

WOOLWORTHS GROUP



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*People  
Planet  
Prosperity*

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CORPORATE RESPONSIBILITY  
STRATEGY 2020

# CONTENTS

Foreword	3
Woolworths 2020 Commitments	4
Woolworths Value Chain	6
People: encouraging diversity	14
Planet: for a healthy Australia	16
Prosperity: founded on trusted relationships	18
Building our partnership with The Salvation Army	20
Our 2020 Commitments and the United Nations Sustainable Development Goals	22

# 3

FOREWORD



# 4

WOOLWORTHS  
2020 COMMITMENTS

# 6

WOOLWORTHS  
VALUE CHAIN



# 14

PEOPLE:  
ENCOURAGING  
DIVERSITY



# 16

PLANET:  
FOR A HEALTHY  
AUSTRALIA

# 18

PROSPERITY:  
FOUNDED  
ON TRUSTED  
RELATIONSHIPS



# 20

BUILDING OUR  
PARTNERSHIP  
WITH THE  
SALVATION ARMY



At Woolworths,

# *Corporate Responsibility*

has always been about  
doing the right thing.

With our presence across Australia and New Zealand's cities, regions and remote areas, the sustainability priorities Woolworths sets impact our nations' economies, communities and environments. We serve over 900 million customers each year and our network of suppliers is extensive. We directly employ over 205,000 people, and indirectly, many thousands more, through our supply chain.

Woolworths is a part of the fabric of society. Our Corporate Responsibility Strategy 2020 has been developed in recognition of the responsibilities we carry and our impact and influence on our customers, team members, suppliers, communities and shareholders.





# Foreword:

Welcome to Woolworths Group  
 Corporate Responsibility Strategy 2020.



Woolworths is a large and diverse business, serving millions of customers and hundreds of communities every week. We are mindful of our responsibilities as a significant contributor to the economy, and as Australia's second-largest private sector employer and New Zealand's largest private sector employer.

We are also excited by the opportunities we have to do the right thing and be a force for good – whether by inspiring our customers to consume all of our products in a healthy, sustainable way, giving a young person their first job, or supporting our suppliers to grow their businesses.

We know that we don't get it right every time. However, we are committed to doing better every day.

On the following pages, you will find details of our Corporate Responsibility Strategy 2020. Using our framework of People, Planet and Prosperity, which we introduced in 2015, this strategy identifies 20 goals and commitments that we aim to implement by 2020. They cover a wide range of our stakeholders, including our customers, team members, suppliers and the communities in which we operate.

The targets and aspirations of this strategy are clear. In addition, we intend to improve the transparency of our progress by reporting on it regularly. This is an important step and will ensure we are continually challenged to improve.

Woolworths launched its first Sustainability Strategy in 2007, some ten years ago. Part of the success of that first strategy was ensuring that sustainability was not seen as stand-alone work, but instead as an integrated part of all that we do. That Corporate Responsibility ethos continues. Every Woolworths team member knows that we all have a role to play in achieving these commitments by 2020, and in making Woolworths a great place to shop, work and do business with.

I would like to record my thanks to the Woolworths Board and particularly the Sustainability Committee Chairman, Scott Perkins. We are united in our commitment to the rebuilding of a sustainable, growing Woolworths for the benefit of our customers, team members, communities, partners and shareholders.

**Brad Banducci**  
 MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

# WOOLWORTHS

# 2020

## *commitments*

Our Corporate Responsibility Strategy 2020 brings new focus, resources and energy to sustainability.

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

## PEOPLE:

### *encouraging diversity*

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

#### ENSURING 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, with a step change improvement in closing any gaps by the end of FY17.

#### EMBRACING 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 driving 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 OPPORTUNITIES FOR ALL

# 7

We are committed to maintaining a workplace that safeguards the health and wellbeing of our people, customers and visitors.

# 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 Australia*

We recognise Woolworths' 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

*Reduce Woolworths' 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.

**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 inspire our customers to consume all of our products in a healthy, sustainable way.*

# WOOLWORTHS Value Chain

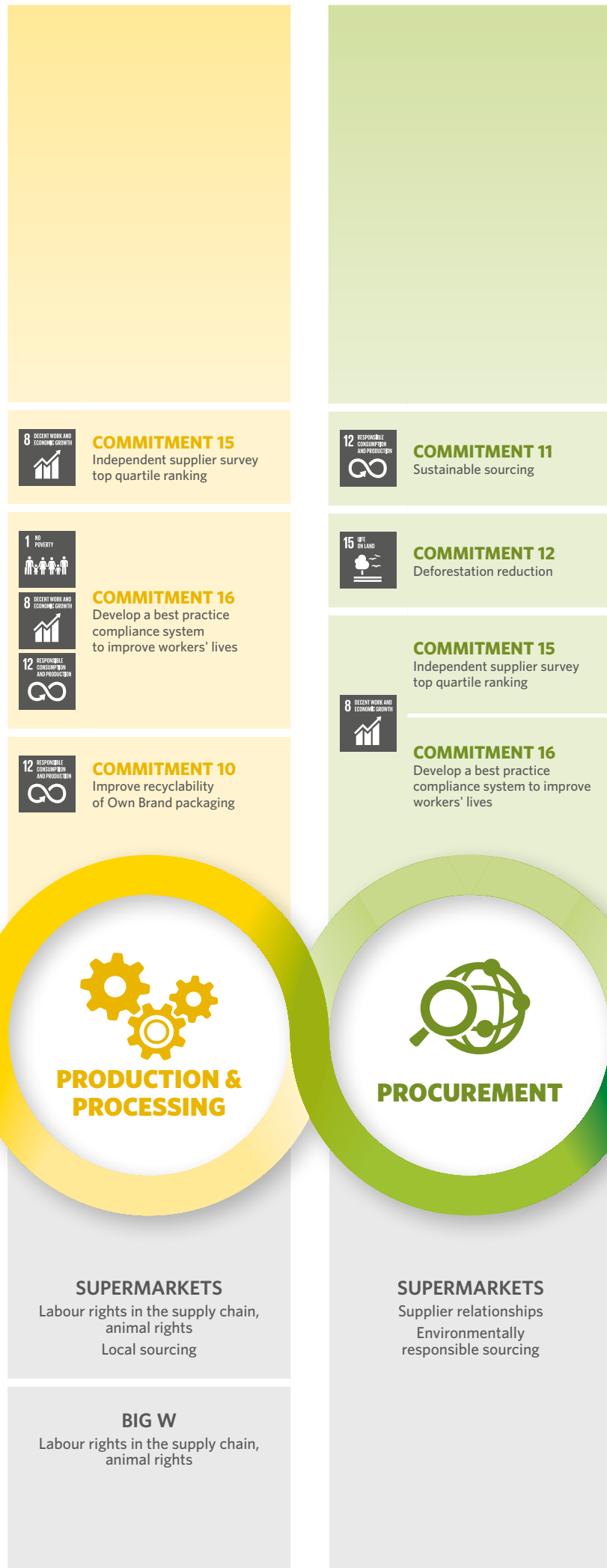
Our Corporate Responsibility Strategy addresses emerging issues from an understanding of the global trends that are shaping business through to 2020 and beyond.

These emerging issues include the increasingly connected and diverse communities from which our customers and team members are drawn, concerns for responsible and ethical supply relationships, food and water supply security, and climate change, water and waste management. At the same time, the United Nations 2030 Sustainable Development Goals define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets.

Reflecting our operation within a global community, our commitments and interaction with the United Nations 2030 Sustainable Development Goals are mapped here along our value chain. This ensures that our efforts deliver value to our stakeholders.

Our strategy is group-wide with clear targets and commitments for the business divisions. A materiality assessment that involved comprehensive internal and external stakeholder engagement, document review and landscape analysis was conducted to develop our priorities.

Acknowledging that key issues vary across our business divisions, we have identified the most important issues for each. Each business division will develop more detailed implementation plans on how they will achieve these targets.







**COMMITMENT 9**  
 Towards zero food waste



**COMMITMENT 1**  
 At least 40% women executives

**COMMITMENT 2**  
 No gender salary gap



**COMMITMENT 13**  
 10% emissions reduction



**COMMITMENT 14**  
 15% refrigerant leakage reduction

**COMMITMENT 3**  
 Unconscious bias training

**COMMITMENT 4**  
 True cultural diversity reflection



**COMMITMENT 7**  
 Safe workplace

**COMMITMENT 8**  
 Achieve Gold Tier AWEI



**COMMITMENT 5**  
 2% Indigenous Store  
 Operations team members

**COMMITMENT 6**  
 2% Indigenous Graduate intake



**COMMITMENT 17**  
 Invest 1% EBIT in community

**COMMITMENT 18**  
 Report on social impact



**COMMITMENT 20**  
 Inspire healthy choices



**COMMITMENT 9**  
 Zero food waste



**OPERATIONS**



**CONSUMPTION**



**END OF LIFE**

**SUPERMARKETS**

Employee conditions, wellbeing  
 and communications  
 Energy and emissions reduction  
 Understanding and responding  
 to customer needs

**ALH**

Responsible gambling

**SUPERMARKETS**

Low price and value for money  
 Product quality, safety,  
 availability and range  
 Partners with the community

**ENDEAVOUR DRINKS  
 GROUP**

Range of alcohol  
 Responsible marketing and  
 service of alcohol  
 Partners with the community



**THE GLOBAL GOALS**  
 For Sustainable Development



  
**Grace**  
*Here to help*  
Fresh Food Person  
since 2016  
Australia's fresh food people



## PEOPLE:

# Encouraging diversity

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We are seeking to increase our employment of Aboriginal and Torres Strait Islanders in line with the Federal Government's Employment Parity Initiative, aiming to ensure 2 per cent of our workforce is from the Indigenous community.

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Currently 1.1 per cent of our employees identify as Indigenous. By 2019, we will employ an additional 1,600 Indigenous employees. A comprehensive workforce plan for the next 12 months has been built by state and store, to target Indigenous recruitment. This will be complemented with representation across leadership positions, enabling our business to benefit from the insights that come from the different communities in which we operate.

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### COMMITMENT FOR 2020

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.*

An additional **1,600** Indigenous employees by 2019

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## PLANET:

# *Innovating for a healthy planet*

We have a target to 'innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15 per cent of CO<sub>2</sub>-e below 2015 levels'. This target will be achieved by leakage reduction initiatives and replacing existing refrigeration systems.

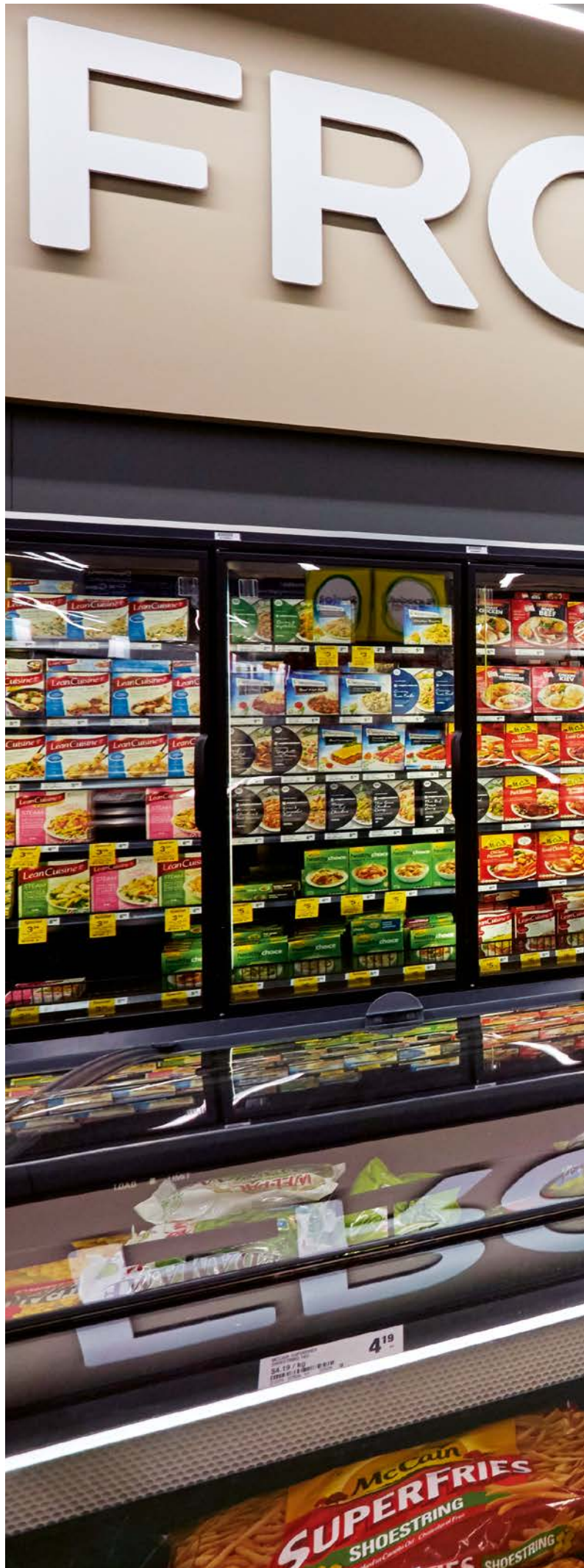
By 2020 we will install ten natural systems employing technologies such as transcritical CO<sub>2</sub> or water loop. In our New Zealand Countdown business we have already installed one transcritical CO<sub>2</sub> system and plan to introduce another four. In Australia we will further develop our organisational capacity and plan to pilot two transcritical CO<sub>2</sub> HFC-free natural refrigerant systems in greenfield supermarkets in 2017.

### COMMITMENT FOR 2020

# 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.*

**15% reduction** in carbon emissions from refrigerants



# OZEN MEALS







## PROSPERITY:

# *Inspiring* healthy choices

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Our customers are becoming increasingly health conscious about their consumption choices in food, drinks and beyond. Within our supermarkets business, we understand the important role of a healthy balanced diet in helping our customers to live their lives well. We will help our customers choose affordable and healthier shopping baskets.

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Woolworths will develop the 'Affordable Healthy Eating Index' based on our customers' shopping habits and support our customers to make healthier food choices through providing inspiration, knowledge and making it easier and more affordable to eat good food.

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### COMMITMENT FOR 2020

# 20

#### INSPIRING HEALTHY CHOICES

*We will inspire our customers to consume all of our products in a healthy, sustainable way.*

Support our customers to make  
**healthier choices**

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# PEOPLE:

## *encouraging diversity*

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

### WOMEN IN MANAGEMENT

At least

# 40%

of executive and senior manager positions to be held by women

### REFLECTING COMMUNITIES

Drive cultural diversity in the Woolworths team to truly reflect the communities we serve

### INDIGENOUS GROWTH

# 2%

of Woolworths team and graduates to be Indigenous

## **SUPPORTING DIVERSITY ACROSS WOOLWORTHS, REFLECTING THE MAKE-UP OF AUSTRALIAN COMMUNITIES**

Woolworths employs more than 205,000 people from all walks of life. The vast majority are in customer-facing roles. Our customers should see in Woolworths' people a reflection of themselves and their communities.

We are working to ensure proportionate representation across the business of women and different cultural and Indigenous groups, and to support diversity with a culture of inclusion and participation.

Our ambition is to recruit and develop a team that reflects the Australian community. In this focus area, we are equipping our training managers and executives with gender, cultural and unconscious bias training. To improve our understanding of our diversity we will be completing ethnic and cultural mapping for stores, which will set us on a path to reflect the diversity of our communities. This will give Woolworths the opportunity to be a leader in diversity benchmarking.

Into the future the annual Woolworths 'Voice of Team' survey will be used to establish a cultural baseline and track improvement.

## **GENDER EQUITY**

To encourage greater numbers of women in Woolworths' management, by 2020 our goal is *'At least 40 per cent of executive and senior manager positions to be held by women.'* Woolworths continues to have strong representation of women across our business, both in support and operational roles, with over 50 per cent of our workforce being women. As a business, we are committed to improving representation of women in management roles by building a pipeline of strong female talent across all areas of our organisation. Initiatives to drive this include setting women in management targets, partnering with Macquarie Graduate School of Management (MGSM) to sponsor Masters degrees for selected high potential women, and senior executives signing up to the Gender Parity Pledge as part of International Women's Day.

Since the appointment of our Chairman, Gordon Cairns, in September 2015, there has been a strong focus to drive diversity through increased female representation on our Board. Woolworths' Board now has an equal representation of women and men. Both Gordon Cairns and our CEO, Brad Banducci, are members of the Male Champions of Change, a group of CEOs and senior executives committed to achieving change on gender equality issues in organisations and communities.

An essential aspect of any campaign to achieve equality for women is ensuring equal pay for equal work. In workplaces where pay is both fair and transparent, employee loyalty and retention are greater. Our 2020 goal is *'No salary wage gap between male and female employees of equivalent positions on a per hour rate at all levels of the company, with a step change improvement in closing any gaps by the end of FY17.'* Woolworths is undertaking extensive work and analysis to understand any salary wage gaps. We have developed a diversity and inclusion strategy and remuneration principles to drive improvement in this area.



## EMBRACING OUR DIVERSITY

Having a workforce that understands our customers is critical to providing the best shopping experience. To achieve this, Woolworths is focused on ensuring our team members, and especially our store teams, are reflective of the communities we are serving. Our 2020 goal is to *'Continue the focus on driving cultural diversity, with a commitment that by 2020 the Woolworths Group team will truly reflect the communities we serve'*.

Significant work has been undertaken to date in our Dan Murphy's business, with community demographics being mapped, to enable better-informed product ranges, and greater insights for recruitment decisions. Woolworths is now working across our other businesses to implement similar initiatives.

Achieving this goal will require our hiring teams to make objective, inclusive decisions. Our 2020 goal is that *'100 per cent of those responsible for hiring new team members to have completed unconscious bias training'*. We have already trialled unconscious bias training, which will be rolled out across our Talent Acquisition, Store Operations and Support Office leadership teams. We will maintain this training to assist in building a workforce that supports and encourages diverse perspectives and contributions.

## INDIGENOUS REPRESENTATION

Woolworths continues to be committed to increasing Indigenous employment. To create the best opportunities for employment, Woolworths entered into a contract with the Federal Government as part of the Employment Parity Initiative. This initiative will result in Woolworths adding 1,600 new Indigenous team members to our business over three years. This initiative has strong support from senior executives and is underpinned by targeted recruitment and cultural awareness training, which is being cascaded through the business. Our 2020 goal is to achieve *'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'*.

In support of this target, the Woolworths team has built a comprehensive workforce plan for the next 12 months by state and store to target Indigenous recruitment. In addition, increasing the numbers of Indigenous people across the workforce will be complemented with representation across leadership positions; once again, enabling our business to benefit from the insights that come from the different communities in which we operate.

To enable this, Woolworths will seek Indigenous graduates and work closely with universities and Indigenous communities to build relationships and 'reasons' for Indigenous graduates to choose a career with Woolworths. Our 2020 goal is to achieve the *'Proportion of Indigenous graduates to equal Federal Government Employment Parity contract. Once achieved, 2 per cent of our Graduates will be Indigenous'*.

## LGBTI COMMUNITY SUPPORT

Woolworths has joined the Pride in Diversity program for employers to support all aspects of Lesbian, Gay, Bisexual, Transgender, and/or Intersex (LGBTI) inclusion. In recognition of the growing movement to address LGBTI issues and equality in the workplace, Woolworths has a goal that by 2020 we will *'Achieve Gold Tier employer status in Australian Workplace Equality Index (AWEI) for Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion'*.

The Index includes a national survey designed to gauge the overall impact of inclusion initiatives on organisational culture. The Index drives best practice and sets a comparative benchmark for all employers.

## HEALTH AND SAFETY

Our vision is to become one of the safest places to work and shop and *'We are committed to maintaining a workplace that safeguards the health and wellbeing of our people, customers and visitors'*. Our aspiration is 'Destination ZERO', a place where every day people go home free from injuries or illness. We see a safe, inclusive workplace as one that focuses on the health and wellbeing of our people, as well as their physical safety.

For example, Woolworths recognises that a culture marked by bullying and discrimination will undermine the success of all other diversity and inclusion initiatives, and we expect all team members to foster a working environment free from discrimination and harassment.

We use our annual team surveys as a way to measure the impact of our 'Destination ZERO' policies, and we strive for continuous improvement on our already-high scores.

# PLANET:

## *for a healthy Australia*

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

MOVING TOWARDS

# ZERO

FOOD WASTE TO LANDFILL

SUSTAINABLY SOURCED  
PRODUCTS

Sustainably source all fish and seafood, sugar, chocolate, coffee and tea to an independent standard

REDUCING CARBON  
EMISSIONS

# 10%

reduction in Woolworths' carbon emissions below 2015 levels by 2020

### MOVING TO A CIRCULAR ECONOMY

Our target is 'Towards zero food waste going to landfill'. This ambitious target was set in our '2007-15 Sustainability Strategy' and it was not achieved. Currently more than half of the waste stream is still waste food, mainly due to insufficient sorting at the stores.

Every year until 2020, we will achieve a year-on-year increase in tonnes of food waste diverted from landfill. This will be done through continuing reduction in stock loss, improving store waste management behaviour and improving the effectiveness of the farmers' program and the food rescue program.

There are significant social benefits from zero waste as the food rescue programs offer continued opportunities to contribute to communities. Our customers expect Woolworths to partner with the community to support food rescue, farmer and regional support. Our farmer and food rescue programs complement reducing our carbon footprint while also adding value to the communities in which we operate.

Australians are avid recyclers and our customers see it as our responsibility to enable them to play their part in protecting the environment by making our packaging recyclable. We therefore have a target to 'Improve the recyclability of our Own Brand packaging and contribute to the circular economy'. Woolworths will decrease non-recyclable packaging and increase recycled content, for example, working towards the elimination of expanded polystyrene; integrating this requirement into packaging design specifications for each division by 2017 and progressively phasing out expanded polystyrene by 2020. We will also introduce clear, user-friendly recycling instructions.

### ENVIRONMENTALLY RESPONSIBLE SOURCING

Our customers expect us to operate in an ethical and sustainable manner, particularly for high risk commodities. We commit to sourcing all of our fish and seafood from independently verified or third party certified sources (e.g. MSC and ASC certified), obtaining sugar certification for all Own Brand products (Bonsucro/WWF) and sustainability certification for all our Own Brand tea, coffee and chocolate by 2020. We have a target to 'Source key raw materials and commodities sustainably to an independent standard by 2020. We will raise awareness of sustainably sourced products'.

### RAISING AWARENESS OF SUSTAINABLY SOURCED PRODUCTS

We know that our customers want more sustainable and ethically responsible product options and 'We will raise awareness of sustainably sourced products'. Customers are increasingly educated and expect products to align with their changing values. We will inspire sustainable living choices through the products we offer, supported by social marketing and behavioural change programs. We aim to deliver community value as well as surprising and delighting customers.

## PROTECTING FORESTS – NET ZERO DEFORESTATION THROUGH OUR SUPPLY CHAIN

We have a target to 'Achieve net zero supply chain deforestation for our 'high-impact' commodities in our Own Brand products, such as palm oil, timber, pulp and paper, and packaging'. This target focuses on Woolworths' Own Brand products. It will be achieved by a combination of sourcing from independently-certified sustainable supply chains, and where this option is not feasible, using credible offsetting schemes.

As a member of the Consumer Goods Forum (CGF), Woolworths has been a signatory to the CGF Deforestation Resolution of 2010 for achieving net zero deforestation by 2020 from sourcing commodities like palm oil, beef, timber, paper and board. We have publicly committed to this resolution in our Corporate Responsibility reports and have reported on progress.

Woolworths achieved 100 per cent Roundtable for Sustainable Palm Oil (RSPO) sustainable palm oil in our Own Brand food products in 2015.

## RESPONDING TO CLIMATE CHANGE: ENERGY AND CARBON INITIATIVES

The world is moving to respond to the challenge of climate change with the signing of the Paris Agreement and nations committing to align targets to constrain global warming to within two degrees. Iconic, global businesses came out in support of this goal. We will use science-based targets to assess the impacts of a two degree world and examine their applicability to the Group. We will also investigate further cost-effective investment in renewable energy as technology and commercial opportunities evolve.

Our immediate target is to 'Reduce Woolworths' carbon emissions to 10 per cent below 2015 levels.'

We are continually identifying, researching, trialling and implementing energy-efficient and low carbon technology. \$188 million has been invested in projects since 2009 and has delivered an estimated \$189 million in operational cost savings to date. Energy used per store by Australian supermarkets opened in 2015 is a very significant 30 per cent less than those opened in 2008.

A suite of engineering initiatives were rolled out, including replacement of synthetic refrigerants by carbon dioxide, the introduction of a range of refrigerant plant energy efficiency improvements, the introduction of LED lighting across all refrigerated showcases, and improvements in refrigeration and air-conditioning plants. Project Enlighten was established in 2015 in order to generate energy efficiency savings through a strong focus on the installation of LED lighting, along with investments in refrigeration and air-conditioning improvements. Further investments have included the installation of 25 solar power systems across a range of trading stores. These solar sites have a total capacity of more than 1.2MW and generated 1560MWh of renewable energy in 2016.

## REFRIGERANT MANAGEMENT

Our 2020 target is to 'Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15 per cent of CO<sub>2</sub>-e below 2015 levels.' This target will be achieved by targeted leakage reduction initiatives and by replacing existing refrigeration systems with hybrid (R134a and CO<sub>2</sub>) or HFC-free systems.

To date we have installed hybrid refrigeration systems in 226 stores in Australia and New Zealand. This eliminated high ozone-depleting-potential refrigerants in these stores and has significantly reduced the global warming potential of the alternative refrigerants used at these stores (from 3,300 to 850 per tonne).

This target will also contribute to the achievement of the Woolworths Group emissions target and is in line with commitments by the Australian Government to phase out HCFCs and rapidly phase down HFCs. It is consistent with our peers and CGF Refrigerant Resolution.

By 2020 we will install ten natural systems employing technologies such as transcritical CO<sub>2</sub> or water loop. In our New Zealand Countdown business we have already installed one transcritical CO<sub>2</sub> system and plan to introduce another four. In Australia we will further develop our organisational capacity and we plan to pilot two transcritical CO<sub>2</sub> HFC-free natural refrigeration systems in greenfield supermarkets in 2017.

## BUILDING CAPACITY IN OUR SUPPLIERS – CLIMATE CHANGE RISKS WITH A FOCUS ON WATER

Agricultural supply security is an issue of high importance to investors wanting to understand the impact issues such as water shortages and droughts could have on investee company profitability, including through higher prices or reduced availability of supply chain agricultural inputs. We will work with our suppliers to build capacity on managing climate change risks with an initial focus on water.

# 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.

### ENGAGE FAIRLY AND EQUITABLY

Achieve a top quartile ranking in how we engage with our suppliers on the attributes of fairness and equity, as measured by independent supplier surveys

### CUSTOMER SATISFACTION

Achieve leading customer satisfaction scores

### PARTNERSHIPS AND PROGRAMS

# 1%

of total Group Earnings Before Interest and Tax (EBIT) invested

## REBUILDING POSITIVE RELATIONSHIPS WITH SUPPLIERS

Strong relationships with our suppliers will deliver better value to our customers through trust, collaboration and innovation.

Woolworths' management of supplier relationships receives high levels of scrutiny.

We have had some success with the establishment of our 'Good Buyer and Supplier Principles' in our Endeavour Drinks Group. Yet across the Group, we recognise that we must continue to improve.

Our Corporate Responsibility Strategy 2020 and new brand purpose are working hand in hand to rebuild trust. Trust is built through fair and equitable dealings that provide value to our customers and a fair return to our suppliers.

An ambitious target has been set for 2020 that *'We will achieve a top quartile ranking in how we engage fairly and equitably with our suppliers as measured by independent supplier surveys'*. In support of this target we are moving from Annual Surveys to Biannual Surveys, and have developed a bi-monthly 'Voice of Supplier' pulse survey. This will support closer, more timely feedback to enable improved relationships with suppliers.

This Corporate Responsibility Strategy acknowledges the need for a cultural shift in the business to recognise the value of positive and productive relationships with our suppliers. To achieve this, we will undertake a review of KPIs, targets, processes and expectations set by management.

We will seek opportunities to collaborate with our suppliers for mutual gains. We will establish common platforms for the discussion and development of solutions such as developing resilience to climate impacts and sharing knowledge with our suppliers on emissions reduction strategies and energy productivity improvements.

## IMPROVING WORKERS' LIVES

Today's retailers and brand manufacturers face complex supply chain management issues. We source apparel, footwear, food, drinks and general merchandise from a range of locations outside Australia. Some nations are deemed very high risk against our Country Risk Matrix, as they are more likely to engage in unreasonable labour practices, such as child labour, forced labour and to inhibit freedom of association.

We have a long-established ethical sourcing policy and expect all suppliers to comply with this policy. Before they supply products to us, we audit Own Brand factories based on the human rights risk of countries and product categories. We publish the breakdown of the severity levels of corrective actions from these audits.

We want to build on our progress to date by improving our audit and compliance system to be broader and more comprehensive, with on-going monitoring and follow-up on corrective actions. Our goal is that *'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'*. A review of auditing frequency commenced in 2016. Improvement areas for the compliance program will be identified through a gap analysis to the Global Social Compliance Program (GSCP) reference codes. Woolworths will develop supporting guidelines, instruction on key risks, continual risk monitoring, clear governance, roles and accountabilities, supplier engagement, follow-up audits and regular reviews.

## COLLABORATING FOR CHANGE

In addition to the development of a best practice compliance program we have set an additional goal. *'We will collaborate with peak organisations to improve workers' lives'*. Ethical sourcing is a broad and complex area with many complex socio-economic and political variables. We will collaborate with peak organisations to improve workers' lives through pursuing the following strategies:

- Increased transparency and disclosure
- Open, inclusive dialogue with stakeholders
- Improve traceability and review audit scope
- Work to eliminate forced labour and protect migrant workers
- Move to 'living wages' not just 'minimum wages'
- Capacity building

## FOCUS ON CUSTOMER SATISFACTION

We recognise that trust, and being valued as a customer, are the cornerstones of our customers' satisfaction. We are listening to our customers and rolling out initiatives to rebuild trust and reward our customers. We will continue to innovate for customers to deliver value for money while contributing to the community. Our target for 2020 is *'We will achieve leading customer satisfaction scores'*. We will track our progress by reporting customer satisfaction metrics.

## INSPIRING HEALTHY CHOICES

Our customers are increasingly concerned about their health and wellness and are seeking nourishing food and drinks. There has been a strong growth in demand for health food and organic products and the trend is arguably becoming mainstream with over half of shoppers (52 per cent) buying health food products weekly (i.e. sugar free, additive free, gluten free, dairy free, organic, raw, salt free or vegan).<sup>1</sup>

Our customers and communities are ethically diverse and come from a wide range of backgrounds. We are determined to answer the needs of customers by delivering variety, value, good pricing, and by helping them to make healthy food choices.

Our target for 2020 is *'We will inspire our customers to consume all of our products in a healthy, sustainable way.'*

Woolworths will develop the Affordable Healthy Eating Index based on our customers' shopping habits and will support our customers to make healthier food choices through providing inspiration, knowledge and making it easier and more affordable to eat good food. We will continue to invest in developing products that improve the nutritional balance of our Own Brand portfolio. We are committed to providing clear and transparent labelling, not using additives our customers have asked us to remove, and improving the nutritional profile of products to make healthier choices easier.

We will inspire healthy, sustainable consumption of all of our products, including the responsible consumption of alcohol. In addition, we aspire to continuously build on the existing commitment in our Australian Leisure and Hospitality Group business to be Australia's most responsible operator of hotels.

## SUPPORTING OUR COMMUNITIES

With our presence across cities, regions and remote areas, we are a part of the fabric of society. We use our resources and skills to partner with the communities that we are part of to improve the health and well-being of our customers, creating employment opportunities for young Australians and New Zealanders, and supporting communities facing natural disasters with emergency relief and post-disaster recovery. Some of our initiatives include Free Fruit for Kids, Earn and Learn, S.T.A.N.D. (see next page), White Ribbon and programs with our food rescue partners such as OzHarvest and Foodbank. Our target is to *'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'*.

In addition to Woolworths' direct contribution to community partnerships, we help customers contribute directly to charitable organisations. Many Australian and New Zealand communities have a Woolworths business in their town centre, and this provides us with the opportunity to engage with our customers, team members and suppliers to raise awareness of and contribute vital funding to community programs.

## REPORTING ON THE SOCIAL IMPACTS FOR OUR COMMUNITY

We will manage our community investments under a best practice social accounting framework, such as the London Benchmarking Group (LBG) methodology, to ensure that we meet the targets we set. The 2020 target is *'We will publicly report social impact to quantify the positive changes we are creating with a focus on health, economic development and emergency relief.'*

Reporting social impacts shows how our community partners are improving and transforming lives, including those of our team members and customers. This will allow us to highlight the impacts of 'Good Acts', raising the awareness of our community partners' work.

1 The Shopper's Pick: Understanding Australia's new village green; July 2016.

## BUILDING OUR PARTNERSHIP WITH *The Salvation Army*

Woolworths has supported The Salvation Army (The Salvos) since 1954. Over the past five years we have contributed on average more than \$2 million each year to The Salvos, coupled with a further \$3 million each year through customer donations. To further build on this long relationship, Woolworths Supermarkets and The Salvos have formalised the partnership through the establishment of an advisory board and an ongoing formal initiative called S.T.A.N.D. (Support Through Australian Natural Disasters) which funds natural disaster response, recovery and resilience works in the community.

# 1954

### **BETHESDA HOSPITAL APPEAL**

Woolworths donates £50.

# 1974

### **FORGOTTEN FATHERS GIFT**

Woolworths remembers 80 'Forgotten Fathers' at 'Evertide', Salvation Army Home, each receiving a gift of fruit, biscuits and chocolate.

# 1999

### **BIG W CHRISTMAS DONATION**

BIG W matches dollar-for-dollar with The Salvos donations collected on the Saturday morning before Christmas, donating \$120,059.

# 2007

### **CUSTOMER DONATION COLLECTION**

Woolworths raises \$96,000 for The Salvos from collection tins at registers.

## *Salvos partnership timeline*

# 1963

### **NSW FLOOD RELIEF**

Woolworths donates a large consignment of food for distribution by The Salvos.

# 1994

### **NSW BUSHFIRE RELIEF**

Woolworths donates food and drinks to The Salvation Army Emergency Services teams to assist during the Central NSW bushfires.

### **BIG W CHRISTMAS DONATION**

BIG W donates 5 cents for every dollar to The Salvos on the two Saturdays leading up to Christmas, raising \$87,287.

# 2005

### **SOUTH ASIA TSUNAMI DONATION**

Woolworths Limited donates \$500,000 to The Salvos to provide aid to the South Asia tsunami-affected countries. Collection tins were also placed in stores raising a total of \$2.4 million.

# 2006

### **RED SHIELD APPEAL**

1,600 retail stores in the Woolworths Group turn into Red Shield Appeal collection points, contributing over \$3 million to The Salvos for tsunami victims and homeless young Australians.

### **OASIS YOUTH NETWORK**

Woolworths sells 12,000 charity candle bags, raising money for Oasis Youth Network, a Salvos service for young homeless people.

# 2016

Our flagship disaster relief initiative is the strengthening of our relationship with The Salvos through our S.T.A.N.D. (Support Through Australian Natural Disasters) partnership, designed to fund natural disaster response, recovery and resilience works in the community.



# 2009

## OASIS YOUTH NETWORK WORK EXPERIENCE

Through the Oasis Youth Support Network, a Salvos service, Woolworths provides 32 participants with work experience in stores to equip young people entering the job market with the life skills required to be successful employees.

# 2011

## QUEENSLAND FLOOD RELIEF

Woolworths Limited assists on the ground with food, essential provisions and shelter and also matches dollar-for-dollar customer donations totalling \$15.8 million. In FY2011 donations to The Salvos totalled \$18.5 million.

## CANTERBURY EARTHQUAKE APPEAL

In our New Zealand supermarkets, staff and customers raised over NZ\$530,000. Australia raised NZ\$900,000 through donations in-store for the appeal.

# 2010

## NEW CHARITY DONATION SYSTEM AT CHECKOUT

Woolworths supermarkets launch a new charity donation system at checkout, enabling customers to add donations to their bill with donations going directly to charity partners. The Salvos are the official recipient for Australian emergency relief appeals.

# 2013

## DISASTER APPEAL

Woolworths Limited donates \$1.4 million to The Salvation Army Disaster Appeal to help communities affected by floods and bushfires.

Our genuine commitment will be reinforced through staff engagement and initiatives such as volunteering at times of disaster or for senior staff to act as strategic advisors to The Salvos operations.
















# OUR 2020 COMMITMENTS AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS







The Woolworths Corporate Responsibility Strategy 2020 is aligned to the United Nations 2030 Sustainable Development Goals (SDGs). The Sustainable Development Goals call for worldwide action among governments, business and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet.

Woolworths' corporate responsibility extends across many of the areas that are also the focus of the United Nations Sustainable Development Goals. Our 2020 Corporate Responsibility Strategy seeks to reduce risks, harness opportunities and build capability with partners to drive sustainability across our value chain. We have identified areas of synergy, such as through our food rescue program, which gives food relief to alleviate hunger while reducing the amount of food waste going to landfill.

SUSTAINABLE DEVELOPMENT GOAL (SDG)	COMMITMENTS/TARGETS FOR 2020	VALUE CHAIN
 <p><b>GOAL 1:</b> End poverty in all its forms everywhere</p>	<p><b>COMMITMENT NUMBER:</b> 16</p> <p>We will develop a best practice compliance system according to the Global Social Compliance Program. We will collaborate with peak organisations to improve workers' lives.</p>	
 <p><b>GOAL 2:</b> Zero Hunger - End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p><b>COMMITMENT NUMBER:</b> 9</p> <p>Towards zero food waste going to landfill.</p>	
 <p><b>GOAL 3:</b> Good Health and Well-being - Ensure healthy lives and promote well-being for all at all ages</p>	<p><b>COMMITMENT NUMBER:</b> 20</p> <p>We will inspire our customers to consume all of our products in a healthy, sustainable way.</p>	



SUSTAINABLE DEVELOPMENT GOAL (SDG)	COMMITMENTS/TARGETS FOR 2020	VALUE CHAIN
 <p><b>GOAL 5:</b> Gender Equality - Achieve gender equality and empower all women and girls</p>	<p><b>COMMITMENT NUMBER:</b> 1</p> <p>At least 40 per cent of executive and senior manager positions to be held by women.</p>	
	<p><b>COMMITMENT NUMBER:</b> 2</p> <p>No salary wage gap between male and female employees of equivalent positions on a per-hour rate at all levels of the company, with a step change improvement in closing any gaps by the end of FY17.</p>	
 <p><b>GOAL 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p><b>COMMITMENT NUMBER:</b> 13</p> <p>Reduce Woolworths' carbon emissions to 10 per cent below 2015 levels.</p>	
	<p><b>COMMITMENT NUMBER:</b> 14</p> <p>Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15 per cent of CO2-e below 2015 levels.</p>	
 <p><b>GOAL 8:</b> Decent Work and Economic Growth - Promote inclusive and sustainable economic growth, employment and decent work for all</p>	<p><b>COMMITMENT NUMBER:</b> 15</p> <p>We will achieve a top quartile ranking in how we engage fairly and equitably with our suppliers as measured by independent supplier surveys.</p>	
	<p><b>COMMITMENT NUMBER:</b> 16</p> <p>We will develop a best practice compliance system according to the Global Social Compliance Program. We will collaborate with peak organisations to improve workers' lives.</p>	
	<p><b>COMMITMENT NUMBER:</b> 3</p> <p>100 per cent of those responsible for hiring new team members to have completed unconscious bias training.</p>	
	<p><b>COMMITMENT NUMBER:</b> 4</p> <p>Continue the focus on driving cultural diversity, with a commitment that by 2020 the Woolworths Group team will truly reflect the communities we serve.</p>	
	<p><b>COMMITMENT NUMBER:</b> 7</p> <p>We are committed to maintaining a workplace that safeguards the health and wellbeing of our people, customers and visitors.</p>	
<p><b>COMMITMENT NUMBER:</b> 8</p> <p>Achieve Gold Tier employer status in Australian Workplace Equality Index (AWEI) for Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion.</p>		

SUSTAINABLE DEVELOPMENT GOAL (SDG)	COMMITMENTS/TARGETS FOR 2020	VALUE CHAIN
 <p><b>GOAL 10:</b> Reduced Inequalities – Reduce inequality within and among countries</p>	<p><b>COMMITMENT NUMBER: 5</b></p> <p>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.</p>	
 <p><b>GOAL 12:</b> Responsible Consumption and Production – Ensure sustainable consumption and production patterns</p>	<p><b>COMMITMENT NUMBER: 6</b></p> <p>Proportion of Indigenous Graduates to equal Federal Government Employment Parity contract. Once achieved, 2 per cent of our Graduates will be Indigenous.</p>	
 <p><b>GOAL 13:</b> Take urgent action to combat climate change and its impacts</p>	<p><b>COMMITMENT NUMBER: 9</b></p> <p>Towards zero food waste going to landfill.</p>	
 <p><b>GOAL 15:</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss</p>	<p><b>COMMITMENT NUMBER: 10</b></p> <p>Improve the recyclability of our Own Brand packaging and contribute to the circular economy.</p>	
 <p><b>GOAL 17:</b> Partnerships for the Goals – Revitalize the global partnership for sustainable development</p>	<p><b>COMMITMENT NUMBER: 11</b></p> <p>Source key raw materials and commodities sustainably to an independent standard by 2020. We will raise awareness of sustainably sourced products.</p>	
	<p><b>COMMITMENT NUMBER: 13</b></p> <p>Reduce Woolworths' carbon emissions to 10 per cent below 2015 levels.</p>	
	<p><b>COMMITMENT NUMBER: 14</b></p> <p>Innovate with natural refrigerants and reduce refrigerant leakage in our supermarkets by 15 per cent of CO<sub>2</sub>-e below 2015 levels.</p>	
	<p><b>COMMITMENT NUMBER: 12</b></p> <p>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.</p>	
	<p><b>COMMITMENT NUMBER: 17</b></p> <p>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.</p>	
	<p><b>COMMITMENT NUMBER: 18</b></p> <p>We will publicly report social impact to quantify the positive changes we are creating with a focus on health, economic development and emergency relief.</p>	



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