central NSW and NT. Lemon trees flourish in warmer, sunny climate with mild winters and are frost sensitive. Their optimum temperature range is between 25–30°C.	Temperatures over 37°C can cause trees to shed fruit too soon, reducing yields. In the southern states, shifting production further south is less of an option, with spring frosts becoming a particular risk if trees have flowered due to warmer winters.
<b>Grains</b> 	Most grains are highly dependent on water availability. Half of Australia's corn production comes from rain-fed agriculture, and yields are highly variable. Soybeans are an annual summer legume grown in irrigated or heavy rainfall areas of southern Australia. Irrigated paddy rice requires ample water resources. Wheat growth is strongly affected by rainfall and temperature.	Water scarcity will increase due to more frequent and extended droughts. While the price of grain commodities is linked to the global market, and dependent not just on Australian conditions, Australia is a major supplier of grain globally so droughts in Australia influence global prices. Increased atmospheric carbon dioxide can increase wheat growth but decrease nutritional value.
<b>Wineries</b> 	Wine grapes are Australia's largest fruit industry, and mostly come from areas with a favourable temperate or Mediterranean climate.	Iconic winery regions such as Margaret River, Barossa and Riverina will be affected by higher temperatures and lower rainfall, especially for red varieties such as Shiraz, Cabernet Sauvignon and Merlot.

## Changing customer preferences

The demand for sustainable products is growing, and consumers are increasingly making purchasing choices based on not only what is good for them but what is good for the planet. The EAT-Lancet Commission report, published in early 2019, recommended the *planetary health diet* as a global reference diet that is best for health and the planet. It calls for global consumption of red meat and sugar to decrease by more than 50%, and consumption of nuts, fruits, vegetables and legumes to increase by 100%. The report also calls for dramatic reductions in food losses and waste and major improvements in food production practices including fertiliser and water use.

In the coming years, consumers will experience and become more aware

of the physical impacts of climate change, whether it is through exposure to bushfires, extreme storms, or the rise in costs for certain living staples on the dinner table. New research and technology into low carbon food alternatives such as lab grown meats and edible insects, currently present in the market as niche products, may become more readily available.



## What's next?

Woolworths has committed to monitoring, managing and reducing where possible, greenhouse gas emissions of our operations, and we are working to understand and address the risks created by climate change for our business.

We have undertaken:

- Energy price risk analysis, and invested in a range of initiatives that optimise our energy use and boost budget certainty
- Scoping research to understand the impact of water shortages on our supply chain, especially for 13 of our key product groups.

We will continue to work to deepen our understanding of the climate risks identified through our assessment processes. We will also undertake scenario analysis in the coming year and will report on this in our 2020 Sustainability Report.



Graeme Wellman, Endeavour Drinks Viticulturist





## Our emissions profile

We emit greenhouse gases both directly and indirectly. Emissions from our retail stores make up around 90% of our direct carbon footprint, mostly resulting from activities such as refrigeration, air conditioning and lighting. This year, we emitted a total of 3.1 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), which is 18% lower than our 2015 baseline levels. In F19, our facilities emitted

553,801 CO<sub>2</sub>e of direct (scope 1) emissions which mainly come from our use of refrigeration gases and natural gases at our stores. Electricity accounts for the majority of our emissions footprint, and this year we have emitted over 2 million tonnes of CO<sub>2</sub>e resulting from electricity use. Our scope 3 emissions include the indirect emissions that occur as a result of our waste disposal.



2019 carbon emissions

**18%**

below 2015 baseline levels



## Energy efficiency

Woolworths Group committed to reduce carbon emissions to 10% below 2015 levels by 2020. We are significantly ahead, with a 18% reduction reported this year.

We are constantly investigating and trialling new technology to help us manage and reduce our emissions towards our 1.5°C ambition, and deliver commercial benefits. Our energy efficiency projects have this year delivered a 7% year-on-year energy reduction.

**LED lighting:** We have now rolled out LED lighting across more than 800 sites and are continuing this upgrade across all our stores.

**Energy Management Centre (EMC):** All Australian supermarkets are now connected to the EMC, which allows for real-time visibility of our energy usage. We will continue to connect our other retail stores in a phased approach. The initial 500 stores originally connected to the EMC to date have achieved an average of 10% reduction in store energy consumption.

### Heating, Ventilation and Air-Conditioning (HVAC)

**Optimisation Strategy:** We have changed HVAC system settings to be more energy efficient while maintaining store conditions and customer comfort, with pleasing results. After the first phase of the project was completed, over 1,500 changes to our HVAC systems were identified, which equates to potential energy savings of \$1.3 million. Without the EMC these changes would have gone unnoticed. Data gathered has been key in changing behaviours and increasing team knowledge on energy efficiency.

**Solar:** We continue to roll out solar installations and have over 100 stores and two DCs with solar panels with a total capacity of 14MW. The TESLA battery at Erskine Park Liquor Distribution Centre entered full operation in September 2018 and is paired with a 400kW solar system. The site participated in six Peak Demand events – assisting the grid over Summer during the hot days of high demand.



## Green Factories leading the way in Bangladesh

While the Group has not formally engaged its global supply chain on specific climate change strategies, many of our strategic suppliers are proactive in addressing environmental and climate concerns. In Bangladesh, five of our supplier's factories have achieved Gold Tier Green factory certification from the United States Green Building Council (USGBC). There are only 90 garment factories in Bangladesh total that have achieved Green Status.

There are a number of indicators in the Green Factory certification, but generally these factories have lower energy consumption, use of renewable energy, consider water efficiency, have enhanced safety features and, importantly, are structurally sound. A common feature of Green garment factories in Bangladesh are heat efficient windows that help reduce energy expenditure and costs, and water management.

## Certified Green Bond

In April 2019, Woolworths Group issued \$400 million of Green Bonds and has become the first retailer in Australia, and the first supermarket operator globally, to issue Green Bonds certified by the Climate Bonds Initiative (CBI).

Our Green Bonds are issued under a framework this is aligned to the Green Bond Principles published by the International Capital Market Association and will:

- Support the financing of projects, assets or expenditure that will deliver positive environmental outcomes, for example solar installations, or waste reduction initiatives
- Encourage other companies, by our example, to invest in projects and assets that will deliver positive environmental outcomes
- Contribute to the development of the green bond market as we are the first issuer of green bonds

under the CBI low-carbon buildings criteria for supermarkets globally.

Woolworths Group's Green Bonds have been certified by the CBI and a second party opinion has been provided by Ernst & Young.

Sean Kidney, CEO and co-founder of the CBI adds,

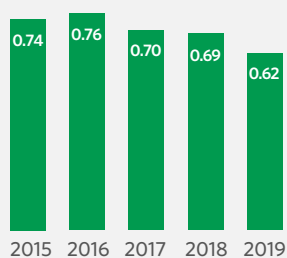
*"We applaud Woolworths for taking further steps to improve its environmental footprint via the issuing of the first certified Green Bonds by a supermarket operator globally. Purpose-driven investors now have a further opportunity to put their money to work in mitigating long term environmental and carbon risks."*

*As a result of Woolworths' commitment in this space, we have developed a global low-carbon buildings criteria for supermarkets, applicable in multiple jurisdictions. We hope Woolworths' leadership will encourage other companies, from SME-sized*

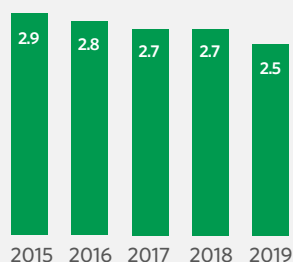
*to ASX-listed, to invest further in projects and assets that deliver positive environmental and climate outcomes, while also contributing to the development of green finance and Green Bond markets."*



Carbon Intensity  
(tCO<sub>2</sub>-e/square meters)



Energy Intensity  
(tCO<sub>2</sub>-e/square meters)



## Townsville floods - Fairfield Central store



We are continually considering the climate change resilience of our network and incorporating features into our store design. In February 2019, our Fairfield Central store was inundated with 600mm water during the Townsville floods. The store experienced an estimated loss of stock, fixtures, equipment, demolition plus rebuild at around \$12 million. Thanks to an extraordinary effort from our team, the store was reopened after six weeks, instead of the usual 16-24 weeks, which minimised trade loss allowed our team members to return to store and our customers to have access to grocery needs.

We have also installed a flood protection system in the store. These removable aluminium flood barriers will flood-proof the store to the height of 1 metre and can be deployed by a single individual in the event of a flood warning. At an approximate cost of <\$100,000, the business benefit is clear in areas like Townsville that are subject to repeated extreme weather events. As well as the financial benefit, opening in the shortest possible time after an event allows us to service a community in need and helps them to return to normality.







## "Eve" – Australia's largest electric truck

It has no engine, no gearbox, emits no fumes and can deliver up to 14 pallets of groceries to our supermarkets while hardly making a sound. Woolworths' first fully electric heavy vehicle made its debut on 1st August 2018.

Woolworths began trialling electric vehicle technology last June in one of our online delivery trucks, and our latest refrigerated heavy rigid electric vehicle is currently being used for secondary freight

(grocery and produce deliveries from DCs to stores) in Melbourne's metro area with Linfox drivers. Linfox is a key carrier supporting Woolworths in this journey.

It's the first of its kind and currently the largest in Australia. It has no petrol tank and no vibrations or jolting from changing gears – the only noise you hear are the tyres.

Unlike a normal car or truck, the electric vehicle doesn't need engine

servicing nor require regular repairs and maintenance. The battery will last around 10 years based on charge cycles. It takes six to eight hours to recharge the battery while the truck is parked at the distribution centre overnight.

Woolworths will have a second electric heavy vehicle making deliveries to stores in Sydney from August 2019.

## A greener built environment

Woolworths' Heidelberg store in Victoria has been designed in accordance with the requirements of a 5 Green Star Design and is now undergoing certification for an As-Built v1.2 Rating from the Green Building Council of Australia, setting the benchmark for a standalone sustainable supermarket development.

With 25% fewer greenhouse gas emissions than a regular Woolworths supermarket – equivalent to taking 147 cars off the road each year – Woolworths Heidelberg has incorporated a range of environmental features into many aspects of the store's renewal. These include:

- Acoustic treatments and lighting to deliver a comfortable indoor experience for customers and teams
- Use of engineered wood products, timber laminates and responsibly sourced steel, concrete, PVX
- 95% of all demolition of construction waste on site was recycled
- Access to fresh outdoor air as well as monitoring to maintain indoor air quality
- Electric vehicle charging bays, bike racks and end of trip facilities to encourage the use of low emissions transport.

We are committed to obtaining a Green Star Performance rating for currently owned retail centres and achieving a minimum 4 Star Green Star rating for future developments.



# Refrigeration management

We continue to implement new technology and initiatives to reduce our reliance on certain refrigeration gases, which is a material contributor to our carbon footprint.

Refrigeration is crucial for ensuring our customers have access to the freshest and safest food. Operation of our refrigeration systems is a material contributor to our overall carbon footprint and we continue to work towards reducing our reliance on certain synthetic refrigeration gases with high global warming potentials.

We have now rolled out 14 stores with a transcritical CO<sub>2</sub> system and four stores with a water loop refrigeration system across Australia and New Zealand. We continue to roll out hybrid refrigeration when we perform store renewals and currently have over 300 stores with these updated systems.

Our Woolworths Prestons supermarket represents a technological milestone for our business as it is the first in our fleet that combines the natural refrigeration and HVAC systems into an integrated transcritical CO<sub>2</sub> platform. This virtually eliminates synthetic refrigerants from the store.

Our refrigerant technology is currently susceptible to leaking gases of high global warming potential, at a rate of around 11 per cent below 2015 levels. By reducing our leakage rate and switching to alternative refrigerant technologies, we can reduce emissions and the cost of recharging our systems. We will align our phase down of refrigerants in accordance with Australian Government's phase-out schedule under the Montreal Protocol.

## IMPACT:

Commitment

14

Sustainable Development Goal



WOOLWORTHS GROUP



2019 refrigerant leakage

11%

below 2015 levels





# Prosperity

## Founded on trusted relationships

We continue to listen, learn and seek common ways to work better together in partnership with our suppliers, customers and communities. Developing and maintaining strong relationships enables us to build trust, loyalty and value and to maximise our positive impact.



Own Brand products undergone a nutritional renovation

**70**

▼ 9% from F18



Woolworths Own Brand products with the health star rating

**100%**

▲ 1.5% from F18



Cash donations

**\$14.8M**

▲ 198% from F18



Community Contribution of EBIT

**1.40%**

▲ 0.16% from F18







Alam Jahangir and Peter Fisher from Humpty Doo Barramundi.





# Working with our business partners

## IMPACT:

Commitment

**15**

Sustainable  
Development Goal



We know it is important to build strong long-term relationships with our suppliers. We look to understand our suppliers through open communication and find opportunities to collaborate to deliver mutual benefits.



## Woolworths Organic Growth Fund

The Woolworths Organic Growth Fund has been established in partnership with Heritage Bank to help Australian farmers meet the growing consumer demand for organic fruit and vegetables.

Woolworths has committed to invest up to \$30 million over a five-year period in the form of financial grants and interest-free loans. These grants and loans will help Australian organic fruit and vegetable growers looking to expand their operations and those keen to become part of the burgeoning organic industry. Farmers will also have contracted purchase volumes, providing them with the certainty of longer-term supply of organic fruit and vegetables to Woolworths. Australian Organic Farmers, Borderland, Green Camel, R&R Smith and Manna Farm are the successful recipients of the first round of loans and grants.

Anthony Bauer, Founder of Australian Organic Farmers in the Lockyer Valley, said: *"With the support of the Woolworths Organic Growth Fund, we're now able to install a humidity-controlled storage facility that will prolong the shelf life of our sweet potatoes and onions and enable us to work around weather events such as storms and heat waves."*



## WOOLWORTHS GROUP

### Understanding our suppliers

We work with the Advantage Group to allow our suppliers to talk freely and anonymously about our engagement and relationship with them. The Advantage Group prepares a detailed report based on these interviews on a yearly basis, along with a pulse survey which is undertaken more regularly, to provide Woolworths with feedback and help us address supplier concerns.

In the 2019 Advantage Report, we are pleased to report that Woolworths achieved the second highest ranking against 19 of its retailing peers. While we achieved the top quartile ranking in how we engage fairly and equitably with our suppliers as measured by independent supplier surveys in 2018 ahead of our 2020 commitment, Woolworths achieved a second quartile ranking in this category in 2019.

Our BWS business continues to maintain second position in the national VOS scoring rankings.

We acknowledge that there is still more work required for BWS and Dan Murphy's to continue to build our relationships with our suppliers.

### Compass app

Woolworths' suppliers can now download a newly-developed mobile app allowing them to more closely monitor the sales performance of their products in each store. The app generates alerts if sales drop below expectations, allowing a supplier to quickly identify and address potential out-of-stock or merchandising issues impacting sales opportunities. Compass has the potential to help suppliers avoid lost sales while improving product range and availability for customers.



## Supporting our dairy farmers

Woolworths customers have directly contributed more than \$18.8 million to more than 450 Australian dairy farmers through the purchase of Woolworths fresh milk since September 2018.

The support started with the limited edition Drought Relief Milk range which offered selected milk products for an extra 10 cents per litre which went to dairy farmers in drought affected areas in NSW and Qld. The distribution of these funds was independently audited by KPMG and overseen by Woolworths' Drought Relief Committee.

Following this success, in February 2019 we ceased selling \$1 per litre own-brand fresh milk altogether. As a result, Woolworths' standard retail price for 2L and 3L own-brand varieties was increased by 10c per litre and Woolworths committed to distributing all money raised from the price increase to dairy farmers across Australia.



## Sustainable Supplier of the Year - Humpty Doo Barramundi

Woolworths Supermarkets' annual Sustainable Supplier of the Year Award encourages our suppliers to innovate and implement sustainability practices into their business. We're proud to report that this year's Award went to Humpty Doo Barramundi in the Northern Territory for its Indigenous Employment Strategy (IES), which aims to develop and deliver increased opportunities for Indigenous people to be employed in its business.

The key objectives of the IES are to develop and formalise effective partnerships with Indigenous organisations in the area to:

- Increase the overall percentage of Indigenous employees
- Maintain an Indigenous procurement policy that will deliver jobs and opportunities in the Indigenous business sector
- Increase community engagement opportunities
- Increase workplace training and learning opportunities
- Contribute to healthy local communities
- Maintaining a stable workforce is a common challenge for businesses operating in Northern Australia and employment opportunities can be limited.

The IES was launched in May 2018 and Indigenous employees now make up around 17% of Humpty Doo Barramundi's team. The business is also working with Charles Darwin University's Aquaculture team to formally recognise the skills its staff have gained through their employment with Humpty Doo Barramundi with a Certificate IV in Aquaculture. This is a nationally-recognised accreditation for people working as aquaculturists in a supervisory or leadership capacity. Humpty Doo Barramundi's staff will obtain valuable skills and experience that can be applied in other aquaculture businesses elsewhere in Australia, or around the world.

Humpty Doo Barramundi also maintains professional ties with local registered trainer Karen Sheldon's 'Accelerated Aboriginal Cooks of Excellence' program, allowing Humpty Doo Barramundi not only to invest in skilling and employing Indigenous people in the rapidly-developing aquaculture industry, but also in related industries where their skills and talents will be allowed to grow.



Meshak Retchford, Humpty Doo Barramundi.





# Responsible sourcing



We believe all workers in our global supply chains have the right to be treated with dignity and respect.

**IMPACT:**

Commitment

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Sustainable Development Goal

8

DECENT WORK AND ECONOMIC GROWTH

Sustainable Development Goal

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

## Our Responsible Sourcing Program

The Responsible Sourcing Program is how we engage with our suppliers to promote the wellbeing of workers and integrity in our global supply chains.

We recognise this is material to stakeholders, including our team, customers, investors and communities.

The adoption and improvement of responsible sourcing practices involves working collaboratively with our suppliers to strengthen supply chains and improve working conditions, which mitigates risks and builds trust with our consumers and stakeholders.

These activities contribute to Sustainable Development Goal (SDG) 8 on *Decent Work and Economic Growth*, with an

emphasis on Target 8.7 that promotes “effective measures to end forced labour, modern slavery and human trafficking, as well as child labour in all its forms.” They also support our ability to work collaboratively with our partners and proactively address human rights issues where they occur in alignment with the United Nations Guiding Principles on Business and Human Rights (UNGPs).

## Responsible Sourcing Policy

Our policy underpins our approach to prioritising and responding to human rights and business integrity risks where they exist, and forms the basis of our program. It is informed by the International Labour Organisation’s (ILO) Declaration on Fundamental

Principles and Rights at Work, the United Nations Universal Declaration of Human Rights (UDHR) and the United Nations Global Compact (UNGC).

The policy defines our expectations for all direct suppliers of any goods or services and is a requirement for working with Woolworths and is included in our Vendor Trading Terms. All new suppliers are required to sign an Acknowledgment Form during their on-boarding confirming their commitment to the Policy. The Policy is endorsed by our Chief Executive Officer and is reviewed annually to ensure we remain responsive to emerging risks.

## Embedding our program in how our team operates

We understand the important role our team plays in operationalising the Responsible Sourcing Program. Last year we held face-to-face briefings with some 950 team members across different areas of our business to help them understand the program requirements. Where teams engage unique or higher risk suppliers, we conducted multiple training sessions on different responsible sourcing topics (see, for example, training with our produce team [page 58](#)).

In F20, we will launch a Responsible Purchasing Practices eLearning module for our teams that manage commercial and supplier relationships and purchase orders. The purpose of the training is to support our teams in their understanding of purchasing behaviours in particular, the potential impact on supply chain decision making that could result in non-conformances with the Responsible Sourcing Standard.



## 2019 Program highlights

1,500	Suppliers briefed
950	Team members trained
676	Factory audits reviewed
93	Reviewed farm audits
55	Onsite visits
67	Investigations
4	Cases of zero tolerance identified <sup>1</sup>

1 A zero tolerance results in immediate cease of trade pending an investigation.

## Responsible Sourcing Standards

Our Responsible Sourcing Standards (the Standards) further define our expectations for suppliers of goods or services that are own brand, exclusive or fresh.

The Standards include 19 requirements relating to labour rights, fair and safe working conditions, the environment and business integrity, as well as guidance notes. The guidance notes articulate our position in three key areas: remediating cases of child labour, characteristics of establishing an effective operational-level grievance mechanism and living wage. These are not audited against but articulate Woolworths Group's expectation and requirements.

Direct suppliers are expected to cascade these standards to their suppliers to drive improvement in responsible practices and mitigate social and environmental risk in our upstream supply chain. We recognise our suppliers may source and produce materials in countries with laws less stringent than our own standards. When this occurs, suppliers are expected to uphold our standards. We encourage honesty and transparency to help find practical solutions rather than a zero-tolerance approach that may inadvertently encourage non-transparent practices and hide risks.

In the Standards, we commit to an annual review to ensure we maintain the right approach to meet the expectations of our communities and customers. Our 2019 review includes further detail regarding our verification and audit framework, clarification on the role of our guidance notes, and recognition of our extended Supplier Speak Up program for management of grievances.

## Embedding our program in how suppliers operate

In 2019, our Responsible Sourcing efforts were primarily dedicated to communicating and implementing our program with key suppliers.

We invested resources on supplier engagement and capacity building to help our partners understand and meet our expectations. This included roadshows to launch our Responsible Sourcing Program to more than 1,500 suppliers across 10 locations in Asia, Australia and New Zealand. Based on the feedback from suppliers in Asia, 86% agreed the roadshow was relevant and helpful to their job and 90% said they would attend again next year. The feedback also provided insight into the types of materials and topics suppliers are interested in – this includes case studies on meeting the Standards and video training, both of which have been considered in our program development.

Key to success of the roadshows was the joint participation of the commercial, quality and responsible sourcing teams across the Woolworths Group businesses.

*"For me, the roadshows were a huge milestone. It was the first time we aligned as commercial, quality and responsible sourcing teams to discuss what it holistically means to be a supplier to a Woolworths Group business."* Nadene Smith, Head of Quality and Customer Care, BIG W.

Further roadshows are scheduled for H1F20.

## Mutual recognition to improve efficiency

Many of our suppliers already participate in social compliance programs for other retailers and may even have their own responsible sourcing practices embedded. To reduce the cost and audit burden on suppliers, we now accept compliance information from seven different third-party schemes. These schemes were selected based on their coverage, governance, relevance to our supply chain and alignment to our Standards.

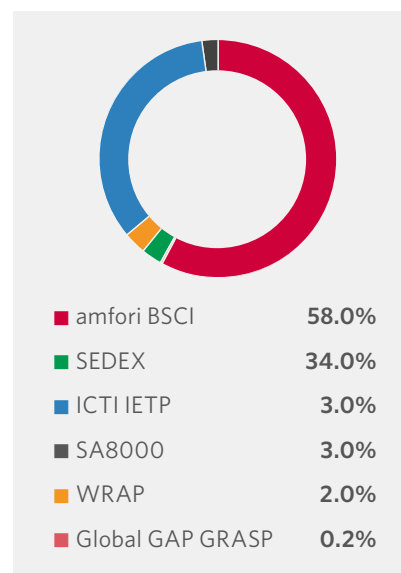
The schemes are:

- amfori BSCI
- Sedex Members Ethical Trade Audit (SMETA)
- SA8000
- International Councils of Toy Industries (ICTI) Ethical Toy Program
- Worldwide Responsible Accredited Production (WRAP)
- GLOBAL G.A.P. Risk Assessment on Social Practice (GRASP)
- Fair Farms Initiative .

By helping to reduce the number of audits at the site-level, our suppliers will be able to spend more

time and resources on improving working conditions.

Our moderate and priority suppliers have selected the following third party scheme:



This year we will deepen our engagement with amfori BSCI and Sedex to better leverage training and resources for our team and suppliers. We will also assess audit results across the different schemes to identify trends or issues that can be addressed across industry rather than in isolation.

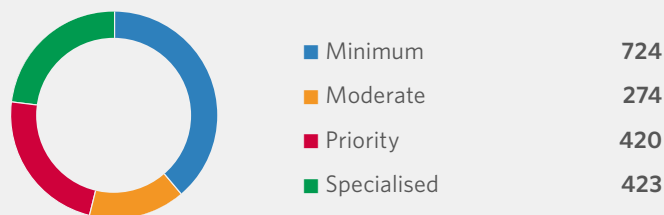




## Responsible sourcing risk segmentation

This segmentation logic informs the implementation of our due diligence framework (below). The four risk segments determine what protocols are applicable to suppliers to evidence they operate in compliance with the Standards. Additional due diligence is applied to suppliers where there is more risk and where Woolworths has greater leverage and influence.

### Segmented Own Brand Suppliers



### Due Diligence Framework

	ALL	MINIMUM	MODERATE	PRIORITY	SPECIALISED
8. Annual Unannounced Site Visit <sup>1</sup>				✓	✓
7. Implementing a Corrective Action Plan				✓	✓
6. Sharing Audit Report			✓	✓	✓
5. Mutual Recognition Audit Schemes			✓	✓	✓
4. Supplier Self-Assessment		✓			
3. Training and Education		✓	✓	✓	✓
2. Responsible Sourcing Standards		✓	✓	✓	✓
1. Responsible Sourcing Policy	✓	✓	✓	✓	✓

<sup>1</sup> Selected based on risk assessment.

### F20 risk review

In 2020, we will update our supplier segmentation analysis with additional emphasis on forced labour and commodities, which will include some tier two suppliers. This will help us further assess which geographies and supply chains are at higher risk of forced labour and help us prioritise efforts ahead of our first disclosure under the Australian Modern Slavery Act.

## Using a risk-based approach

Our operations and supply chains are complex, diverse and extend into many countries and commodities. Our risk-based approach enables us to focus on those parts of our supply chain where intervention is most required and where we can have the biggest positive impact on human rights.

Woolworths expects our business partners to adhere to ethical business conduct consistent with our values. We recognise this may be a new requirement and may be challenging for some of our suppliers. Our program is designed to be collaborative and supportive. We engage suppliers throughout this process by offering a series of information sessions, guidance documents, training and capacity development opportunities.

The products we sell are sourced both locally and through a complex global supply chain extending to some 50 countries, including China, Bangladesh and Australia. Each of these products and countries presents a different set of human rights challenges. Woolworths uses a risk-based approach to define our program requirements for suppliers and to ensure the appropriate level of due diligence is in place to best prevent and respond to these risks. This approach has been designed together with ELEVATE, a risk and sustainability firm based in Asia.

Our methodology for risk assessment is based on country risk using leading indicators, such as the World Bank Governance Indicators, the Global Slavery Index and the Transparency International Corruption Perceptions Index. We then layer additional leverage information based on a combination of the length of our business relationship and historical purchase order data. The result of this process enables us to "segment" suppliers into four groups: priority, moderate, specialised and minimum. Generally:

- Minimum risk suppliers are manufactures from Australia, New Zealand and Europe
- Moderate risk captures suppliers in Asia outside of priority risk countries and some European countries
- Priority risk suppliers are found in China, Bangladesh and Thailand
- Specialised grapples with unique risks to migrant workers in Australian horticulture.

Those suppliers in the priority and specialised group are engaged with deeper and more urgent training, investigation and remediation protocols.

## F19 supplier on-boarding

This past year, we focused on on-boarding our direct suppliers to our Responsible Sourcing Program.

**Across our priority and moderate suppliers, we received and assessed 676 audits.** Excluding nine new factories and two archived sites that are yet to be audited, this represents:

- 409/410 or 99.8% of priority sites
- 267/273 or 97.8% of moderate sites

A member of our Responsible Sourcing team has visited the remaining priority factory and the site and will undergo a full audit in H1F20. The six remaining moderate sites have audits scheduled.

**656 or 90.61% minimum risk suppliers completed their self assessment questionnaire.** FoodCo achieved a completion rate of 98.41%. The results of this analysis will inform our minimum risk supplier engagement this year.

**333 or 79% of specialised suppliers, representing 97% of purchases,** have selected their mutual recognition scheme (see page 59 for more information on what this means for our fresh produce suppliers).

We aim to integrate 100% of our direct suppliers into our Responsible Sourcing Program by the first half of 2020.

### What that means

Once our team receives an audit from one of the mutually recognised schemes, we then grade this against the Responsible Sourcing Standards. There are four possible grading outcomes: zero-tolerance (red), critical (purple), moderate (amber) and minor (green). A zero-tolerance results in immediate cease of trade pending an investigation, while those with a critical outcome are conditionally approved to trade with agreed corrective actions.

### What the data tells us

Of the 676 audits graded this year for moderate and priority suppliers, we had the following outcomes:

- Red = 1%
- Purple = 32%
- Amber = 61%
- Green = 6%

We recognised that many suppliers need support to achieve the expected standards, and ceasing support can have negative consequences on the suppliers' workers. In our Responsible Sourcing Policy we commit to working with suppliers to improve their standards, and so we try not to cease supply with those with a red or purple rating, but to put structured compliance programs in place to secure improvement.

In F20, we will continue to work with those suppliers graded "red" and "purple" to close non-conformances and maintain compliance to the Standards.

## Managing a zero-tolerance or red-rated site

This year, we received four red (zero tolerance) cases from our new routine audit process. One of these was a general merchandise supplier with a site in Indonesia. The audit revealed non-compliances, among them zero tolerance issues related to lack of transparency of wage records. The local sourcing agent agreed to work with the site to address agreed corrective actions. However, while the site addressed findings related to health and safety, they continued to deny access to payroll records. As a result we did not commence production at this site and the sourcing agent found a new location to produce the goods that met both our quality and responsible sourcing standards.

## Driving improvement through site visits in China

As a retailer sourcing a range of products from China including apparel, homewares and seasonal goods, we are actively working to improve our oversight of supply chain risks in China. Due to the high level of country and product risk, factories in China are subject to the full scope of our responsible sourcing due diligence. Those that are priority risk are further in scope of site visits. During the reporting period, we conducted 26 site visits in China, of which 23 of these factories were recorded as requiring significant improvement.

Visits were a combination of announced, for new sites, and semi- and un-announced visits for existing Priority suppliers. We identified monthly overtime exceeding the requirement of China Labour Law, and situations where workers were frequently not covered by social insurance. Some workers were found not wearing protective equipment, and there were instances of unsafe chemical storage.

While these practices fall short of our Standards, we have worked with suppliers to remedy these issues. Suppliers responded positively to our input and agreed to conduct corrective actions. By June 2019, 21 of the 23 factories had closed their corrective actions. Based on our learnings, we have developed standard remediation protocols for situations of overtime hours, social insurance and worker health and safety. In F20, these will guide both our internal teams and suppliers on what to do when these non-conformances arise. They will also form the basis of our training at our annual supplier roadshows.





## Improving our internal governance program

This year, we took a critical look at the governance of our Responsible Sourcing program. As a result, we made improvements to help embed it within our operations through improved procedures and Board oversight that strengthens our accountability.

Embedding the Responsible Sourcing Program within our business extends beyond supplier engagement. It involves making sure we have defined roles and responsibilities and procedures to govern our program at every level of our business from buying teams to the Board.

This year we embedded responsible sourcing obligations into our Operational Compliance Plans (OCPs) for Woolworths Supermarkets, FoodCo & Metro, Big W and Culture and People, to enable oversight of the controls and monitoring in place to manage these obligations. Further, we completed a third-party review of our defined processes that identified how we can improve our internal ways of working to better manage the program. This review led to enhancements to our Responsible Sourcing governance based on varying levels of responsibility and implementation:

- **SusCo:** SusCo is the Board Sustainability Committee. It comprises

three directors and an independent Chair to review the effectiveness of our Responsible Sourcing Program and the company's human rights due diligence. The group meets at least four times a year and are provided quarterly progress reports.

- **SteerCo:** Steer Co is our Executive Steering Committee that provides strategic direction of the Responsible Sourcing program and approves policies and commitments. It includes representatives for each business divisions who are accountable for Responsible Sourcing Program implementation. Based on the review new members will join SteerCo for F20: our General Manager for FoodCo, the General Counsel for Woolworths Supermarkets and the General Manager for Group Procurement. SteerCo meets every month and relevant outcomes are communicated to the Board via SusCo.
- **Working Group:** The Responsible Sourcing Working Group is comprised of individuals from each business division with day-to-day responsibility for managing the Responsible Sourcing program based on defined policies and procedures. This group meets monthly or more often if necessary on specific work items. The group maintains regular day-to-day contact on the roll-out and status of our program.

In 2020, we will continue to review our procedures and engage internal stakeholders to embed and improve responsible sourcing traction within the Woolworths Group of businesses.

## Strengthening grievance mechanisms

This year we made progress on our commitment to improve our grievance mechanism and develop tools for suppliers to support the development of effective site-level processes.

In February, we re-launched Speak Up across the Group. Supplier Speak Up, governed by the Supplier Speak Up Policy, is an independent and confidential platform available to suppliers and workers in our global supply chain. The expanded service can be accessed from our major sourcing countries, accommodates all commonly spoken languages, and can be accessed online or by phone.

In F20, we will disseminate the Speak Up Policy and web-intake form in languages of key sourcing countries. We will continue to work with suppliers to cascade information posters and information cards to help make workers aware of the Speak Up channel. At the end of F20 we will review the effectiveness of this service using the effective grievance mechanism criteria outlined by the UNGPs.

## Investigating grievances raised by workers

This year, we conducted 67 investigations regarding non-compliance in our supply chain.

This year we launched and tested our internal processes for managing worker grievances in our global supply chain. Grievances have been raised via a number of channels including Supplier Speak Up, information shared directly with our team, worker representatives, the Fair Work Ombudsman (FWO) and civil society organisations.

Every claim is reviewed based on the level of information received to determine if further investigation is required. Based on the findings of the investigation, we work with our suppliers to make sure grievances are remedied in alignment with our Standards. This may mean working with our direct suppliers to provide remedy at the second tier or to workers via labour providers.

Of the 67 investigations, 52 cases have been closed. In Australia, we facilitated AUD\$198,720 in repayments by labour contractors to 35 workers that had been

underpaid. One sub-contractor was referred to the FWO. This brings the total repayments in Australia by labour contractors over the past 18 months to AUD\$225,000. In China, we secured the repayment of US\$24,695 in wages for 55 workers by their employers (see more on [page 55](#)).

Our approach in this area has been informed by the work of our Group facilities team that has developed an effective grievance process in our cleaning and trolley collection supply chain. In response, one worker shared this feedback:

*"I get this opportunity to thank the entire Woolworths Speak Up team for their kindness and commitment for this matter. As an international student, I (sic) definitely thankful for Woolworths for establishing independent and progressive institute such as Speak Up. When I talked this matter, I felt that I am not alone to face this issue. Seeking justice is an expectation of every human being and I was able to see justice because the Speak Up team." Anonymous Reporter*

## Investigating claims from a whistleblower

In July 2018, a whistleblower identified unauthorised subcontracting with a Woolworths general merchandise supplier based in China. Aligned with our grievance process, we initiated an investigations decision group, comprised of representatives from legal, quality, commercial and responsible sourcing teams. The investigation was conducted across suppliers of the product within the region to determine if there were any deviations from the Standards. Various aspects were examined including factory safety, age and treatment of workers, and proper payment of wages.

The initial investigation identified a number of issues, including validating the claim of unauthorised subcontracting and uncovering the underpayment of overtime wages. Working with Woolworths and ELEVATE, suppliers engaged with the relevant subcontractors regarding the payment of workers, confirmed the appropriate payment standards and secured repayments for affected individuals.

Three suppliers recognised they needed to improve their processes to better align with the Standards, and agree to a year-long factory development plan. Key milestones to date include:

- Improved time keeping systems resulting in accurate and complete time records
- Implementation of electronic time tracking systems to record worker's hours and pay
- Improved worker induction processes, including a process for age verification during hiring, to manage risks of child labour and juvenile workers.

Beyond continuous improvement for suppliers, we also looked internally at how our purchasing practices and processes may have contributed to this situation. The analysis found:

- Our sourcing team had limited visibility over factory capacity; and
- We did not have a clearly defined process for managing subcontracting risks.

Based on these findings we have worked hard to improve our systems and mitigate future exposure. In June 2019, our general merchandise team launched a new product development process that includes factory capacity assessments as part of their supplier desktop review and subcontracting information on product specification briefs

Our new process for subcontracting has also been adopted across the Group. In H1F20, we will focus on training our team and suppliers on our requirements. We will continue learn from our experiences, using data and program insights to drive improvements.

## Strengthening supplier capacity to improve site-level grievance mechanisms

Grievance mechanisms are only effective in serving their purpose if they are trusted by workers.

This year we developed resources and tools to improve supplier awareness and understanding of what makes a grievance mechanism effective. We also determined a set of concrete actions for implementation:

- We require all our moderate and priority suppliers to complete a Grievance Mechanism Effectiveness eLearning module in H1F20. We recognise these suppliers have higher risks, which is why it is critical workers have access to effective grievance to raise their concerns for review without fear of retaliation to make workplaces safer and more engaging for all workers.
- Since the module was shared with suppliers in June 2019, 18% of all mandatory suppliers completed the module. Our operations team will engage with remaining suppliers directly to ensure all required suppliers complete the module by the end of 2019.

More than half of the participants who completed the module to date also provided feedback. This feedback helps us evaluate the effectiveness of the training and improve future capacity building efforts. We will continue to monitor the effectiveness of our efforts through onsite visits following supplier and worker surveys at select sites. Further insight on the outcomes of these engagements will be reported in 2020.

supplier  
**speakup**

Speak Up is a service operated by an independent third party that gives team members, suppliers and their workers the opportunity to report issues confidentially and anonymously.



Australia: 1800 772 173



[woolworthsspeakup.ethicspoint.com](http://woolworthsspeakup.ethicspoint.com)





## Working in partnership

Human rights and responsible sourcing challenges do not occur in isolation. They are embedded in complex socio-economic systems of migration, gender, under-employment, weak rule of law and low wages.

Where possible, we seek to work in multi-stakeholder partnerships that both scale impact and promote a coordinated approach to tackling complex systemic issues.

This year, we achieved this through the continuation of our Retail Roundtables, becoming a founding retailer of the Cleaning Accountability Framework and Fair Farms Initiative in Australia, and participation in amfori's Shobola women's empowerment project in Bangladesh.

We further participated in briefing sessions by NGOs and academics, were active members of the UN Global Compact Network Australia's Modern Slavery Community of Practice, and joined government consultations on the Australian Modern Slavery Act.

## Retail Roundtables

Social and labour conditions, including working hours, wages, benefits and general well-being of workers in supply chains, continue to pose an ongoing challenge for retailers locally and globally. Solutions to these issues require system-wide collaboration and cannot be solved by one actor alone.

We believe there is tremendous value for shared learning and collaboration. To support this objective Woolworths Group initiated a set of Retail Roundtables with our peers and partners in Australia and Asia. The roundtables were initiated in 2018 to promote stakeholder dialogue on responsible sourcing challenges facing our industry. To date these roundtables have brought together more than 30 retail peers, business associations, NGOs and third-party organisations.

Two roundtables took place in Australia, with a focus on temporary labour in the Australian horticulture supply chain. The third roundtable was hosted in Hong Kong with a focus on transparency, wages and working hours in Asian supply chains.

## Retail roundtables in Australia: driving collaboration on the Australian Modern Slavery Act and responsible recruitment

As Australia's leading food retailer, we are taking tangible action to eliminate modern slavery in Australia's horticulture supply chain. The roundtables support our collective engagement to address this issue by:

- Building a common industry-wide understanding of responsible recruitment principles and practices as well as the issues and their impacts on different stakeholder groups
- Identifying the challenges to implement these principles and share examples of how others are overcoming them in different regions and parts of the Australian supply chain
- Exploring how retailers and brands can encourage suppliers and labour hire companies to adopt better practices in alignment with national and international and reduce modern slavery risks.

Convening stakeholders on this topic allows us to leverage our collective influence and scale to improve conditions for temporary foreign labour. This starts with building awareness amongst suppliers and other stakeholders. We are committed to holding additional roundtables on this topic to further drive awareness and collaboration across sectors.





## Shobola: Empowering women in our Bangladesh supply chain

This year, BIG W was selected by amfori BSCI and the CSR Centre Bangladesh to participate in a women's empowerment program, *Shobola*. *Shobola*, meaning independent and empowered woman in Bengali, is a two-year project designed for female workers in Bangladesh's ready-made garment (RMG) sector to consider pathways into supervisory positions. A BIG W supplier was one of six RMG factories selected for the pilot program, which has coverage at sites both in Dhaka and Chittagong.

In Bangladesh, women are key to the growth of the economy as the government seeks to expand the apparel industry. While the ratio of women in the industry is high, they disproportionately hold operator positions in factories, with low representation in supervisor or management roles. The *Shobola* Project seeks to address the structural barriers to women in leadership positions by:

- **Sensitising** top – and mid-level management to gender equality and gender-based harassment; and
- **Empowering** female workers through leadership and capacity building training.

The program is expected to benefit both individuals and factories, in turn demonstrating a more gender-inclusive operating model for the ready-made garment industry. The programs aims to:

- Train at least 80 supervisors and 800 female factory workers;

- Have an indirect impact to 2,500+ women workers through a buddy system; and
- Create gender-based awareness in 6,500 households.

The first phase of the project from January – June 2019 included the factory selection and a baseline assessment at each site. Key findings from the baseline assessment highlight barriers to leadership for female workers including:

- A lack of confidence, often driven by a limited education or leadership experience; and
- Concerns around managing supervisory work and family commitments.

Informed by these findings in F20, the project will both development and deliver training with a focus on:

- Awareness raising on gender-equality and sexual-harassment in the workplace
- Communication skills for management and workers
- Leadership training
- Financial management

Training will be rolled out in from October 2019 to February 2020. By July 2020 the CSR Centre will use insights from the training and to develop a handbook on social dialogue and rollout in factories. Social dialogue is a process of consultation or negotiation between different social actors, for example workers and employers, usually to reach agreement on common goals or activities.



## Cleaning Accountability Framework

Cleaning Accountability Framework (CAF) is a multi-stakeholder initiative seeking to improve labour standards and cleaning quality across Australia. It promotes cleaners' rights, transparent and accountable cleaning supply chains, sustainable business models for the sector and responsible contracting practices. CAF does this by way of the CAF Certification Scheme, which recognises and rewards ethical practices in the cleaning industry and uniquely places cleaners at the heart of the certification process. CAF has been, and continues to be, developed by a multitude of industry actors, meaning this is a scheme that is fit for purpose to drive higher standards across the board.

CAF works with independent auditors, the cleaners' union United Voice, and cleaners themselves, to verify that the 'CAF Standards' – as they relate to matters such as wages and conditions, tax and super and responsible contracting – are being met at an individual building. CAF has so far developed a '3 Star Standard' of certification, and is currently developing 4 and 5 Star Standards.

Woolworths will invest \$100,000 to assist CAF to develop a retail store-specific certification scheme over the next 12 months and will be working closely with CAF to build effective preventive and detective control mechanisms to drive higher standards in our industry as a whole.



# Launching responsible sourcing in our Australian horticultural supply chain



This past year we have made significant progress towards embedding responsible sourcing in our fresh produce supply chain. Knowing the unique vulnerabilities faced by migrant workers in Australian horticulture, Woolworths Group has devised a specialised program to address and mitigate risk across this supply chain.

As recent key reports from the Fair Work Ombudsman (FWO)<sup>1</sup> and academia<sup>2</sup> indicate, worker rights challenges in Australian horticulture are multifaceted and solutions require a genuine multi stakeholder response. Key to Woolworths' approach in horticulture is working in strategic partnerships across industry, government and civil society to drive outcomes that deliver sustainable change across the sector. We believe that raising the bar on good practice across the industry will have a positive impact on our direct suppliers and their growers.

In the first year of the program, we focused our efforts in four main areas:

- Training and awareness raising among our produce team members and direct suppliers
- Operationalising our framework for managing responsible sourcing risk in horticulture
- Launching our *Requirements for Labour Providers in our Australian Horticultural Supply Chain*
- Multi-stakeholder engagement.

## Training and awareness raising

Unlike other global markets that we operate in, management systems for social compliance are relatively new to our horticulture supplier base. For this reason, it was important for us to spend time briefing our Produce team members and suppliers on different elements of our Responsible Sourcing Program. Importantly, both our written communications and face-to-face briefings are co-delivered by our Responsible Sourcing team and the commercial Head of Produce.

Our entire Produce team has attended two formal briefing sessions, the first at the launch of the Responsible Sourcing Program and the second at the launch of the Requirements for Labour Providers. At the first session, we were joined by worker advocate Moe Turaga to share his past experience of working in a situation of bondage on an Australian farm. For the second session, global ethical recruitment expert Marie Apostle from the Fair Hiring Initiative, trained our team on the complexity of labour hire for migrant workers and indicators of forced labour in labour hire arrangements.

In October 2018, we delivered our Program launch to 130 direct product suppliers at events in Sydney, Melbourne and Brisbane. This was followed by a training session with 46 of our largest suppliers in March 2019 on labour hire and ethical recruitment, and an update in June 2019 to 82 suppliers at our Hort Connections briefing. Suppliers also receive program updates via Woolworths Supermarkets' business updates and the bi-monthly supplier quality newsletter.



## Program rollout in horticulture

July 2018	August 2018	September 2018	October 2018	November 2018	December 2018
<ul style="list-style-type: none"> <li>• Responsible Sourcing Program Launch</li> </ul>	<ul style="list-style-type: none"> <li>• Support of the Australian Modern Slavery Act at Senate Inquiry</li> <li>• Participated in the Fair Farms Retailer Workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly meeting with the NUW</li> </ul>	<ul style="list-style-type: none"> <li>• 130 suppliers across the country attend RS Produce Roadshows</li> <li>• Research brief by the Australian Human Rights Institute and UTS</li> <li>• Achieved a score of 40.7 in the 2018 CHRB, an increase of 15.7 on the previous year</li> </ul>	<ul style="list-style-type: none"> <li>• FWO releases its final report on the Harvest Trail Inquiry</li> <li>• Woolworths Group accepts position on FWO Horticulture Reference Group</li> <li>• Presented with supplier, Perfection Fresh, at the UN Global Compact Network Australia's (GCNA) National Dialogue on Business and Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly meeting with the NUW</li> </ul>

<sup>1</sup> FWO, Harvest Trail Inquiry Report, 2018, available: [www.fairwork.gov.au/how-we-will-help/helping-the-community/campaigns/national-campaigns/harvest-trail-inquiry](http://www.fairwork.gov.au/how-we-will-help/helping-the-community/campaigns/national-campaigns/harvest-trail-inquiry)

## Our framework for managing Responsible Sourcing risk in horticulture

Our approach to managing risk in our horticulture supply chain aligns to our Responsible Sourcing framework; we mutually recognise three third party schemes to demonstrate compliance to our Standards. These are Sedex, Fair Farms and GlobalGAP G.R.A.S.P.

Given the maturity of the different schemes and our suppliers' varying progress towards social compliance, our process for on-boarding direct suppliers to the program occurred in three phases:

- Suppliers select their mutual recognition scheme
- Suppliers share any existing social compliance data
- Woolworths reviews existing audits and grades the outcome against our Standards.

This year, our efforts focused on on-boarding those suppliers that selected Sedex as their preferred scheme. As Fair Farms only formally launched in June 2019, suppliers that have selected this as their preferred scheme will undergo a similar onboarding process in the first half of F20.

To date 79% of produce suppliers have selected their scheme representing 97% of total purchases. Of these 263 (60%) suppliers have selected Sedex, 62 suppliers (15%) have selected Fair Farms and eight suppliers (2%) have opted for GlobalGAP. G.R.A.S.P. We are working to onboard all produce suppliers by the end of October 2019.

Of the produce suppliers that selected Sedex, we have reviewed and graded 93 reports. Of these 32 were graded green or

low risk, 44 were grade amber or medium risk and 17 were graded purple or high risk. There were no 'red' or zero tolerance cases identified. Collectively, 165 of findings have been addressed and we are working to close the remaining 13 issues. The majority (45%) of non-compliances related to health and safety, followed by age verification process and wages and benefits.

For those suppliers that are yet to complete an audit, Woolworths has taken a risk based approach to prioritise audit requests. We consider four key factors:

- Commodity
- Geography (including hotspot regions, regulatory oversight)
- Seasonality
- Suspected or known red flag sites raised via third parties.

Higher risk commodities are largely defined by the nature of the harvest and include:

- Berries
- Tomatoes
- Mixed vegetables/brassica
- Grapes
- Cucumber
- Stone Fruit.

Our risk-prioritisation further drives our program of site visits, that compliment our full social compliance audits. These may be announced or unannounced. The purpose of unannounced site visits is to understand the site operations "as is" on any given day. Visits may be conducted by Woolworths or a Woolworths' approved third party and focus on key responsible sourcing indicators:

- Management systems for labour hire providers
- Wages, benefits and working hours
- Worker induction and training

- Management systems to verify rights to work
- Worker facilities (including any onsite accommodation)
- Operational level grievance mechanism.

This year we piloted our site visits methodology. To test our process and assumptions, we piloted across a number of product categories (berries, bananas and brassica), higher risk regions (Queensland, Victoria and Western Australia), and operation types (packing warehouse, farms only, joint farms and packing sheds) using a combination of approaches (announced, semi-announced and unannounced) and teams (Woolworths and a third party).

27 site visits were conducted in total by Woolworths' Responsible Sourcing team (20) and Verite (7), a global not-for-profit specialising in identifying and remedying labour rights violations in supply chains. Findings varied across production type and location. Non-conformances included miscalculation of piece-rates, limited record keeping and limited oversight of labour providers. Visits conducted by Verite included a payroll review of labour providers. Though there were no forced labour issues found, few suppliers had specific controls in place to identify both indicators and actual incidents of forced labour.

The site visits methodology also included conversations with growers to better understand their challenges in meeting the Standards. This deepened engagement will continue to inform our strategy.

In Q1 F20, we will finalise our methodology for site visits based on the learnings from the pilots, and fully embed site visits as part of our framework for managing Responsible Sourcing risk in horticulture.

February 2019	March 2019	April 2019	May 2019	June 2019
<ul style="list-style-type: none"> <li>• Launched Requirements for Labour Providers</li> <li>• Briefed key industry stakeholders on the Requirements</li> <li>• Re-launched Supplier Speak Up</li> <li>• Conducted 6 site investigations</li> </ul>	<ul style="list-style-type: none"> <li>• First meeting of the FWO Horticulture Reference Group Meeting</li> <li>• Roundtable on Responsible Recruitment with 14 participants across industry, retail and civil society</li> <li>• Training of certification bodies on best practice social compliance auditing</li> <li>• 81 Produce team members briefed on Requirements for Labour Providers</li> <li>• 46 Suppliers attended brief on Requirements for Labour Providers</li> <li>• Participated in Fair Farms Retailer Workshop</li> <li>• Co-hosted a panel on Responsible Recruitment with the GCNA</li> </ul>	<ul style="list-style-type: none"> <li>• NUW working briefing sessions and meeting in Robinvale</li> <li>• Met with the Victorian Labour Hire Authority</li> <li>• Released our Statement of Principles</li> <li>• Briefed the PMA on the Modern Slavery Act</li> </ul>	<ul style="list-style-type: none"> <li>• Signed Collaboration Protocol with the NUW</li> <li>• Conducted site visits across strawberry and banana suppliers in QLD</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly meeting with the NUW</li> <li>• Disseminated supplier guidance on developing site level grievance mechanisms</li> <li>• Attended Fair Farms shadow audit</li> <li>• 87 suppliers attended Woolworths Group Supplier update at Hort Connections</li> <li>• Second meeting of FWO Horticulture Reference Group</li> <li>• Fair Farms Program launch</li> </ul>

2 See e.g. Joanna Howe et al., Towards a Durable Future: Tackling Labour Challenges in the Australian Horticulture Industry, 2019; Marie Seagrave, Exploited and illegal: Unlawful migrant workers in Australia, 2018; Laurie Berg and Bassina Farbenblum, Wage Theft in Australia: Findings of the National Temporary Migrant Work Survey, 2017; and the Report of the Migrant Workers Taskforce, 2019.





## Requirements for labour providers in our Australian horticultural supply chain

A key risk area for the horticulture industry is the inherent vulnerabilities of migrant workers that enter the supply chain via third party labour providers.

The FWO Harvest Trail Inquiry report found up to two-thirds of growers rely on labour hire contractors to some extent and, where these arrangements were used illegally, this had a negative impact on workers.<sup>1</sup>

In February 2019, we released an Addendum to our Responsible Sourcing Standards, *Requirements for Labour Providers in our Australian Horticulture Supply Chain* (Requirements). The Requirements make clear that any suppliers that engage a third party labour provider must have the right checks and balances in place to ensure they are dealing with a legitimate entity and that workers rights are respected.

Our approach to responsible recruitment is aligned with industry standards and underpinned by three core principles known as the Priority Industry Principles:

- Every worker should have freedom of movement;
- No worker should pay for a job; and
- No worker should be indebted or coerced to work.<sup>2</sup>

To be compliant with the Requirements, suppliers must ensure labour providers used in their supply chain meet one of the following three criteria:

1. The labour hire provider is legally registered under relevant State or any future Federal legislation related to labour hire registration (this is mandatory where legislation applies)
2. The labour hire provider is an Approved Employer on the Australian Government's Seasonal Worker Programme
3. The labour hire provider is certified via a third party scheme approved by Woolworths, currently StaffSure.

We are currently in the transition phase of the Requirements. Aligned with the timing of the Victorian Labour Hire licensing regulations, the Requirements will be fully operational from 30 October 2019.

## Multi-stakeholder engagement

We recognise strategic industry, government, union and supplier collaborations are critical to addressing shared and pervasive challenges in our fresh produce supply chain.

This year we have partnered with Fair Farms and joined the FWO's Horticulture Reference Group. We have also deepened our engagement with the National Union of Workers (NUW). Beyond these strategic partnerships, we continue to engage across industry with:

- The Horticulture Committee of the National Farmers Federation;
- State based horticulture and farming associations; and
- Industry groups such as AusVeg, the Produce Marketing Association (PMA), Berries Australia and the Australian Fresh Produce Alliance.

Our engagement framework is captured in our Statement of Principles to promote fair working conditions and the protection of labour rights in Woolworths' Australian horticultural supply chain.<sup>3</sup>

## Fair Farms Initiative

For the past 18 months, Woolworths has been part of the retail consultation on the development of the Fair Farms Training & Certification Program, an industry-led initiative to promote workplace compliance and end exploitation in Australian horticulture. We have worked with Fair Farms to ensure the Standard underlying the program meets our key Responsible Sourcing requirements and addresses priority risk areas specific to horticulture. Following its launch in June 2019, our suppliers can now register with Fair Farms to commence their path to certification. We will continue to engage with Fair Farms, assuming a role on the Fair Farms Stakeholder Reference Group in F20. Our priority areas include worker voice and grievance mechanisms within the scheme, and process for investigations when issues are raised.

*"We value Woolworth's support and endorsement of Fair Farms as a way for their produce suppliers to demonstrate workplace compliance."*

**THOMAS HERTEL,**  
FAIR FARMS PROGRAM MANAGER



Woolworths Head of Produce, Paul Turner and Responsible Sourcing Manager, Laura McManus join Thomas Hertel, Fair Farms Program Manager at the launch in June 2019.

1 Ibid 1. Page 58.

2 The Priority Industry Principles are an initiative of the Consumer Goods Forum. You can read more about Principles here: [www.theconsumergoodsforum.com/initiatives/social-sustainability/key-projects/priority-industry-principles](http://www.theconsumergoodsforum.com/initiatives/social-sustainability/key-projects/priority-industry-principles)

## FWO Horticultural Reference Group

In November 2018, the FWO released its final report on the Harvest Trail Inquiry. The Inquiry identified five key findings relating to workplace arrangements along the Harvest Trail, all of which have been considered by Woolworths' as part of our evidence-based program development. The report's recommendations included the formation of a multi-stakeholder Harvest Trail Stakeholder Reference Group. Woolworths is a member of the Group alongside retail peers, suppliers, worker representatives, industry groups and certification schemes. The Group convened twice in F19 and acts as an advisory board to the FWO working group to inform the design and implementation of initiatives and interventions to address non-compliance on the Harvest Trail.

## National Union of Workers

This year, Woolworths continued our engagement with the NUW through quarterly meetings and in attending a worker briefing session. We further cemented our commitment to ongoing dialogue with the Union through the signing of a Collaboration Protocol in May 2019. Under the protocol, Woolworths and the NUW agree to quarterly meetings to monitor the progress of the Requirements for Labour Providers in driving improved labour hire standards in our horticultural supply chain. It will also provide the NUW with a direct avenue to raise any worker feedback.

In April, Woolworths was one of five external stakeholders that attended a worker information session organised by the NUW in Robinvale, Victoria. More than 200 workers from different nationalities working across Sunraysia (Robinvale, Mildura and Swan Hill regions) attended the session to discuss workplace rights. Woolworths engaged with a number of migrant workers in feedback sessions. Key learnings included:

- Understanding the complexity of labour hire subcontracting arrangements
- Misuse of piece-rate payments
- Fees for accommodation and transport
- Legal complexities of the right to work.

Our team distributed Woolworths' Supplier Speak Up cards, but have not had any direct reports from our supply chain in this region.

After the visit, we formulated next steps based on the remediation guidance from the UN Guiding Principles on Business and Human Rights (UNGPs). Using the UNGPs, we identified that Woolworths was directly linked to the risks faced by workers in Robinvale. For businesses that are directly linked to a potential rights violation, the UNGPs suggest that companies consider their leverage to influence key stakeholders to facilitate a positive outcome for workers. We immediately implemented the following steps:

- Re-communicated our Responsible Sourcing Standards to suppliers in the region
- Conduct unannounced site visits in region
- Engaged relevant authorities including the Victorian Labour Hire Authority and Department of Home Affairs.

Ahead of the next harvest season, we will work closely with our suppliers to review their responsible sourcing management systems. During peak season we will conduct visits in the region.

## Our horticultural supply chain

Woolworths sources 96% of our fresh fruit and vegetables in Australia from some 423 direct suppliers. More than half of our direct suppliers are from two states – Queensland and Victoria – followed by New South Wales, Western Australia, South Australia, Tasmania and the Northern Territory. This is what we call tier one, or direct, suppliers.

Our tier two supply chain are those growers that supply into our direct suppliers. Of our 14 largest direct suppliers, collectively the Australian Fresh Produce Alliance, there are an estimated 1,500 tier two growers. This is just a small section of our second tier supply chain. We will continue to map our second tier to have greater transparency of the indirect growers that contribute to our fresh produce supply chain.



# Making an impact

We remain dedicated to the communities we are part of, and commit to donating at least 1% of our pre-tax profits on a three-year rolling average every year. Our direct community investment consists of cash, in-kind or our expertise and time to various causes. With our large footprint across Australia and New Zealand, we are also able to provide opportunities to raise awareness of community programs and provide channels for our customers and team members to support these causes.

## Direct community investments:

Cash donations

**\$14.8M**



In Kind

**\$18.5M**



Team member time

**\$11M**



Direct community investment totalling

**\$44.3M**

Leveraged fundraising

**\$18.1M**



Our community contribution as % of EBIT on a rolling average basis

**1.40%**

## IMPACT:

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## Australian Red Cross

One in three Australians will need a blood donation at some point in their lives. BIG W has partnered with the Australian Red Cross as part of the RED 25 program to secure 25% of the required number of blood donations in Australia annually. To date, the BIG W team has saved over 4,000 lives with blood donations, and has set a goal to save as many lives as there are team members in the business.

## Good360

Since we partnered with Good360 in 2017, and with the amazing work of our store teams, we have donated over 4.5K items, helped 510 charities and positively impacted over 900K Aussies families.

## Free Books For Kids

BIG W's Free Books For Kids is about giving families access to more books at home. Reading is the first step to building healthy minds for Australia's children. During February – May 2019, parents, carers and teachers across Australia collected more than 3.7 million books, making story time special for tens of thousands of Australian children.

## Woolworths Earn & Learn

This year 15,000 schools and early learning centres across Australia participated in the Earn & Learn program, including for the first time 120 remote schools. Through this program, we are funding the provision of educational resources.

## Royal Children's Hospital

For 32 years our Victorian Supermarkets have supported the Royal Children's Hospital in Melbourne. Each year these stores collectively raise well over a million dollars and then 200+ of our team volunteer to run the ever popular Woolworths Fresh Food Hall at the Kid's Day Out spectacular in the Melbourne Convention and Exhibition Centre on Good Friday.

## Royal Flying Doctors

With two statewide appeals this year, one in October and another in May, our Queensland stores raised over \$530,000 for the Royal Flying Doctor Service in Queensland. All funds raised will help keep this iconic and life-saving community service in the air.



## Lifeline

With a focus on mental health, Woolworths Group is proud to be one of the sponsors of Lifeline. Lifeline is a national charity providing all Australians experiencing a personal crisis with access to 24 hour crisis support and suicide prevention services. Lifeline receives over a million contacts each year from helpseekers. The support services and resources are provided through phone, face-to-face and online channels. If you need support, please call 13 11 14.

*"Being a part of so many communities across Australia and New Zealand, we have a responsibility to give back and to support those in need. I am proud of our team and the positive impact they help to create."*

BRAD BANDUCCI, CEO

## White Ribbon

Endeavour Drinks have been proud partners with White Ribbon Australia since 2013 and remain committed to ending men's violence against women. This year, we have raised over \$150,000 to help provide education, awareness-raising campaigns and preventative programs.

## Food Rescue Partners Contestable Fund

The Countdown Food Rescue Partners Contestable Fund, established in 2016, has been designed to help grow the capacity and capability of our food rescue partners. This year, Countdown has donated over \$160,000 to 12 food rescue charities to help expand their operations including buying new vehicles to transport products and building a new kitchen to prepare food for those in need.

## Drought relief support

Together with our customers, Woolworths Group raised over \$7.8 million dollars for Rural Aid's Buy a Bale appeal in support of farmers impacted by the drought. The funds helped deliver more livestock feed, cover essential household expenses and provide additional counselling support services to farmers in need in rural areas. In addition to raising funds, Woolworths also provided expertise in supply chain logistics and planning to deliver stock feed to farmers.

## Drought Angels

Over 280 ALH pubs across Australia came together to participate in Parma For a Farmer – an initiative to assist with drought relief efforts. All donations raised went to Drought Angels, an Australian charity dedicated to assisting Farmers and their families through trying times.

## Kelly Tarlton's Turtle Rehabilitation Programme

Countdown is partnering with New Zealand's only turtle rescue and recovery program to help sick and injured turtles which wash up on New Zealand's shore due to the plastics in our oceans. Our partnership will provide funds to help upgrade the turtle rehabilitation area, including building new holding tanks for the recovering turtles, a food preparation area and a new lab where the team can carry out water quality testing and animal health checks.

## Mount Compass Area School

Mount Compass Area School was awarded a Woolworths' sponsored Junior Landcare Award at the National Landcare Australia conference in October 2018. This award was in recognition of the students' efforts to guide and engage the community on the importance of Fleurieu swamplands.

## Variety – The Children's Charity

Throughout the year, Woolworths stores in NSW, ACT, SA and NT host an assortment of fundraising activities for Variety – The Children's Charity. Variety provides support for mobility equipment like wheelchairs, walking aids, and modified vehicles. As well as funding rare and expensive medical equipment.



# Giving back to the communities in which we operate

Through the Woolworths Junior Landcare Grants program, we provide funding to inspire the next generation of environmental champions.

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17 PARTNERSHIPS FOR THE GOALS

## Woolworths Junior Landcare Grants



In June 2018, we phased out the use of single-use plastic shopping bags nationally. This was a big change for our customers and our teams, and it has taken time to adjust, but thanks to our collective efforts, more than three billion single-use plastic bags have now been removed from the environment. Our 99c ‘Bag for Good’ was launched as part of our reusable bag offer, and funds from the sale of these bags go towards the Woolworths Junior Landcare Grants program.

The first Woolworths Junior Landcare Grants were awarded in early 2019, when 538 primary schools and early learning centres across the country received a grant of up to \$1,000 each to support the delivery of environmental projects.

The Woolworths Junior Landcare Grants program aims to inspire students with hands-on projects that are focused on sustainable food production, improving waste management practices and enhancing native habitats. The Woolworths Junior

Landcare Grants program is part of Woolworths’ commitment to invest in local communities and supports the next generation of environmental champions.

Junior Landcare encourages young people to become aware, empowered and active. Woolworths’ support for the program has helped Junior Landcare inspire thousands of children to be connected to their local environment and community.

Woolworths also sponsors the Woolworths Junior Landcare Team Award, a category in the National Landcare Awards program. These prestigious awards acknowledge a school, youth organisation or young community landcare team which contributes to raising awareness, sharing knowledge and promoting participation of land care amongst young people. The Woolworths Junior Landcare Award recognises Junior Landcare teams who implement land care practices within the local community.

In addition, Woolworths is supporting Landcare Australia to develop their online resources. This online platform will provide engaging, age appropriate resources to help teachers, parents, community groups, youth groups and children build knowledge and create deeper connections to sustainable land management and conservation activities.





*"Landcare Australia's Junior Landcare program encourages young people to play an active role in ensuring the safe future of their environment. We're delighted to be working in partnership with Woolworths to support thousands of children across Australia to get 'hands on' with nature."*

*Our Woolworths Junior Landcare Grants initiative is offering children the opportunity to share knowledge, develop skills and create experiences that foster connections with the environment and community from childhood to adulthood. By working together we're inspiring kids, and providing schools and early learning centres the resources they need to champion for the environment. It's important we continue to drive this progress, and engage the entire community in a movement to being more sustainable and active in caring for the environment."*

DR. SHANE NORRISH, CEO LANDCARE AUSTRALIA





# Giving back to the communities in which we operate

## IMPACT:

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We remain committed to supporting our communities when in need. Our S.T.A.N.D. partnership with the Salvation Army provides Support Through Australian Natural Disasters, and our partnership with Share the Dignity will help address period poverty.

## Our new partnership with Share the Dignity is helping women and girls in need



Woolworths has worked closely with our hunger relief partners for many years, and when we learnt that some women in need were opting to feed their children rather than buy basic sanitary products, we knew we could help address this. Too many women have had to forfeit sanitary products because they cannot afford them, instead using socks, newspapers or other means to deal with their period.

In March 2019, Woolworths partnered with Share the Dignity, an organisation with a mission to end period poverty, and help provide the basic items that vulnerable girls and women may be going without.

This partnership has enabled Share the Dignity to increase the availability of Pinkbox Dignity Vending Machines which dispense a free pack of six tampons and two pads. These machines are installed in areas where vulnerable women and girls can easily access them – including in public schools in low socio-economic areas, homeless hubs, domestic violence refuges, community centres, Aboriginal health services and hospitals.

Along with 5c from the sale of every sanitary product in our supermarkets going to Share the Dignity, Woolworths is supporting their August Dignity Drive, encouraging customers to donate product in the collection boxes in our stores.



## Salvation Army Emergency Services

WOOLWORTHS GROUP

The past year has been a particularly tough one for countless Australians who suffered widespread damage due to severe drought, devastating floods and raging bushfires.

Through our ongoing S.T.A.N.D. partnership with The Salvation Army we provide Support Through Australian Natural Disasters. This partnership helps fund the work of The Salvation Army's Emergency Services (SAES), helping them to effectively prepare to respond rapidly and provide immediate relief and recovery to communities in need.

In February 2019, Queensland experienced record breaking monsoonal rains that led to extensive flooding and significant loss of livestock and property. The SAES teams were on the ground in Townsville, operating out of six community recovery hubs, and provided immediate financial assistance, meals, and emotional support to people, many of whom lost all their possessions in the floods.

Woolworths and The Salvation Army jointly launched an emergency appeal, asking the public to donate at our supermarket checkouts, and these funds were used to support flood affected residents in the immediate aftermath, as well as during the hot, muddy and messy clean-up operations afterwards.

We are proud to be supporting The Salvation Army and help them to bring hope where it's needed most.

*"The Salvation Army is deeply grateful for the long-term support and generosity provided by Woolworths and our joint S.T.A.N.D. partnership, providing Support Through Australian Natural Disasters.*

*Woolworths is an integral part of the life-changing work of The Salvation Army, we couldn't do it without their support. Our disaster response teams and chaplains support those who are in crisis positively face, and work through, hugely confronting situations, from their homes being flooded or burned by fires, to their properties and livelihoods suffering devastation by drought.*

*In just the first six weeks after the North Queensland floods, we deployed over 70 personnel, assisted more than 3,600 households and delivered over \$1.6 million in aid. We also referred 600 people to additional specialist support services, such as counselling, financial assistance, financial counselling, chaplain and pastoral support.*

*Floods, fires and droughts take years to recover from and the vital support of Woolworths enables The Salvation Army to help thousands of people rebuild their lives.*

*Thank you Woolworths for your significant investment in people and for remaining faithful in your support as our national disaster partner."*

**COMMISSIONERS FLOYD AND TRACEY TIDD,  
SALVATION ARMY AUSTRALIA**



# Creating shared value with our customers

IMPACT:

Commitment19

Listening to our customers and providing tailored offerings is vital to delivering the outstanding customer experiences we strive for.



## Voice of Customer

We run regular Voice of Customer (VOC) surveys so that we can understand what our customers are looking for when they interact with us in one of our stores. Our VOC scores for this year indicate that we continue to have strong performance and customer satisfaction across the business.



## Sourcing locally

Our customers continue to tell us that local and more sustainable sourcing is important to them, and our team of State- and Territory-based local sourcing managers are continually seeking out products that are grown or produced locally to help us improve our ecological footprint.



## VOC improvement

BIG W has continued to improve the customer experience in store and online. Voice of customer data is used to gain a deeper understanding of customer needs and behaviours and it is central to business decision making. BIG W rolled out VOC training across all stores and support office and is currently sitting on an average VOC score of 70 in F19, which is a two point increase on last year.

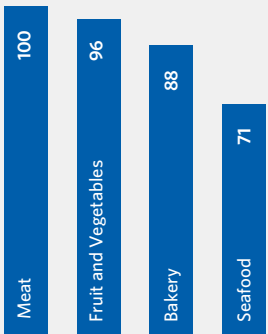


## Eastcoast Beverages

Eastcoast Beverages is a third-generation Australian family business based on the Central Coast of New South Wales. They create premium quality, 100% Australian fresh fruit juices, fruit drinks and spring water. Eastcoast employs more than 25 local staff, and strives to always use locally grown produce in its operations. Eastcoast's philosophy is Return - Regrow - Re-juice so that absolutely nothing is wasted.

Eastcoast uses 100% recyclable bottles, their citrus goes to farmers to use as cattle feed, their pulp from a pulp free product is used as an addition to yogurts and desserts and the wash down water from the plant is used to irrigate the trees in the orchard. Eastcoast's mission is to be 100% recyclable and 100% committed to the environment and the people in it. Eastcoast products are available in NSW Supermarkets and Metro.

Australian Sourced Fresh Products<sup>1</sup> (%)



1 In Australian supermarkets.





## Scan&Go

Scan&Go allows customers to scan goods with their smartphone as they walk through the store and pay in the app before tapping off at a dedicated kiosk.

Woolworths Group Head of Payments and Financial Services Paul Monnington said: "Our customers lead busy lives and they want us to make shopping more convenient than ever before. The trial in our Double Bay supermarket has been a success, with positive feedback from our customers and team, and we're pleased to now extend the benefits of Scan&Go to more shoppers. Most customers in our CBD Metro stores just want to duck in and out for a few items, so we expect the speed and ease of Scan&Go will be quite a popular offer in this setting."

We have expanded the Scan&Go trial and it is now available for customers at Woolworths Metro stores in Pitt Street, Met Centre, George Street and York Street in Sydney's CBD and Woolworths supermarkets in Mona Vale and Double Bay.



## Creating more accessible supermarkets

Over the last year, we've worked closely with a range of community groups to not only change how we develop our new stores and product range, but also to consider how we can create better experiences for customers and team members who are living with a disability, or just need an extra helping hand.

Our 'Quiet Hour' stores are a powerful demonstration of the impact that even a small gesture can have. Five stores in the North Island now hold regular 'Quiet Hour' shopping sessions where the lights are dimmed, announcements and excess noises are reduced, and there is minimal movement on the shop floor from team members for an hour – creating a more optimal shopping environment for customers with autism spectrum disorders. Plans are underway for at least seven more stores throughout the country to start their own 'Quiet Hours' over the next six months.

## The Kitchen



'The Kitchen' by Woolworths in Double Bay is our custom-made concept offering and has organic, healthy options and sustainability initiatives at its heart.

It has a wide range of organic fruit and vegetables, an expanded Macro Wholefoods market range, on-site florist, fresh juice bar, barista-made organic coffee, healthy take-away food options, and a wholesome eat in-cafe which offers a flexitarian range of 100% plant-based burgers, sausages and tofu, as well as filled pastas and sauces. Sustainable local sourcing is also a focus, with a range of organic

fruit and vegetables, including some sourced from Green Camel Organic Produce, based an hour out of Sydney, who use high-tech organic glasshouses and special water-efficient systems to reduce the use of resources.

'The Kitchen' also provides shopping trolleys made from recycled milk bottles and all eco-baskets are made from recycled soft plastics. The store will also act as a trial location for new innovative products, with a view to rolling the products out in other parts of the Woolworths network if successful.



# Responsible service of alcohol

## IMPACT:

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Sustainable  
Development Goal



We recognise our obligations regarding the responsible service, sale and marketing of alcohol and strive to be an industry leader in this important area.



### DrinkIQ

DrinkIQ is a responsible drinking training program developed by our trading partner Diageo that we are working to implement across the Endeavour Drinks business. We are in the early stages planning the roll out of this program to our teams.

### ABAC

We were the first retailer to subscribe to the Alcohol Beverages Advertising Code (ABAC); a voluntary responsible marketing code for industry. We have been a direct signatory since 2013, and regularly engage with ABAC's management committee regarding changes in advertising platforms such as social media. As a signatory, we submit the vast majority of our marketing campaigns to the ABAC Alcohol Advertising Pre-Vetting Service, which considers whether our marketing plans are consistent with the ABAC.

### DrinkWise

We have continued our long standing relationship with DrinkWise again in F19. DrinkWise is an independent, not-for-profit organisation primarily focused on helping bring about a healthier and

safer drinking culture in Australia. DrinkWise develops and implements a range of national information and education campaigns, and provides practical resources to help inform and support the community about alcohol use.

In addition to our usual storewide responsible consumption messaging, we also support DrinkWise with programs such as the tailored campaign run annually in our 'Schoolies hot-spot' stores.

### RSA Mystery Shops

The ID25 Mystery Shop program operates in all of our physical BWS and Dan Murphy's sites, as well as across our online businesses. This program involves mystery shoppers and tests whether our Community Charter (which outlines our formal commitment to the communities that we serve) and ID25 Policy are working well. Each Dan Murphy's store is tested once every eight weeks, while BWS stores are tested twice a year to ensure that we are asking customers that appear under 25 for ID prior to processing a sale.

### Development of Delivery Code of Conduct

Working with Retail Drinks Australia (RDA) we have developed an industry applicable Delivery Code of Conduct (Code) which will be adopted by RDA members across the board (including Endeavour Drinks, Coles and other independent retailers). Much of the Code has been based on our internal RSA policies.

### Liquor Accords Portal launched

We have launched an internal 'Liquor Accords Portal' which is a platform connecting our store teams with information and resources provided by Liquor Accords across Australia.

The portal replaces a manual contact and engagement method and will empower store teams to drive community engagement with other local industry representatives, businesses, council and local police. We are active in local liquor accords where they exist.

# Responsible gaming

ALH acknowledges that problem gambling is a serious community issue, and have taken steps to enhance its responsible gaming practices. This includes enhancing training programs for our team members and precluding the service of complimentary alcohol in gaming rooms.



## The Australian Leisure and Hospitality Group (ALH)

As the Woolworths Group has a significant stake in ALH, and recognises that problem gambling is a serious community issue, an independent management review into ALH responsible gaming practices was conducted in 2018. As a result of the review, ALH took a number of steps to enhance its responsible gaming practices including immediate introduction of a uniform policy across the organisation and precluding the service of complimentary alcohol in gaming rooms.

In addition, a report commissioned in 2017 by ALH was conducted by the Responsible Gambling Council of Canada (RGCC) to assess ALH's gaming operations against world best practice. This extensive review endorsed ALH's culture and commitment to responsible gaming, through training, communication and responsible practices. The RGCC made a number of recommendations that will enhance ALH's responsible gambling practices, which ALH has adopted.

ALH has committed to and is implementing:

- Enhanced training programs to assist gaming staff with customer care

- Enhanced programs and customer engagement to promote voluntary pre-commitment to gaming limits by customers
- Enhancements to its privacy training and procedures.

These commitments are underpinned by ALH's Responsible Gaming Charter and its Australia-wide voluntary customer pre-commitment program, which is aimed at helping customers to stay in control of their gaming.

These measures will ensure that ALH continues to be the industry leader in the responsible service of alcohol and gaming products.

ALH also recognises that problem gambling is a serious community issue and takes its obligations to promote responsible gaming very seriously. ALH's Hotel and Gambling Charter (introduced in 2010, as updated in 2018):

- We provide a safe, friendly environment in which all hotel customers can socialise and enjoy themselves in a good atmosphere.
- We provide good value, good quality meals and family friendly dining experiences.
- We believe we have a shared responsibility, along with individuals, families, communities and governments, to ensure responsible behaviour.
- We do not conduct promotions which encourage irresponsible drinking.
- We restrict gaming room access to adults and ensure gaming rooms are screened or separated from

other areas of the hotel, as to not to attract children.

- We offer and promote voluntary pre-commitment – a system that helps players stick to their limit by nominating maximum spending or time limits on gaming machines.
- We train our staff to be aware of behaviour that may indicate gambling problems and to provide appropriate customer care. We require all ALH hotel managers and RG hosts to complete additional advanced responsible gambling training.
- We partner with expert groups and specialists who can help staff and patrons deal with problem gambling, including Gamblers' Help (Australia's leading professional counselling service) and the Salvation Army.
- We ensure that ATM machines, where approved, are provided for the convenience of all patrons in a safe, central location and not in gaming areas.
- We do not serve complimentary alcohol in gaming rooms.
- We support local communities in numerous ways, including working with charities to raise money through our hotels.
- We conduct internal and external audits to ensure we deliver on our commitment to be Australia's most responsible operator of hotels.
- We have introduced a national Gaming Code of Conduct to ensure a consistent approach to customer engagement across the business.

### IMPACT:

Commitment

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Sustainable Development Goal





# Making healthier eating easier



## IMPACT:

Commitment

**20**

Sustainable Development Goal



Our customers tell us that health is important and want us to make healthier eating easier for them and their families. We are committed to helping our customers do more of the healthy things they're already doing, and supporting our customers to make healthier choices no matter where they are on their health journey.

## Healthier foods

### Providing healthier foods with innovation

Our Macro Wholefoods Market brand is Australia's leading supermarket health food brand. There are now more than 800 products in the range, including the launch of Macro Green Banana Flour, Macro Sweet Potato and Broccoli Powder and Macro Miso & Mushroom Kale Corn Chips in the last 12 months.

### Australia's healthiest Own Brands

In April 2019 the George Institute for Global Health found that Woolworths Own Brands were the healthiest of any major Australian supermarket based on mean Health Star Ratings compared to Coles, Aldi and IGA<sup>1</sup>.

## Healthier stores

### Making it easier to select healthier products

In November 2018, we achieved our goal of including Health Star Ratings on 100% of eligible Own Brand products (more than 2,200 foods).

We have also introduced key dietary and lifestyle attributes onto shelf tickets for Own Brand products, including whether the products are vegetarian, organic or a source of protein. This system is designed to help our customers more easily identify products that suit their dietary and lifestyle needs.

### Reducing prices on 'healthier for you' items

To help make healthier choices more affordable, we've invested millions by offering every day low prices and dropping the price on more than 230 'healthier' items (including core foods or foods with 4 or more Health Stars) over the last 12 months.

### Promoting fresh produce in our stores

In the past 12 months, 116 stores have been reformatted to highlight destinations for berries, avocados, organics, Odd Bunch and nuts to make it easier for customers to identify and shop these key growth categories.

We've continued our highly successful 'Free Fruit for Kids' program in all of our supermarkets across Australia. An estimated 32 million pieces of fruit have been donated in the last 12 months.



<sup>1</sup> The George Institute for Global Health. FoodSwitch: State of the Food Supply. April 2019.

## Healthier communities



### Fresh Food Kids Discovery Tours

We extended this free initiative to Woolworths stores nationally in July 2018, and so far over 200,000 students have taken part.



### Woolworths Centre for Childhood Nutrition Research

Since launching in January 2018, the centre's research has focused on delivering innovative nutrition research that enhances the understanding of childhood nutrition.



### Supporting active, healthy lifestyles in children

We continue our support of Life Education, Cricket Australia, Surfing Australia and Netball Australia.



### Providing healthier recipes, food ideas and tips

In September 2018 we launched our 'Healthier Easier' online hub, with recipes, tips and food ideas to help inspire our customers to eat healthier.

## Health in New Zealand

In New Zealand in the last year, key health initiatives included:

- Participating in the NZ Heart Foundation's Heart SAFE reformulation program by removing 14.8 tonnes of sugar from our Our Brand breakfast cereals and 12.4 tonnes of salt from our processed meat (including bacon and ham) in the past 12 months
- Rolling out Health Star Ratings across 99% of our eligible Our Brand products (more than 1,000 foods)
- Continuing our removal of artificial colours and flavours (now complete for 94% of Own Brand products).



## Making foods healthier with reformulation

In the last 12 months, we've improved the nutritional value of more than 70 Own Brand products including everyday categories such as breakfast cereals, ready meals, condiments and canned foods. Over the last seven years, our reformulation efforts have resulted in:



**440**

tonnes less salt



**135**

tonnes less saturated fat



**340**

tonnes less sugar



**14,000**

tonnes more whole grains



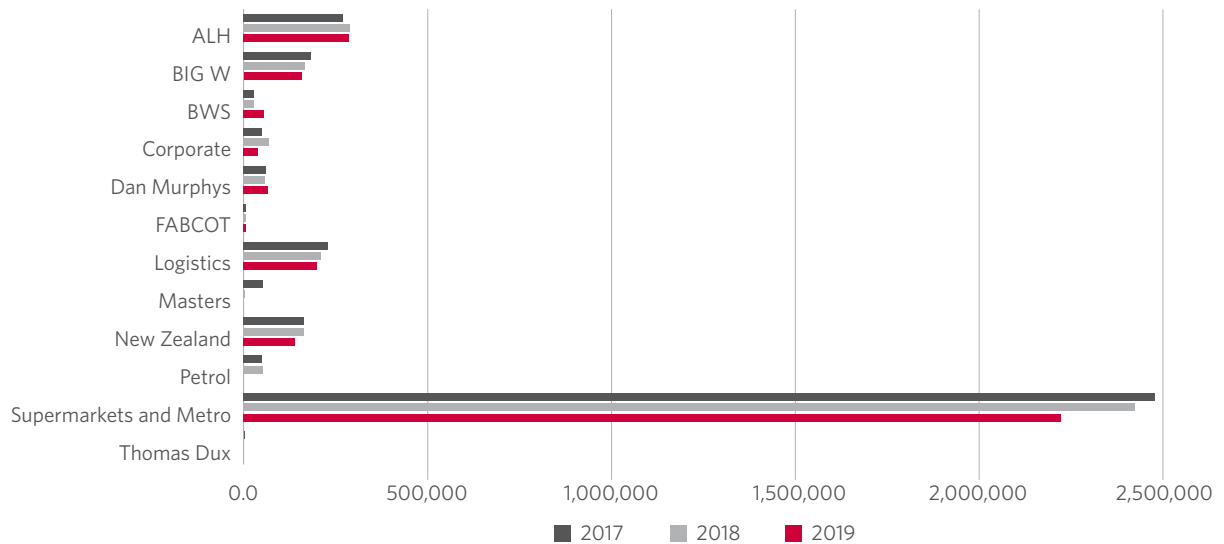
**100%**

Our Brand products free of artificial colours, flavours and added MSG

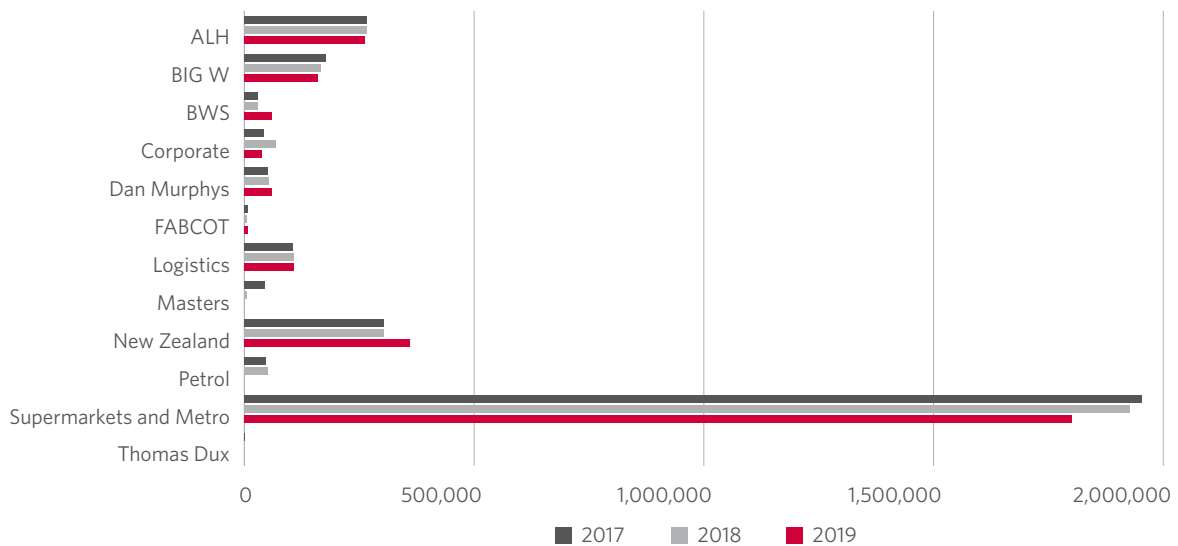


# Sustainability metrics

## TOTAL CO<sub>2</sub> EMISSIONS (t CO<sub>2</sub>-e)



## ELECTRICITY USE (MWh)





**EMISSIONS FROM FACILITIES (t CO<sub>2</sub>-e)**

	SCOPE 1	SCOPE 2	SCOPE 3	TOTAL
ALH	33,829	222,689	30,931	287,449
BIG W	4,169	128,180	22,568	154,917
BWS	3,082	44,577	6,850	54,509
Corporate	1,443	29,025	4,661	35,129
Dan Murphys	6,976	52,177	6,767	65,920
FABCOT	81	5,628	729	6,438
Logistics	338	87,451	16,708	104,497
New Zealand	51,300	35,115	17,957	104,372
Supermarkets and Metro	452,583	1,486,839	262,560	2,201,982
<b>Grand Total</b>	<b>553,801</b>	<b>2,091,681</b>	<b>369,731</b>	<b>3,015,213</b>

**TRANSPORT EMISSIONS BY USE (t CO<sub>2</sub>-e)**

END USE	AUSTRALIA	NEW ZEALAND
Business Travel	4,863	2,232
Home delivery	10,475	10,555
Logistics 3rd Party Road	95,816	23,296
Trolley Collection	15,914	-

**WASTE (tonnes)****Australia - material diverted from landfill**

	2015	2016	2017	2018	2019
Food waste to composting or energy <sup>1</sup>	17,359	15,791	16,877	16,187	50,626
Food waste to farmers	-	-	-	-	32,318
Food to charity	2,956	3,231	4,015	4,062	7,791
Cardboard	192,170	218,535	222,145	229,821	233,167
Plastic film	7,028	8,226	9,232	9,088	8,998
Polystyrene	3	-	-	-	-
Other	131	47	296	46	40
<b>Total Australia</b>	<b>219,647</b>	<b>245,830</b>	<b>252,565</b>	<b>259,204</b>	<b>332,940</b>

**New Zealand - materials diverted from landfill**

	2015 <sup>2</sup>	2016	2017	2018	2019
Cardboard	25,324	26,057	26,709	28,219	28,499
Plastic film	1,253	1,307	1,296	1,412	1,596
Food waste to farmers	807	787	768	1,265	887
Food to charity <sup>3</sup>	509	509	509	1,895	2,603
Other	435	440	1,193	836	2,410
<b>Total NZ</b>	<b>28,328</b>	<b>29,100</b>	<b>30,475</b>	<b>33,627</b>	<b>35,994</b>
<b>Total diverted</b>	<b>247,975</b>	<b>274,930</b>	<b>283,040</b>	<b>292,831</b>	<b>368,935</b>

**Total Waste to landfill**

	97,389
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1 F19 food waste to composting or energy scope has been updated from prior years.

2 F15 total excluded Farmers and charity.

3 2018 Food waste to farmers and charity methodology has been updated from prior years.



# Workplace metrics

## BOARD OF DIRECTORS

	FEMALE	MALE	TOTAL
<25	0	0	0
25-<35	0	0	0
35-<45	0	0	0
45-<55	3	1	4
55-<65	1	1	2
>65	1	2	3
<b>Total</b>	<b>5</b>	<b>4</b>	<b>9</b>

## FEMALE REPRESENTATION BY EMPLOYMENT CATEGORY<sup>1</sup>

Executives	29%
Senior Managers	34%
Managers	43%
Office support	55%
Technicians and trades	11%
Sales	59%
Other	18%

## RATIO OF BASIC SALARY AND REMUNERATION OF FEMALE TO MALE EMPLOYEES BY EMPLOYMENT CATEGORY<sup>1</sup>

This table averages all the salaries within the non-managerial or managerial category. Within each category, there are different roles and levels of positions. The ratio to average reported here does not compare like-with-like roles and does not represent the Pay Parity Project.

	2019		2018	
	AVERAGE ANNUALISED SALARY	RATIO TO AVERAGE	AVERAGE ANNUALISED SALARY	RATIO TO AVERAGE
Non-managerial Female	\$47,298.38	96.44%	\$47,412.27	97.05%
Non-managerial Male	\$51,237.68	104.47%	\$50,638.30	103.65%
Average Salary	\$49,044.65		\$48,854.17	
Managerial Female	\$79,747.45	92.98%	\$77,282.05	92.40%
Managerial Male	\$90,209.77	105.17%	\$87,952.71	105.16%
Average Salary	\$85,771.27		\$83,635.69	

## RESPECT AND DIGNITY

We expect our employees to treat each other, our customers and our suppliers with respect and dignity. We train our employees on these expectations, but sometimes we do have issues which escalate to external jurisdictions. We are working towards a resolution on the outstanding claims.

### Discrimination

No of claims lodged in Australia during the year	18
Number resolved in financial year	20

<sup>1</sup> This is provided from the WGEA report which has an extraction date of 1/1/2019 and is for Australian based Team Members only.



## Freedom of Association

We have longstanding relationships with the unions that represent our employees, and 80% of our workplace is covered by Enterprise Bargaining Agreements (EBAs).

GROUP	EBA EMPLOYEES	TOTAL HEADCOUNT	%
ALH (Venue & Support)	0	11,377	0.0%
Big W	15,762	17,438	90.4%
Endeavour Drinks	7,418	14,600	50.8%
Food Group	126,088	142,536	88.5%
Statewide Independent Wholesalers <sup>1</sup>	329	360	91.4%
Group Support	6,976	9,706	71.9%
<b>Total Employees</b>	<b>156,573</b>	<b>196,017</b>	<b>79.9%</b>

<sup>1</sup> Wholesale customer stores.

## WORKFORCE AND TURNOVER

### Headcount by Business Unit

GROUP/BRAND	FEMALE	MALE	TOTAL
ALH (Venue & Support)	6,348	5,029	11,377
Big W	11,990	5,448	17,438
Endeavour Drinks	5,556	9,044	14,600
Food Group	80,970	61,566	142,536
Statewide Independent Wholesalers <sup>2</sup>	27	333	360
Group Support	2,270	7,436	9,706
<b>TOTAL</b>	<b>107,161</b>	<b>88,856</b>	<b>196,017</b>

<sup>2</sup> Wholesale customer stores.

### Head-count by employee type

	FEMALE	MALE	TOTAL
Full-time	24,528	30,447	54,975
Part-time	50,660	30,303	80,963
Casual	31,973	28,106	60,079
<b>Total</b>	<b>107,161</b>	<b>88,856</b>	<b>196,017</b>

### Head-count by region

	FEMALE	MALE	TOTAL
ACT	1,338	1,396	2,734
NSW	31,591	26,889	58,480
NT	1,017	788	1,805
QLD	22,524	17,048	39,572
SA	6,085	5,671	11,756
TAS	2,667	2,068	4,735
VIC	22,401	20,383	42,784
WA	9,082	6,402	15,484
NZ	10,192	8,075	18,267
China	251	110	361
Bangladesh	6	25	31
Thailand	7	1	8
<b>Total</b>	<b>107,161</b>	<b>88,856</b>	<b>196,017</b>



## Workplace metrics (continued)

### Workforce by age

AGE BAND	FEMALE	MALE	TOTAL
<25	36,007	36,312	72,319
25-<35	21,672	24,026	45,698
35-<45	17,698	13,763	31,461
45-<55	17,081	8,509	25,590
55-<65	12,392	5,125	17,517
>65	2,311	1,121	3,432
<b>Total</b>	<b>107,161</b>	<b>88,856</b>	<b>196,017</b>

### Turn over by region

	TOTAL TERMINATIONS			% LABOUR TURNOVER		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
ACT	340	458	798	23.9%	34.5%	29.0%
NSW	6,512	6,693	13,205	20.3%	25.0%	22.4%
NT	347	343	690	36.1%	40.6%	38.2%
QLD	5,357	4,754	10,111	24.2%	26.8%	25.4%
SA	1,192	1,297	2,489	19.5%	22.8%	21.1%
TAS	403	435	838	14.9%	20.8%	17.5%
VIC	4,594	4,933	9,527	19.9%	24.5%	22.0%
WA	1,984	1,855	3,839	23.0%	27.0%	24.8%
NZ	2,328	2,492	4,820	22.9%	31.0%	26.5%
China	92	46	138	33.6%	28.8%	31.8%
Bangladesh	1	2	3	24.5%	40.0%	33.0%
Thailand	1	1	2	19.4%	57.1%	28.9%
<b>Total</b>	<b>23,151</b>	<b>23,309</b>	<b>46,460</b>	<b>21.5%</b>	<b>26.0%</b>	<b>23.6%</b>

### Turnover by age

	TOTAL TURNOVER			% LABOUR TURNOVER		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
<25	11,850	12,502	24,352	32.3%	33.5%	32.9%
25-<35	5,127	6,159	11,286	23.8%	25.9%	24.9%
35-<45	2,615	2,399	5,014	14.8%	17.5%	15.9%
45-<55	1,905	1,257	3,162	11.1%	14.7%	12.3%
55-<65	1,189	707	1,896	9.7%	13.9%	10.9%
>65	465	285	750	20.8%	25.2%	22.3%
<b>Total</b>	<b>23,151</b>	<b>23,309</b>	<b>46,460</b>	<b>21.5%</b>	<b>26.0%</b>	<b>23.6%</b>

## New Hires by Region

REGION	TOTAL NEW HIRES		
	FEMALE	MALE	TOTAL
Australian Capital Territory	389	471	860
New South Wales	7,500	7,320	14,820
Northern Territory	393	337	730
Queensland	5,844	5,022	10,866
South Australia	1,302	1,240	2,542
Tasmania	386	399	785
Victoria	4,883	5,166	10,049
Western Australia	2,120	2,012	4,132
New Zealand	3,176	3,351	6,527
China	103	32	135
Bangladesh	4	10	14
Thailand	4	0	4
<b>Total</b>	<b>26,104</b>	<b>25,360</b>	<b>51,464</b>

## New Hires by Age

AGE	TOTAL NEW HIRES		
	FEMALE	MALE	TOTAL
<25	14,976	15,495	30,471
25-<35	5,454	5,901	11,355
35-<45	2,843	2,243	5,086
45-<55	2,006	1,055	3,061
55-<65	763	586	1,349
>65	62	80	142
<b>Total</b>	<b>26,104</b>	<b>25,360</b>	<b>51,464</b>

## Parental Leave<sup>1</sup>

We offer paid parental leave to eligible Australian-based team members, which includes 12 weeks paid parental leave, total parental leave period of up to 24 months and superannuation paid on both paid and unpaid leave for the first 12 months. Permanent team members are eligible if they have completed six months of continuous service prior to taking the leave or if they qualify as an eligible casual employee.

	2019		2018	
	ON PARENTAL LEAVE IN PERIOD	TEAM MEMBERS STILL EMPLOYED <sup>2</sup>	ON PARENTAL LEAVE IN PERIOD	TEAM MEMBERS STILL EMPLOYED <sup>2</sup>
Female	4,387	4,180	4,373	4,225
Male	351	348	38	32
<b>Total</b>	<b>4,738</b>	<b>4,528</b>	<b>4,411</b>	<b>4,257</b>

<sup>1</sup> This is provided from the WGEA report which has an extraction date of 1/1/2019 and is for Australian based Team Members only.

<sup>2</sup> Team members in this category are considered to have either returned from parental leave during the period, or remain on parental leave at period end.



## Workplace metrics (continued)

### SAFETY AND HEALTH PERFORMANCE

#### Occupational health and safety management system

Number and % of employees covered by an occupational health and safety management system that are internally and externally audited

All our Australian and New Zealand team members, contractors and labour hire workers are covered by Business Safety Management Systems.

All of our safety management systems are internally audited by our Group Safety and Health Assurance function or by Group Risk Internal Audit.

All of our safety management systems are externally audited in at least one Jurisdiction where it is required as part of our self-insurer license terms or as part of other legal requirements such as the ACC in New Zealand.

BUSINESS	NO. OF TEAM MEMBERS	PERCENTAGE OF TEAM MEMBERS
Supermarkets	120,822	100.00%
Supply Chain	8,066	100.00%
BIG W	17,438	100.00%
Metro	3,448	100.00%
Endeavour Drinks	9,579	100.00%
Corporate	1,778	100.00%
Woolworths New Zealand	18,267	100.00%
ALH Hotels	15,917	100.00%
Woolworths Group	195,315	100.00%

1 The table above provides data for employees only and excludes contractors and labour hire.

2 Employees that are not on the core Woolworths payroll system are excluded.

### WORK RELATED INJURIES

#### Business TRIFR and TRI results for 2019

BUSINESS	PER MILLION HRS	PER 200,000 HRS	TRI	FY19 HOURS WORKED
Supermarkets	13.46	2.69	1,687	125,310,506
Supply Chain	28.56	5.71	354	12,394,878
BIG W	8.24	1.65	145	17,599,041
Metro	10.05	2.01	34	3,383,192
Endeavour Drinks	13.08	2.62	171	13,069,384
Corporate	3.95	0.79	13	3,294,851
Woolworths New Zealand	18.17	3.63	530	29,162,892
ALH Hotels	25.21	5.04	315	12,494,719
<b>Woolworths Group <sup>1</sup></b>	<b>14.99</b>	<b>3.00</b>	<b>3,249</b>	<b>216,709,463</b>

1 Excludes Petrol.



## Business TRIs by Gender for 2019

BUSINESS	FEMALE		MALE		TOTAL
	COUNT	%	COUNT	%	COUNT
Supermarkets	1,148	68%	539	32%	1,687
Supply Chain	67	19%	287	81%	354
BIG W	108	74%	37	26%	145
Metro	17	50%	17	50%	34
Endeavour Drinks	83	49%	88	51%	171
Corporate	10	77%	3	23%	13
Woolworths New Zealand	292	55%	238	45%	530
ALH Hotels	184	58%	131	42%	315
<b>Woolworths Group<sup>1</sup></b>	<b>1,909</b>	<b>59%</b>	<b>1,340</b>	<b>41%</b>	<b>3,249</b>

<sup>1</sup> Excludes Petrol.

## Woolworths Group Limited TRIFR for F17-19

KPI	F17	F18	F19
TRIFR (million hours worked)	17.19	15.90	14.99
TRIFR (200,000 hours worked)	3.44	3.18	3.00

## TRIs by Nature Group for 2019

NATURE GROUP	FEMALE		MALE		TOTAL
	COUNT	%	COUNT	%	COUNT
Traumatic Sprain/Strain	882	59%	619	41%	1501
Musculoskeletal	437	60%	291	40%	728
Wounds and Lacerations	230	56%	183	44%	413
Fractures	104	58%	74	42%	178
Other	256	60%	173	40%	429
<b>Woolworths Group<sup>1</sup></b>	<b>1,909</b>	<b>59%</b>	<b>1,340</b>	<b>41%</b>	<b>3,249</b>

<sup>1</sup> Excludes Petrol.

## TRIs by Mechanism Group for 2019

MECHANISM GROUP	FEMALE		MALE		TOTAL
	COUNT	%	COUNT	%	COUNT
Manual Handling	1,116	56%	876	44%	1,992
Slips/Trips	325	74%	112	26%	437
Hitting Objects	183	58%	134	42%	317
Being hit by moving objects	158	53%	140	47%	298
Other	127	62%	78	38%	205
<b>Woolworths Group<sup>1</sup></b>	<b>1,909</b>	<b>59%</b>	<b>1,340</b>	<b>41%</b>	<b>3,249</b>

<sup>1</sup> Excludes Petrol.



## Workplace metrics (continued)

### Business Close Calls (Near Hits)

BUSINESS	WOOLWORTHS GROUP COUNT	CONTRACTOR COUNT	AGENCY COUNT
Supermarkets	235	27	5
Supply Chain	952	100	179
BIG W	155	8	5
Metro	18	9	0
Endeavour Drinks	134	18	3
Corporate	4	1	0
Woolworths New Zealand	421	66	20
ALH Hotels	Not Available	Not Available	Not Available
<b>Woolworths Group<sup>1</sup></b>	<b>1,919</b>	<b>229</b>	<b>212</b>

<sup>1</sup> Excludes Petrol.

### Business High Potential Work-related incidents

BUSINESS	TOTAL COMBINED	CONTRACTORS	AGENCY
Supermarkets	0	0	0
Supply Chain	1	1	0
BIG W	2	2	0
Metro	0	0	0
Endeavour Drinks	0	0	0
Corporate	0	0	0
Woolworths New Zealand	4	4	0
ALH Hotels	0	0	0
<b>Woolworths Group<sup>1</sup></b>	<b>7</b>	<b>7</b>	<b>0</b>

<sup>1</sup> Excludes Petrol.



## WORKPLACE ILL HEALTH

'Ill health' indicates damage to health and includes diseases, illnesses, and disorders. The terms 'disease', 'illness', and 'disorder' are often used interchangeably and refer to conditions with specific symptoms and diagnoses

### Business Ill Health by Gender for 2019

BUSINESS	FEMALE		MALE		TOTAL	FY19 HOURS WORKED
	COUNT	%	COUNT	%	COUNT	
Supermarkets	438	68%	207	32%	645	125,310,506
Supply Chain	28	19%	120	81%	148	12,394,878
BIG W	36	71%	15	29%	51	17,599,041
Metro	2	22%	7	78%	9	3,383,192
Endeavour Drinks	35	50%	35	50%	70	13,069,384
Corporate	4	80%	1	20%	5	3,294,851
Woolworths New Zealand	6	86%	1	14%	7	29,162,892
ALH Hotels	34	72%	13	28%	47	12,494,719
<b>Woolworths Group<sup>1</sup></b>	<b>583</b>	<b>59%</b>	<b>399</b>	<b>41%</b>	<b>982</b>	<b>216,709,463</b>

<sup>1</sup> Excludes Petrol.

### Ill Health TRIs by Nature Group

NATURE GROUP	FEMALE		MALE		TOTAL
	COUNT	%	COUNT	%	COUNT
Musculoskeletal	426	60%	282	40%	708
Psychological	82	67%	40	33%	122
Digestive System Diseases (e.g Hernia)	16	20%	64	80%	80
Other	59	82%	13	18%	72
<b>Woolworths Group<sup>1</sup></b>	<b>583</b>	<b>59%</b>	<b>399</b>	<b>41%</b>	<b>982</b>

<sup>1</sup> Excludes Petrol.

## WORK-RELATED FATALITIES

Work-related fatalities include those where Woolworths Group operations have been a contributing factor.

Team member work-related fatalities	0
Contractor/agency fatalities	0

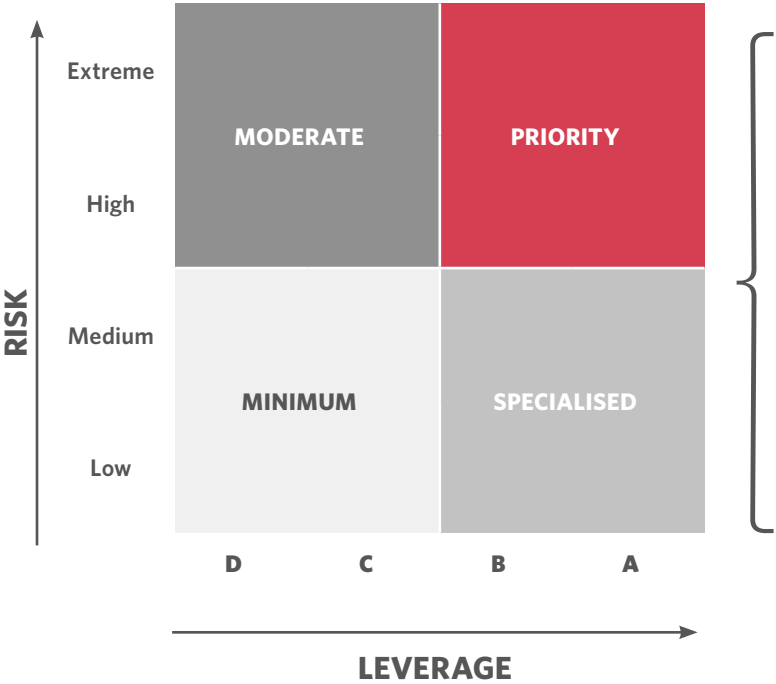


# Workplace metrics (continued)

## RESPONSIBLE SOURCING RISK SEGMENTATION

While Woolworths Group operations and supply chains are complex, our aim is to ensure that human rights are respected and understood. For us, responsible sourcing is not about auditing all suppliers in scope of the Standards; it is about taking a targeted and informed approach in sectors where there are known risks and where we have limited visibility.

To this end, we will conduct an annual supplier risk assessment. This assessment is based on a number of factors including country risk, third-party social compliance data and the nature of the supplier arrangement. Based on this assessment, suppliers will be categorised into four risk segments and this segmentation will determine the activities suppliers are required to complete in order to verify compliance with the Standards.

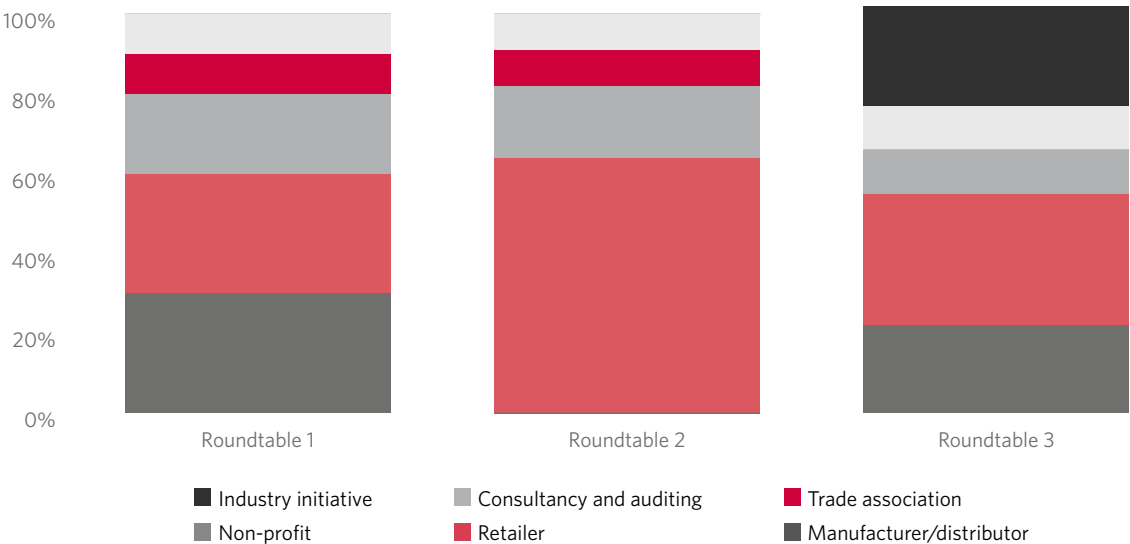


A **risk-based** and **leverage-driven** approach helps to **prioritise supplier engagements** by likelihood of influence supported by information on inherent sourcing risks to **optimise program impacts**.

### METHODOLOGY

RISK	LEVERAGE
<b>50%</b> Inherent country risks from public domain data (e.g. World Bank, Global Slavery Index, Transparency International, etc.)	<b>25%</b> Length of business relationship
<b>50%</b> ELEVATE audit data	<b>40%</b> \$ spend amongst peer suppliers in each business unit
	<b>35%</b> \$ spend trend over the past 3 years

## STAKEHOLDER GROUPS AT OUR RETAIL ROUNDTABLES



# Corporate Governance

## GOVERNANCE, THE BOARD AND DIRECTORS

Corporate governance is at the core of Woolworths' and the Board's approach to the enhancement of shareholder value and the protection of shareholder funds. Integral to shareholder value is protecting and enhancing our reputation, which is why the Board oversees the Company's approach to corporate responsibility and sustainability.

The Woolworths Board Sustainability Committee, which meets quarterly, reviews performance on issues of Safety and Health, Sustainability and Community Investment. The Sustainability Committee conducts regular site visits across our businesses.

Information on our Board of Directors and the Board Charter is at:

<https://www.woolworthsgroup.com.au/page/about-us/our-leadership-team/board-of-directors/>

Information on our Sustainability Committee and its charter is at:

<https://www.woolworthsgroup.com.au/page/about-us/our-leadership-team/board-committees/>

More information is in our corporate governance statement:

<https://www.woolworthsgroup.com.au/page/about-us/our-approach/corporate-governance/>

## RISK MANAGEMENT FRAMEWORK

The continued growth and success of Woolworths depends on the ability of our Company to understand and respond to the challenges of an uncertain and changing world. As a large, dispersed and complex organisation, this uncertainty generates risk, with the potential to be a source of both opportunities and threats. By understanding and managing risk, the Group provides greater certainty and confidence for all its stakeholders. More information about our approach to risk management is in our risk management policy. See: [http://www.woolworthsgroup.com.au/icms\\_docs/182376\\_Risk\\_Management\\_Policy.pdf](http://www.woolworthsgroup.com.au/icms_docs/182376_Risk_Management_Policy.pdf)

## SENIOR MANAGEMENT

The Woolworths Group Executive Committee, chaired by the Chief Executive Officer, provides management oversight of the effectiveness of the Group's implementation of the safety and health vision, principles, policy, standards, strategy and initiatives, risk processes, resources, information, compliance and assurance.

## DOING THE RIGHT THING

All of our team members commit to our Code of Conduct to maintain the highest legal, moral and ethical standards in our dealings with customers, suppliers, team members and local communities. This code outlines how employees can meet the highest standards through their everyday behaviours and choices.

We are committed to continuous improvement, transparency and accountability. We don't tolerate workplace misconduct under any circumstances and we need our trade partners to work with us to stamp out any and every instance. We have clear, long-standing and accepted procedures for trade partners to report any issues. However we recognise there is always opportunity to strengthen our systems. Our Speak Up service is available for trade partners to use when normal escalation methods have been exhausted or are inappropriate.

## POLITICAL DONATIONS

Woolworths Group participates in policy development and advocacy in a manner that is open, transparent, and compliant with all relevant laws. Any political donations made by the Woolworths Group – such as attendance at events, functions and forums organised by parliamentarians and political parties – are reported publicly in line with relevant electoral laws. This is overseen by the Chief Executive Officer and the Head of Government and Industry Affairs in accordance with the Woolworths Group Political Donations Policy.

## TRANSPARENCY AND REPORTING

Woolworths uses the globally recognised reporting framework developed by the Global Reporting Initiative (GRI). The GRI reporting framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. This report has been prepared in accordance with the GRI Standards: Core option. More information can be found in the GRI Index starting on [page 91](#).

We continue to report to the Carbon Disclosure Project (CDP), an investor-driven disclosure initiative enabling companies to report on risk identification and mitigation processes related to climate change.

We are a signatory to the United Nations Global Compact (UNGC). The Index on [page 90](#) shows our approach to the UNGC core values.



# Materiality

## The issues that matter

To focus our efforts and maximise our impact, we need to understand the issues that matter most to our stakeholders. This is done through our materiality assessment process. A robust sustainability materiality process can help us to:

- Build better relationships with stakeholders
- Ensure global megatrends and local market conditions are being used to assess and approach risks and opportunities
- Prioritise what to focus on strategically.

The chart maps the 11 most material issues identified in our recent materiality assessment, grouping them into our three strategic pillars of people, planet and prosperity.

These are the current focus of our sustainability efforts. Other material issues such as safety and health, cyber security/privacy, customer/product safety and quality are more mature and are embedded into the business-as-usual processes.

STRATEGIC PILLAR	MATERIAL ISSUE	DEFINITION	RELEVANT SDGS
People	Employee engagement and development	The success of our business is built on our people, therefore we must continue to focus on attracting, retaining and developing talented teams, today and into the future, as the nature of work continues to evolve. This also includes our continued focus on maintaining a safe environment for our team members and customers.	
People	Diversity and inclusion	We are committed to creating and maintaining a diverse and inclusive workforce in terms of gender, age, ethnicity, disability, sexual orientation, etc.	 
Planet	Sustainable supply chain	Assessing and managing “ethical” and “responsible” issues embedded within our supply chain and other third-party partnerships, including both social and environmental issues.	 
Planet	Waste and packaging	Implementing effective and meaningful waste management strategies, including our activities to help our customers manage their own waste and recycling.	 
Planet	Climate risk	Organisational responses to risks of climate change; both physical and transitional.	  
Prosperity	Corporate conduct and ethics	Maintaining a values-based business with a culture of good governance and ethical conduct, where culture supports the effective functioning of core systems and processes.	
Prosperity	Trust in Woolworths Group	We understand the responsibility that comes with the role our business plays in communities across Australia and New Zealand. We put our customers at the heart of everything we do at Woolworths Group and are committed to getting it right, and to make things better when we don't.	 
Prosperity	Responsible gaming	Providing a healthy and ethical environment, where customer (and community) interests are protected from the harmful consequences of problem gambling.	 
Prosperity	Responsible sourcing and human rights	Upholding human rights across all aspects of our operations, encompassing labour rights associated with our workforce, contractor and third-party relationships and in the supply chain; in addition to protecting rights to privacy for our own workforce and customers.	  
Prosperity	Community engagement and development	Sponsoring a meaningful role in the local communities where our businesses operate, including activities to engage, invest and develop local communities.	
Prosperity	Third-party relationships	Partnering throughout the supply chain to build collaborative relationships with suppliers, interest groups, media, government and other stakeholders, for the purpose of delivering sustainable development outcomes.	



## UN 2030 Sustainable Development Goals

17 global goals set by the United Nations in 2015, the SDGs define global sustainable development priorities and aspirations for the planet. They seek to mobilise global efforts around a common set of goals and targets. We believe that the business community has a role to play in progressing these important issues, and we have aligned our material issues with the relevant SDGs.

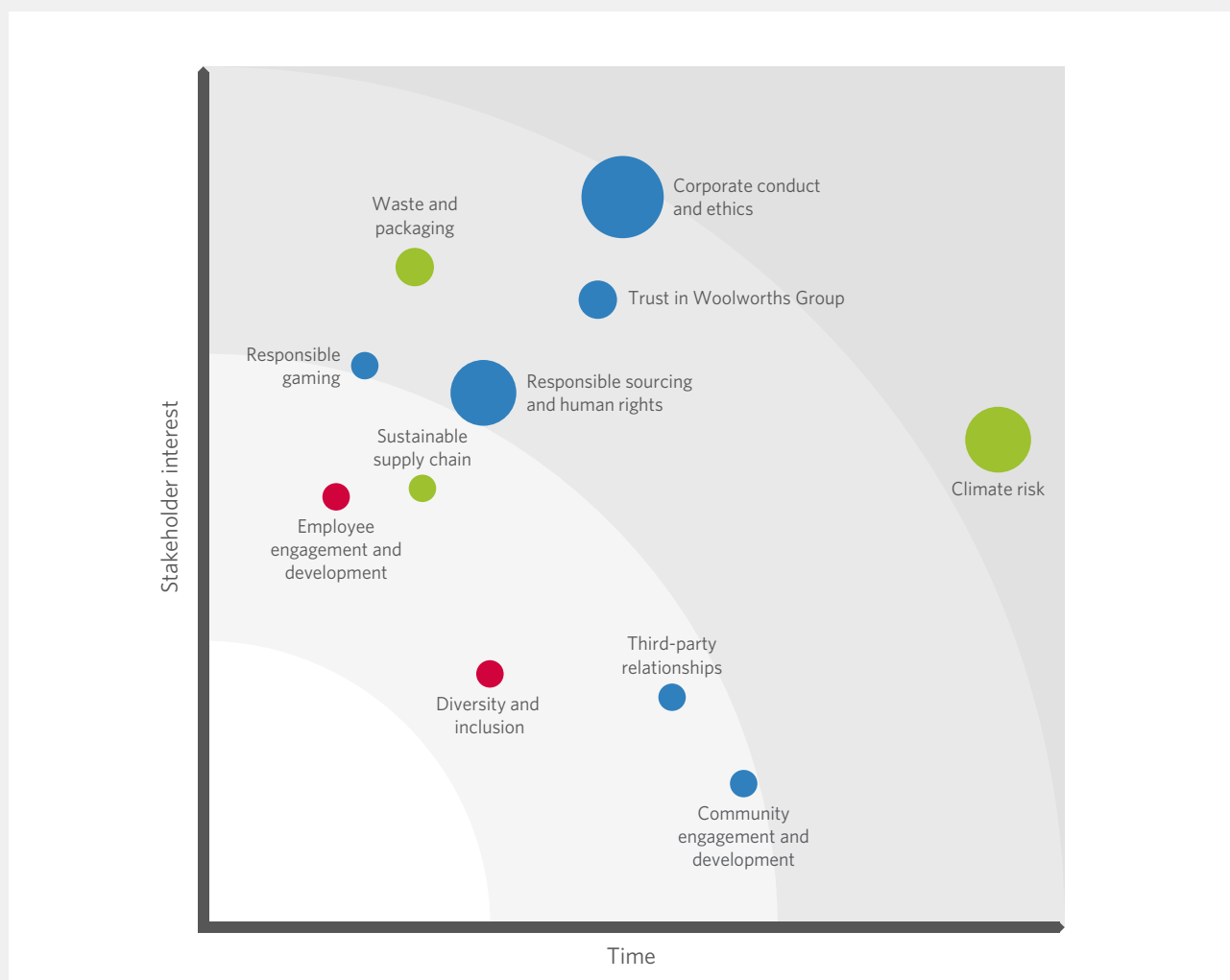
## The Approach

The approach we have taken to analyse Woolworths Group's material issues aligns to the Global Reporting Initiative Standards<sup>1</sup> reporting requirements and includes the following steps:

- Desktop review of a range of information sources
- Engaging with both internal and external stakeholders
- Prioritising what the most material issues are, including analysis of whether these present risks/opportunities over the short or longer-term time horizons
- Internal validation by senior leaders and board.

## Materiality Matrix

The Materiality Matrix shows the interest stakeholders had in the issue (y-axis), the time of potential impact (x-axis) and the consequence of the issue to Woolworths Group (size of the bubble).



**KEY:** ● People ● Planet ● Prosperity

<sup>1</sup> Refer to appendix for GRI Index.



# Industry association

## INDUSTRY ASSOCIATION MEMBERSHIPS

### Principles for engagement

- Industry Associations are an important component of Woolworths Group’s overall public policy advocacy effort. Our broad set of memberships – from core economy-wide memberships such as the BCA and Ai Group (see below) to sector specific memberships such as the Green Building Council of Australia, the Australian Logistics Council and the Data Institute - reflect the breadth of policy issues relevant to the Group.
- Our overriding ambition is that memberships help promote pro sustainable growth, productivity enhancing economic reforms that deliver broad societal benefit.
- We seek broad alignment with the policy positions of our industry associations, but recognise this is not always possible. Membership does not preclude Woolworths Group from holding different policy positions, especially where this better reflects expectations of our customers, shareholders, team and the community.
- We seek to participate as a constructive partner on the priority policy making forums of each Industry Association, including through the relevant Committee and Working Group structures. Support can extend to technical advice and to public campaigns designed to better inform public debate.
- Each Membership has an internal relationship owner, the responsibility of which includes ensuring any major policy misalignments are identified and referred to our Group Government Relations and Industry Affairs team for review. Where any divergence persists, and is of a material misalignment with our own view, Woolworths Group will review our membership, evaluating that misalignment with the wider benefits of membership of that industry association.
- On an annual basis (at the time of membership renewal) Woolworths Group has begun reviewing its key industry association memberships to ensure alignment with our key areas of policy interest. This includes a focus on advocacy activities related to climate change and Woolworths Group’s 2020 commitments on sustainability.

	BUSINESS COUNCIL OF AUSTRALIA	AUSTRALIAN INDUSTRY GROUP
Involvement	Member / Committee / Working Groups	Member / Working Groups
Core Activity	Consider public policy in relation to economy-wide issues impacting the nation and businesses, including energy policy, tax policy and indigenous affairs	Consider public policy in relation to economy-wide issues impacting the nation and businesses, including workplace relations, data policy and energy policy
Contribution	<ul style="list-style-type: none"><li>▪ Membership fee</li><li>▪ Non-financial contributions to projects of strategic relevance eg. Strong Australia campaign</li></ul>	<ul style="list-style-type: none"><li>▪ Membership fee</li><li>▪ Technical advice on key policy issues</li></ul>

# Glossary

TERM	MEANING
<b>Carbon dioxide equivalent (CO<sub>2</sub>-e)</b>	A standard measure used to compare the emissions from various greenhouse gases based on their global warming potential. For example, one tonne of methane emissions is equivalent to 21 tonnes of carbon dioxide emissions.
<b>EBIT</b>	Earnings Before Interest and Tax – total earnings before provisions are deducted. This measures a company's performance and is often used in preference to net profit as it excludes the effects of borrowings and tax benefits and adjustments.
<b>Forest Stewardship Council (FSC)</b>	FSC is an independent, not-for-profit organisation which promotes responsible management of the world's forests. Refer to <a href="http://fsc.org">fsc.org</a> or <a href="http://fscaustralia.org.au">fscaustralia.org.au</a>
<b>MWh</b>	Megawatt hours is a unit of measurement for electricity use, referring to the amount of electricity needed to supply power to 1,000 homes for one hour.
<b>National Greenhouse and Energy Reporting Act 2007 (NGER)</b>	NGER establishes a national framework for Australian corporations to report greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production. Refer to <a href="http://climatechange.gov.au/reporting/publications">climatechange.gov.au/reporting/publications</a>
<b>Scope 1 emissions</b>	Direct greenhouse gas emissions from sources owned or controlled by the company, such as combustion facilities (e.g. generators) and combustion of fuels in company-owned or company-controlled transport (e.g. cars and trucks).
<b>Scope 2 emissions</b>	Indirect greenhouse gas emissions from the generation of purchased electricity, heat, cooling or steam. Purchased electricity is defined as electricity that is bought or otherwise brought into the organisational boundary of the entity.
<b>Scope 3 emissions</b>	Other indirect greenhouse gas emissions that are a consequence of a company's activities, but that arise from sources that other entities own or control. Scope 3, like Scope 2, is a category of indirect emissions and covers all other indirect emissions from sources that are not owned or controlled by a company, but that occur as a result of its activities. Examples include emissions from waste disposal to landfill.
<b>Sustainable Development Goals (SDG)</b>	17 global goals set by the United Nations in 2015 to define global sustainable development priorities and aspirations for the planet
<b>Total Recordable Injury (TRI) and Total Recordable Injury Frequency Rate (TRIFR)</b>	A Total Recordable Injury (TRIFR) is the sum of the total number of employee fatalities, lost time injuries, restricted work injuries or medical treatment injuries per million hours worked





# United Nations Global Compact

PRINCIPLES	ACTIONS	PAGE
<b>Human Rights</b>		
Principle 1		
Protection of Human Rights	Responsible Sourcing Program	50-61
Principle 2		
No Complicity in Human Rights Abuse	Responsible Sourcing Program	50-61
<b>Labour</b>		
Principle 3		
Freedom of Association and Collective Bargaining	Responsible Sourcing Program	50-61
	Freedom of association and union engagement	77
Principle 4		
Elimination of Forced and Compulsory Labour	Responsible Sourcing Program	50-61
Principle 5		
Abolition of Child Labour	Responsible Sourcing Program	50-61
Principle 6		
Elimination of Discrimination	Diversity and equal opportunity	12-19, 22-25
<b>Environment</b>		
Principle 7		
Precautionary Approach	No explicit reference to precautionary approach	
	Approach to risk management	85
Principle 8		
Environmental Responsibility	Planet	26-45
Principle 9		
Environmentally Friendly Technologies	Technology addressing climate change, water conservation, transport and packaging	26-45
<b>Anti-Corruption</b>		
Principle 10		
Work against Corruption	Anti-corruption	85

# Global Reporting Initiative

DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE
<b>GENERAL DISCLOSURES</b>		
102-1	Name of the organization	Front cover
102-2	Activities, brands, products, and services	2019 annual report
102-3	Location of headquarters	Inside back cover
102-4	Location of operations	Contents
102-5	Ownership and legal form	2019 annual report
102-6	Markets served	2019 annual report
102-7	Scale of the organization	2019 annual report
102-8	Information on employees and other workers	76-84
102-9	Supply chain	48-49, 50-51
102-10	Significant changes to the organization and its supply chain	2019 annual report
102-11	Precautionary Principle or approach	GRI Index
102-12	External initiatives	10-25, 26-45, 46-73, 85, 90
102-13	Membership of associations	88
102-14	Statement from senior decision-maker	2
102-16	Values, principles, standards, and norms of behavior	3
102-18	Governance structure	2019 annual report, GRI Index
102-40	List of stakeholder groups	85-87
102-41	Collective bargaining agreements	77
102-42	Identifying and selecting stakeholders	86-87
102-43	Approach to stakeholder engagement	85, 86-87
102-44	Key topics and concerns raised	85, 86-87
102-45	Entities included in the consolidated financial statements	2019 annual report
102-46	Defining report content and topic Boundaries	85, GRI Index
102-47	List of material topics	86-87
102-48	Restatements of information	GRI Index
102-49	Changes in reporting	GRI Index
102-50	Reporting period	Contents
102-51	Date of most recent report	June 2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	97
102-54	Claims of reporting in accordance with the GRI Standards	GRI Index
102-55	GRI content index	91-93, GRI Index
102-56	External assurance	94-96
<b>MANAGEMENT APPROACH</b>		
103-1	Explanation of the material topic and its Boundary	86-87, 10-25, 26-45, 46-73
103-2	The management approach and its components	3, 86-87, 85, GRI Index
103-3	Evaluation of the management approach	2019 annual report, 10-25, 26-45, 46-73, 85



## Global Reporting Initiative (continued)

DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE
<b>ECONOMIC PERFORMANCE</b>		
201-1	Direct economic value generated and distributed	2019 annual report
<b>ANTI-CORRUPTION</b>		
205-3	Confirmed incidents of corruption and actions taken	GRI Index
<b>ANTI-COMPETITIVE BEHAVIOR</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI Index
<b>ENERGY</b>		
302-1	Energy consumption within the organization	26-45, 74-75, GRI Index
302-2	Energy consumption outside of the organization	26-45, 74-75, GRI Index
302-3	Energy intensity	26-45, 74-75, GRI Index
302-4	Reduction of energy consumption	26-45, 74-75, GRI Index
<b>EMISSIONS</b>		
305-1	Direct (Scope 1) GHG emissions	26-45, 74-75, GRI Index
305-2	Energy indirect (Scope 2) GHG emissions	26-45, 74-75, GRI Index
305-3	Other indirect (Scope 3) GHG emissions	26-45, 74-75, GRI Index
305-4	GHG emissions intensity	26-45, 74-75, GRI Index
305-5	Reduction of GHG emissions	26-45, 74-75, GRI Index
<b>EFFLUENTS AND WASTE</b>		
306-2	Waste by type and disposal method	28-31, 75, GRI Index
<b>ENVIRONMENTAL COMPLIANCE</b>		
307-1	Non-compliance with environmental laws and regulations	GRI Index
<b>EMPLOYMENT</b>		
401-1	New employee hires and employee turnover	78-79
401-3	Parental leave	79, GRI Index
<b>LABOR/MANAGEMENT RELATIONS</b>		
402-1	Minimum notice periods regarding operational changes	GRI Index
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
403-1	Occupational health and safety management system	80, GRI Index
403-2	Hazard identification, risk assessment, and incident investigation	GRI Index
403-3	Occupational health services	GRI Index
403-4	Worker participation, consultation, and communication on occupational health and safety	GRI Index
403-5	Worker training on occupational health and safety	GRI Index
403-6	Promotion of worker health	GRI Index
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GRI Index
403-8	Workers covered by an occupational health and safety management system	80
403-9	Work-related injuries	20-21, 80-82 GRI Index
403-10	Work-related ill health	83, GRI Index



DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE
<b>TRAINING AND EDUCATION</b>		
404-2	Programs for upgrading employee skills and transition assistance programs	14
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
405-1	Diversity of governance bodies and employees	76-79
405-2	Ratio of basic salary and remuneration of women to men	76
<b>NON-DISCRIMINATION</b>		
406-1	Incidents of discrimination and corrective actions taken	76, GRI Index
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	50-61, 77, GRI Index
<b>CHILD LABOR</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	50-61, GRI Index
<b>FORCED OR COMPULSORY LABOR</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	50-61, GRI Index
<b>HUMAN RIGHTS ASSESSMENT</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	50-61, 84, GRI Index
<b>PUBLIC POLICY</b>		
415-1	Political contributions	85
<b>CUSTOMER HEALTH AND SAFETY</b>		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Index
<b>MARKETING AND LABELING</b>		
417-1	Requirements for product and service information and labeling	GRI Index
<b>CUSTOMER PRIVACY</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	85, GRI Index



# Assurance report

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## LIMITED ASSURANCE REPORT ON THE 2019 SUSTAINABILITY REPORT TO THE DIRECTORS OF WOOLWORTHS GROUP LIMITED

We have undertaken a limited assurance engagement relating to the application of Global Reporting Initiative ('GRI') information and other criteria contained in Woolworths Group Limited's ('Woolworths') 2019 Sustainability Report as detailed in the table below (the 'Subject Matter').

### SUBJECT MATTER AND REPORTING CRITERIA

The Subject Matter and Reporting Criteria for our limited assurance engagement for the year ended 30 June 2019 is as follows:

SUBJECT MATTER	REPORTING CRITERIA
<b>GRI Standards Disclosures</b> GRI Standards Disclosures prepared in accordance with the 'Core' requirements of the GRI Standards as set out in the GRI Index on pages 91 to 93 of the 2019 Sustainability Report	GRI Standards and related information, publicly available at GRI's global website at <a href="http://www.globalreporting.com">www.globalreporting.com</a> .
<b>Selected Indicator Disclosures</b> The following selected Sustainability Performance Indicators for 2019 included within the 2019 Sustainability Report for the specific standard disclosure requirements of the GRI Standards: <ul style="list-style-type: none"> <li>• Energy (302-1, 302-2, 302-3 and 302-4) on <a href="#">page 92</a> of the 2019 Sustainability Report</li> <li>• Emissions (305-1, 305-2, 305-3, 305-4 and 305-5) on <a href="#">page 92</a> of the 2019 Sustainability Report</li> <li>• Effluents and waste (306-2) on <a href="#">page 92</a> of the 2019 Sustainability Report</li> <li>• Employment (401-1 and 401-3) on <a href="#">page 92</a> of the 2019 Sustainability Report</li> <li>• Occupational Health &amp; Safety (403-2 and 403-9) on <a href="#">page 92</a> of the 2019 Sustainability Report</li> <li>• Non-discrimination (406-1) on <a href="#">page 93</a> of the 2019 Sustainability Report</li> </ul>	Relevant GRI Standards and Woolworths' definitions, and approaches as described in the GRI Index on pages 91 to 93 of the 2019 Sustainability Report and on Woolworths' website at <a href="http://www.woolworthsgroup.com.au">www.woolworthsgroup.com.au</a> .
<b>Sustainability Targets</b> The following 2019 performance data included within Woolworths' Sustainability Targets and commitments as contained in the People, Planet and Prosperity sections within the 2019 Sustainability Report: <ul style="list-style-type: none"> <li>• People               <ul style="list-style-type: none"> <li>- 'Total team members', on <a href="#">page 10</a> of the 2019 Sustainability Report</li> <li>- 'Successful applicants to the Refugee Program' on <a href="#">page 14</a> of the 2019 Sustainability Report</li> </ul> </li> </ul>	Woolworths' definitions, and approaches as described in the People, Planet and Prosperity sections of Woolworths' 2019 Sustainability Report and on Woolworths website at <a href="http://www.woolworthsgroup.com.au">www.woolworthsgroup.com.au</a> .



SUBJECT MATTER	REPORTING CRITERIA
<b>Sustainability Targets (continued)</b>	
<ul style="list-style-type: none"> <li>Planet           <ul style="list-style-type: none"> <li>'Food saved for meals / Total food relief diverted to people in need' on <a href="#">page 29</a> and <a href="#">page 75</a> of the 2019 Sustainability Report</li> <li>'Stores with Transcritical or waterloop systems' on <a href="#">page 26</a> and <a href="#">page 45</a> of the 2019 Sustainability Report</li> <li>'Solar power generated' on <a href="#">page 26</a> the 2019 Sustainability Report</li> </ul> </li> <li>Prosperity           <ul style="list-style-type: none"> <li>'Own brand products undergone a nutritional renovations' on <a href="#">page 46</a> and <a href="#">73</a> of the 2019 Sustainability Report</li> <li>'Woolworths own brand products with a health star rating' on <a href="#">page 72</a> of the 2019 Sustainability Report</li> <li>'Cash donations' on <a href="#">page 46</a> and <a href="#">62</a> of the 2019 Sustainability Report</li> </ul> </li> </ul>	

## RESPONSIBILITIES OF THE DIRECTORS

The Directors of Woolworths are responsible for:

- Ensuring that the Subject Matter is properly prepared and presented in accordance with the Reporting Criteria
- Confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information; and
- Designing establishing and maintaining internal controls relevant to ensure that the Subject Matter is properly prepared and presented in accordance with the Reporting Criteria

It is our understanding that Woolworths intends to electronically present the Subject Matter, including our limited assurance report thereon, on its internet website. Responsibility for the electronic presentation of the Subject Matter, including our limited assurance report thereon, on Woolworths' website is that of the Directors of the Woolworths. The security and controls over information on the web site should be addressed by Woolworths to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the Subject Matter and our limited assurance report thereon on Woolworths' website is beyond the scope of our limited assurance engagement.

## OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the relevant ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1, and accordingly Deloitte Touche Tohmatsu maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## OUR RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained.

We conducted our procedures in accordance with Australian Standards on Assurance Engagements ASAE 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ASAE 3000), issued by the Australian Auditing and Assurance Standards Board in order to express a conclusion whether, based on the procedures performed and the evidence obtained, anything has come to our attention that causes us to believe that the Subject Matter has not been reported, in all material respects, in accordance with the Reporting Criteria. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement.

A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of the Subject Matter information is likely to arise, addressing the areas identified and considering the process used to prepare the Subject Matter. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures that we performed were based on our professional judgement and included:

- A review of Woolworths' processes relating to stakeholder identification, engagement and responsiveness, including an assessment of stakeholder engagement outcomes and how this process and the outcomes have been presented in the 2019 Sustainability Report.
- A review of Woolworths' process to identify and determine material issues to be included in the 2019 Sustainability Report with examination of underlying assessments and evidence on a sample basis.



## Assurance report (continued)

- Interviews with a selection of Woolworths' executives and senior management, including Woolworths' Sustainability management team concerning the overall governance structure, corporate sustainability strategy and policies used for managing and reporting sustainability performance across the business.
- In respect of the selected Sustainability Performance Indicators and Sustainability Targets:
  - Interviews with a selection of Woolworths' management responsible for the Sustainability Targets and Selected Indicator Data to understand the compilation and review processes.
  - Applying analytical and other review procedures including assessing relationships between the reported information and other financial and non-financial data.
  - Examination of evidence for a small number of transactions or events.
  - Analysing and inspecting on a sample basis, the key systems, processes and procedures and controls relating to the collation, validation, presentation and approval process of the information included in the Report.
  - Reviewing underlying evidence on a sample basis to corroborate that the information is prepared and reported in line with the relevant Reporting Criteria.
- Comparison of the content of Woolworths' 2019 Sustainability Report against the criteria for a GRI self-declaration.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Woolworths' subject matter has been prepared, in all material respects with the criteria.

### INHERENT LIMITATIONS

Non-financial information, including the Subject Matter may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating and sampling or estimating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The Subject Matter should be read in the context of Woolworths' Reporting Criteria as set out in the 2019 Sustainability Report.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

### USE OF OUR REPORT

Our assurance report has been prepared solely for the Directors of Woolworths'. We disclaim any assumption of responsibility for any reliance on this report or on the Subject Matter to which it relates, to any person other than the directors of Woolworths or for any purpose other than that for which it was prepared.

### MATTERS RELATING TO ELECTRONIC PRESENTATION OF INFORMATION

Our limited assurance engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of the Report after the date of this assurance statement.

### LIMITED ASSURANCE CONCLUSION

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

- GRI Standards Disclosures as set out in the GRI Index, have not been prepared, in all material respects, in accordance with the requirements of the GRI Standards;
- Selected Indicator Disclosures has not been prepared, in all material respects, in accordance with the specific standard disclosure requirements of the relevant GRI Standards and Woolworths' definitions, and approaches as described in the GRI Index; and
- Sustainability Targets data, has not been prepared, in all material respects, in accordance with the Woolworths' definitions, and approaches as described in the People, Planet and Prosperity section of Woolworths' 2019 Sustainability report referenced in the Subject Matter table above.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Paul Dobson*

Paul Dobson  
Partner

Sydney, 29 August 2019

# Company directory

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## WOOLWORTHS GROUP SUSTAINABILITY

Alex Holt  
General Manager, Quality, Health & Sustainability  
  
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Senior Manager, Group Sustainability



*We are constantly  
innovating to meet  
changing needs.*

*We look for ways to  
improve every day –  
better for our customers,  
team and communities.*

*It's both the retail  
experiences and  
the experiences we  
make possible for  
customers' lives.*

# We create **better** experiences **together** for a better **tomorrow.**

*We believe in  
creating a better future,  
for generations to come.*

*We work seamlessly  
as one team,  
within the Group  
and in partnership  
with others.*

WOOLWORTHS GROUP

