BUSINESS’ ROLE IN DRIVING SUSTAINABILITY IS BECOMING EVER MORE IMPORTANT. THIS APPLIES TO BOTH THE COMMUNITY AROUND US AND TO THE ENVIRONMENT THAT SERVES US ALL. OUR RESPONSE IS OUR GOOD BUSINESS JOURNEY.
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### Key Sustainability Indicators and Recognition

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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>R39.9bn</td>
<td>R35.4bn</td>
<td>R28.8bn</td>
<td>R25.8bn</td>
<td>R23.7bn</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>Return on equity (ROE)</td>
<td>46.7%</td>
<td>49.7%</td>
<td>47.1%</td>
<td>44.1%</td>
<td>39.4%</td>
<td>↓</td>
<td></td>
</tr>
<tr>
<td>Headline Earnings per share (HEPS)</td>
<td>365.2</td>
<td>340.4</td>
<td>267.3</td>
<td>214.9</td>
<td>157.2</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>Share price appreciation</td>
<td>20% increase</td>
<td>1 402</td>
<td>2 129</td>
<td>567</td>
<td>1 225</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>Good Business Journey index overall score (new targets from 2012 to 2015)</td>
<td>91%</td>
<td>98%</td>
<td>85%</td>
<td>86%</td>
<td>81%</td>
<td>↑</td>
<td>85%</td>
</tr>
<tr>
<td>Customer tracking study regarding Good Business Journey elements</td>
<td>35%</td>
<td>26%</td>
<td>26%</td>
<td>29%</td>
<td>26%</td>
<td>↑</td>
<td>28%</td>
</tr>
<tr>
<td>Number of permanent head count employees</td>
<td>25 598</td>
<td>23 538</td>
<td>22 462</td>
<td>20 433</td>
<td>18 836</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>Training spend</td>
<td>R110.2 m</td>
<td>R99.8m</td>
<td>R75.1m</td>
<td>R58.2m</td>
<td>R51.4m</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>BBBEE score</td>
<td>Level 3</td>
<td>Level 3</td>
<td>Level 4</td>
<td>Level 4</td>
<td>Level 5</td>
<td>← Level 3</td>
<td></td>
</tr>
<tr>
<td>Corporate social investment contribution</td>
<td>R518m</td>
<td>R500.1m</td>
<td>R418m</td>
<td>R370m</td>
<td>R314m</td>
<td>↑</td>
<td>R300bn p.a.</td>
</tr>
<tr>
<td>Estimated Good Business Journey savings to date</td>
<td>R269m</td>
<td>R189m</td>
<td>R105m</td>
<td>R80m</td>
<td>–</td>
<td>↑</td>
<td>R100bn p/a</td>
</tr>
<tr>
<td>Health and safety – number of injuries on duty</td>
<td>735</td>
<td>682</td>
<td>778</td>
<td>563</td>
<td>693</td>
<td>↓</td>
<td>–</td>
</tr>
<tr>
<td>Energy reduction in stores relative consumption from benchmark</td>
<td>38%</td>
<td>33%</td>
<td>27%</td>
<td>22.5%</td>
<td>10%</td>
<td>↑</td>
<td>40%</td>
</tr>
<tr>
<td>Green buildings (as per Woolworths model)</td>
<td>45%</td>
<td>29</td>
<td>24</td>
<td>18</td>
<td>13</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>Carbon footprint (total tons of CO2)</td>
<td>444 249.10</td>
<td>398 568</td>
<td>411 522.35</td>
<td>432 996.75</td>
<td>422 897.34</td>
<td>↓</td>
<td></td>
</tr>
<tr>
<td>Water (reduction in relative consumption from benchmark stores)</td>
<td>34%</td>
<td>28%</td>
<td>1% (5%)</td>
<td>26%</td>
<td>35%</td>
<td>↑</td>
<td>56%</td>
</tr>
<tr>
<td>Foods packaging</td>
<td>238</td>
<td>185</td>
<td>105</td>
<td>80.24%</td>
<td>66.6%</td>
<td>↑</td>
<td>At least 100% improvements during the year</td>
</tr>
<tr>
<td>Produce suppliers qualifying for the Farming for the Future programme</td>
<td>98%</td>
<td>98%</td>
<td>95%</td>
<td>70%</td>
<td>68.4%</td>
<td>↑</td>
<td>100%</td>
</tr>
<tr>
<td>Inclusion in JSE SRI index</td>
<td>✓</td>
<td>✓</td>
<td>✓ Top Performer</td>
<td>✓ Top Performer</td>
<td>✓ Top Performer</td>
<td>← Retain position</td>
<td></td>
</tr>
<tr>
<td>% of Clothing products with a sustainability attribute</td>
<td>60%</td>
<td>48%</td>
<td>50%</td>
<td>New focus area</td>
<td>↑</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>% of Food products with a sustainability attribute</td>
<td>58.4%</td>
<td>57.4%</td>
<td>52%</td>
<td>New focus area</td>
<td>↑</td>
<td>60%</td>
<td></td>
</tr>
</tbody>
</table>

* Part of EY’s audited key performance indicators. The basis for measurement of this indicator can be found on www.woolworthsholdings.co.za
Woolworths has been included in the Dow Jones World Sustainability Index, for 2013/14 and 2014/15. We are one of only five South African-listed companies included.

Woolworths has participated in the Carbon Disclosure Project (CDP), the Water Disclosure Project and CDP Forests project.

HOW WE'RE RATED
Woolworths was again included in the JSE Socially Responsible Investment (SRI) Index for 2013/14.

Woolworths has been included in the Dow Jones World Sustainability Index, for 2013/14 and 2014/15. We are one of only five South African-listed companies included.

Woolworths has participated in the Carbon Disclosure Project (CDP), the Water Disclosure Project and CDP Forests project.

RECOGNITION
Woolworths came third in the Sunday Times Top 100 companies for 2013, up from position eight in 2012. The award acknowledges the best-performing companies on the JSE, based on shareholder returns over five years.

We have also been included in the list of Sunday Times Royal Companies. These are companies that have occupied the top 20 positions of the Sunday Times Top 100 Companies for three consecutive years.

Woolworths has been named one of the top 10 most valuable brands in South Africa, according to BrandFinance South Africa.

Woolworths was a finalist in the ‘CSR initiative’ category in the 2013 World Retail Awards for the MySchool MyVillage MyPlanet programme – an award we also won in 2008, 2010 and 2012.

We have also been chosen as a finalist for the 2014 World Retail Awards as well in the Corporate Social Responsibility Initiative of the year category for our Good Business Journey programme.

Woolworths won the Retail category of the SAGRA Graduate Recruitment Awards, which celebrate the achievements of South Africa’s leading graduate employers. The awards are decided entirely by successful job hunters, who have received confirmed job offers from graduate employers.

Woolworths received the Wholesale and Retail Sector Education Training Authority (W&RSETA) Good Practice Award for Skills Development. These awards acknowledge learning and development best practice in the retail sector.

Woolworths is one of 27 BICS companies selected by The Boston Consulting Group as part of its 2014 BCG Local Dynamos report. "Local dynamos" are emerging market firms that have succeeded by staying home and beating both multinationals and local, often state-owned companies.

Woolworths foods came second in the Orange® Index Benchmark winner for 2013 – an accolade we have won five times in the past 13 years. The Ask Africa Orange® Index is the largest and most widely referenced service excellence benchmark in South Africa.

The South African Customer Satisfaction Index (SAcsi) is a national economic indicator of customer satisfaction in the quality of products and services available to household consumers in South Africa.

Woolworths is the industry leader in South Africa in foods and clothing, scoring 6.5% above the industry average satisfaction score.

Woolworths was a finalist in the 2013 International Sustainability Leaders Awards in the Waste and Resource Management category.

Woolworths is on the shortlist for this year’s Ethical Corporation Responsible Business Awards in the Best Business NGO Partnership and Best Supplier Engagement categories.

Woolworths is a finalist for the EU Africa Chamber Of Commerce “CSR in Africa Awards” 2014.

Woolworths was a finalist in the SA National Business Awards in the Corporate Citizenship Award category.

Woolworths was recognised by the City of Cape Town in its Energy Efficiency Forum Awards for its application of green building principles at stores and head office.

Woolworths won the the Energy Project Award at the SANRE ENERGY AWARDS 2014.

Woolworths reusable bags won the PETCO PET plastic industry association recycled product of the year award for 2013.

The Association for Retail Environments (A.RE.I) awarded Woolworths flagship Waterstone store in Somerset West the Grand Prize for Design in the Supermarket/Grocery category at the A.RE.I. Design Awards, in part for its sustainability credentials.

Woolworths achieved first position in the REPTRAK™ PULSE survey. The seven reputation drivers used in the Reputation Institute’s survey are products and services, innovation, performance, citizenship, workplace, governance and leadership.

Woolworths received the Good Egg Award from Compassion in World Farming for its commitment to free range farming – the first African retailer to receive this prestigious recognition.

Woolworths was a finalist in the 2013 International Sustainability Leaders Awards in the Waste and Resource Management category.

Woolworths is on the shortlist for this year’s Ethical Corporation Responsible Business Awards in the Best Business NGO Partnership and Best Supplier Engagement categories.

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MPASA Pica Awards – Woolworths Taste magazine was chosen as Customer Magazine of the Year.

At the recent International Association of Business Communicators (IABC) 2014 Gold Quill Awards, held at its world conference in Toronto, Woolworths received an African Gold Quill Award.

The MYSchool MyVillage MyPlanet programme has won the Best Corporate Social Responsibility Initiative linked to Loyalty Award at the Annual International Loyalty Awards EMEA 2013 in London.

At the International Loyalty Awards 2014 London.

1. MintRawards won Best Loyalty Programme of the year retail Rooolld
2. MySchool MyVillage MyPlanet won Best Loyalty Programme of the year in Middle East and Africa
3. MySchool MyVillage MyPlanet won Best CSR Initiative linked to Loyalty
4. MySchool MyVillage MyPlanet commendation – Best Loyalty Programme Marketing Campaign of the year (Swipe for Africa)

REPORTING AWARDS
EI Excellence in Integrated Reporting – the 2013 Woolworths Integrated Report was rated as “excellent”.

Woolworths 2013 Sustainability Report was chosen as Runner-up in the ACCA Reporting Awards. (Non Resources)
ABOUT US

Woolworths Holdings Limited (WHL) is a South African-based retail group listed on the JSE Limited since 1997 in South Africa, the Group trades through Woolworths (Proprietary) Limited (Woolworths) and in Australia, through Country Road Limited (Country Road Group) – the latter was listed on the Australian Securities Exchange (ASX).

The Group provides shared value through retail brands that meet the needs of aspirational customers in the southern hemisphere. Our footprint extends beyond our stores into our supply chain and the communities that buy our products and use our services. We manage our broader business impact through comprehensive social, ethical and environmental policies and practices.

OUR VISION IS TO BE A WORLD LEADER IN RETAIL BRANDS THAT APPEAL TO PEOPLE WHO CARE ABOUT QUALITY, INNOVATION AND SUSTAINABILITY.

INTEGRATED SUSTAINABILITY REPORTING

Woolworths Holdings Limited regards its sustainability reporting process as a valuable opportunity to engage with its stakeholder groups and to respond to issues that have been raised during the course of the year. The focus of our sustainability report is to provide readers with an overview of the highlights and challenges of Good Business Journey (GBJ) progress, as well as our future objectives, in the context of our operations and geography. This context, and the feedback we receive from stakeholders, informs the material issues that we focus on in the report. We hope that our reporting credibly portrays the work we are doing to allow stakeholder groups to understand the strategy of the company and assess our prospects in a way that covers our financial and sustainability risks and opportunities.

This annual sustainability report covers the period from 1 July 2013 to 29 June 2014, is the successor to the 2013 report and focuses largely on South African-owned operations, as well as including information on our Australian subsidiary, Country Road Group. Our carbon footprint information covers the period from 1 January 2013 to 31 December 2013, based on the timelines for our submission to the Carbon Disclosure Project.

There have been no significant changes in reporting standards regarding sustainability reporting, and any restatement of information is noted in the section concerned. This volume should be read together with the 2014 Integrated Report and the 2014 Annual Financial Statements, as a compendium of our strategy and performance.

As with our 2014 WHL Group Integrated Report, we have considered the application of the six capitals as recommended by the International Integrated Reporting Council in our thinking about sustainability. Where this report predominantly covers the aspects related to human, social and relationship, and natural capital, the Integrated Report offers detail about financial, manufacturing and intellectual capital.

The recommendations of King III and the G3.1 guidelines of the Global Reporting Initiative (GRI) form the basis for this report cycle. We have also looked ahead to the G4 guidelines that will come into effect in the near future, and an analysis of the Group’s compliance with the G3.1 guidelines appears in the GRI Index (we have self-declared a B+ application level for this report). We welcome any feedback on our programme and reporting, and contact details for this purpose can be found on the inside back cover of the report.

APPROVAL AND ASSURANCE

The Social and Ethics committee and the Sustainability committee review and recommend the Good Business Journey Report to the Board for approval. Woolworths has always looked at obtaining independent opinion on our progress as being a crucial part of gaining and maintaining credibility with our stakeholders. We have also worked with a range of internal and external assurance providers to achieve this.

In the current financial year, in line with King III, we have again engaged Ernst & Young Inc. (EY), to provide limited assurance over certain quantitative and qualitative aspects of the 2014 Good Business Journey Report.

1. The statistical data of the following KPIs:
   a) percentage of foods with one and/or four sustainability attributes;
   b) water usage – head office, stores and distribution centres;
   c) percentage of Woolworths foods rigid packaging containing recycled materials.

2. The GRI G3.1 principles for defining report content.

3. The self-declared GRI G3.1 application level.

EY and Young Inc. also conducted a “dry run” limited assurance engagement in order to assess the readiness of certain other key performance indicators for external limited assurance in future years.

• Percentage of foods with one and/or four sustainability attributes, and
• Percentage of clothing with one and/or four sustainability attributes.

Their assurance statement can be found on page 60 to 61.

Our BBBEE status is based on a self-assessment and progress monitoring done on a monthly basis over the period under review. The self-assessment was based on our understanding of the Amended BBBEE Codes of Good Practice and was used as a basis for forward planning and strategy development.

We have also undertaken an independent limited level verification of our carbon footprint data in conformance with the ISO 14064-3:2013 International Standard for GHG verifications performed by the Global Carbon Exchange, and their assurance statement can be found on the Good Business Journey Report website.

We feel that the combination of the assurance processes noted above provides coverage over all our material focus areas by a range of audit, technical and scientific experts.
Our Good Business Journey is now in its seventh year of existence as a formalised, integrated programme, but caring for our communities and the environment has always been part of the ethos of Woolworths. The Good Business Journey still has the same two overarching objectives:

• Measuring and managing our direct and indirect impact on the community and planet around us, right across our value chain, and

• Educating and influencing our employees, customers and suppliers regarding responsible production and consumption. The structure and measurement processes behind the Good Business Journey have ensured that the strategy, objectives and performance of the Group are evaluated in a formalised, integrated programme, its seventh year of existence as a campaign and initiative such as 50/50 inserts, Top Billing and Expresso appearances, as well as tracking studies, show an ever growing awareness of the Good Business Journey and our conservation objectives and positive response thereto. Customers interact with us increasingly through social media channels, and are a key source of fresh ideas and priorities for the business. We see these interactions as opportunities to improve our business, to bring innovation and to better understand what is important to our customers. Our employees continue to give feedback that they see the Good Business Journey programme as a point of significant pride at Woolworths, and would like more ways to become involved.

Looking back at the 2014 financial year, the Good Business Journey brought some significant achievements, and, as always, some challenging areas where we can still improve.

Our highlights for the year again featured a number of awards from a range of stakeholders and institutions that rate and evaluate the Group from very different perspectives.

These include being ranked first in the RepuTrak Reputation Index survey of South African companies, being rated in the top three in the Sunday Times Top 100 companies for 2013 and once again being included in both the All Societys Responsible Investment SRI index and the Dow Jones World Sustainability Index for 2013/14 and 2014/15. 2014 also saw us maintain our level 3 contributor status in Broad-Based Black Economic Empowerment (BBBEE). Besides employing over 25 500 people directly, our supply chain supports more than double that amount. Indeed, as 75% of total product and more than 96% of our food comes from Southern Africa, we are a significant provider of jobs at home. We are concerned however about the impact of the changes to the BEE Codes to our scorecard and those of our suppliers, and recognise that significant additional effort is required to adapt to these changes.

During the year we directed almost R518 million to a range of charity organisations as part of our commitment to food security and education – most of this through our store-based donations to local charities of past-50 years, but still fresh, food. Partners and beneficiaries have included EdUpaint, Making the Difference and MySchool programmes, as well as the recipients of our surplus food and clothing, such as the Clothing Bank and a range of partners in cause-related marketing initiatives.

The environmental sphere we have made continued progress on our animal welfare, genetically modified organisms (GMOs) and ethical sourcing – issues that received a high level of engagement in the media from a number of stakeholders. We have made significant progress on our animal welfare commitments, but it is an area of real passion and interest for many of our customers, and they continue to demand even greater progress. Customers are also wanting a greater number of healthy food options, and for some this includes alternatives to foods containing GMOs – an area which we have struggled in making progress over the last few years, but have put new tough reduction targets in place.

Globally more and more focus is being placed on increasingly long and complex food and clothing supply chains, meaning that in some cases we even need to understand exactly who the supplier of our supplier’s supplier may be. We have rigid codes of practice in place throughout our supply chain in South Africa and beyond, and continue to drive the importance of our ethical sourcing and traceability.

The growth in our business operations in Australia and the rest of Africa has created impetus for a revision of our Good Business Journey strategy and targets towards 2020. This included a full industry benchmarking review as well as an inclusive process of engaging with our customers, corporate, academic and NGO partners, and our internal leadership teams, Exco, and the Board, all facilitated by the Cambridge Programme for Industry.

Aside from over 200 detailed individual targets being set to 2020, the two main shifts are a movement towards a WHL + Group Good Business Journey strategy, and the addition of two key focus areas – ethical sourcing and health and wellness – to our existing six focuses: energy, water, waste, sustainable farming, transformation and social development.

Our vision is to be the most sustainable retailer in the southern hemisphere, and the structures we have set up and progress made over this year are creating a strong foundation for achieving this vision.
MANAGING SUSTAINABILITY

SUSTAINABILITY CONTEXT
The retail sector continues to be in the spotlight in terms of its direct and especially supply chain impacts, issues around traceability, ethical sourcing and responsible sourcing of commodities are material risks for the sector. Mitigating these risks requires the types of long-term partnerships with suppliers that Woolworths has been built on. Increasingly important is the expertise and guidance we gain from our partnership with WWF-SA.

In South Africa, key issues include the need to alleviate poverty and create jobs, to improve education and grow the number of skilled people ready to join the economy, whilst labour unrest and concerns about corruption continue. Environmental challenges include energy supply stability and costs, water scarcity and quality issues, and a host of agricultural concerns including security of land tenure, customer push back around land tenure, customer push back around GMO and a declining number of farmers - all of which affect food security and prices, putting pressure on South African consumers. Unpredictable climate-related events are putting even more strain on this food production system. The National Development Plan creates a strong vision for resolving many of these challenges, and Woolworths needs to understand our influence as a diversified retailer, and apply our value chain approach to finding solutions in partnership with our stakeholders. Our consumers continue to show a strong interest in environmentally responsible and ethical sourcing, and we need to increasingly provide such product choices to them, without a significant premium.

KEY SUSTAINABILITY RISKS
Managing risk is an integral part of our strategy in protecting the Group’s assets, including reputation, and enhancing shareholder value in a sustainable way. We follow a robust risk assessment approach to determine our risks. Risk registers are developed for key business areas to ensure that all identified risks are documented, weighted according to the agreed risk assessment method and action plans are identified to mitigate the risk. The material risks associated with the achievement of the 2014 Good Business Journey targets and related mitigating actions were reviewed during the current year, and are identified at the beginning of each section of the report.

PROGRESS MEASUREMENT 2014
The Good Business Journey Index has been reviewed during the current year to ensure the ongoing applicability of the prioritised weighted system that prioritises all 201 plus indicators and provides a score across each focus area of the Good Business Journey, as well as for each business unit in achieving their specific targets. We have defined a revised set of target scores through to 2020 during the course of the last financial year. The index score is a key tool in driving changes in behaviour in the business units as well as providing comparable scorecard data and monitoring progress towards one- and four-year targets. The total sustainability measurement score for the year 2014 was 91% (2013: 90%). This shows that good progress has once again been made. The progress towards meeting 2035 targets and the related one-year goals, are monitored at an operational level by the executive committee and championed by the Group Director: Marketing and Sustainability.

SUSTAINABILITY AND OUR STRATEGIC OBJECTIVES
Sustainability is one of our eight strategic focus areas as a business and is integrated into the strategic planning cycle and balanced scorecard process. To ensure consistency across our operations, each business unit has a set of Good Business Journey objectives against which they are measured twice per annum. This includes Country Road Group and Woolworths financial services - Proprietary Limited.

ETHICS AND INTEGRITY
A strong value system has always been at the core of the WHL Group. As a Group, we have adopted the set of values as formulated by Woolworths Below. Country Road has its own values, which are well-aligned to our Group belief systems.

CONTRIBUTION TO SOUTH AFRICAN ECONOMY
Woolworths continues to create shared value across a broad spectrum of the South African economy, at the most fundamental level by generating direct employment and career opportunities for over 25 598 people and indirectly more than double that through our manufacturing and processing network, as well as assisting to bring small-scale suppliers into the value chain.

During the current year our staff complement has grown by 2 560, a portion of which is due to the purchase of our franchise businesses, where Woolworths made offers to all the employees in these businesses. We have also created over 7 000 new jobs directly in the last five years.

The vast majority of goods sold in our stores by volume, are manufactured in South Africa and we continue to encourage local manufacturing whenever possible. We will only consider sourcing abroad where local or regional supplier partners are unable to provide the ideal quality, value and innovation that our customers expect. Woolworths is also well placed to drive Enterprise Development projects and has set up teams devoted to working more closely with emerging suppliers, further supporting South African business first as part of our indirect economic contribution.

One of our key contributions is to provide safe, healthy and quality products to consumers at a reasonable price. Our food, clothing, home and beauty technologies ensure product development and innovation take into account our safety policies. We are also assisting to create our customer of the future by investing in education through a number of our corporate social investment interventions. Our Good Business Journey programme drives investment into efficient and green technology in our real estate, logistics and supplier networks, as a part of our contribution to South Africa’s green economy growth. This is also supported by our initiatives in waste management and recycling, especially incorporating more and more recycled content into our products and packaging.
STAKEHOLDER ENGAGEMENT

Woolworths has always focused on understanding the needs and views of a range of stakeholders – customers, shareholders and employees being arguably the most developed areas – but we have been working to refine our approach, and ensure greater consistency and improved feedback loops across stakeholder groups.

With the developments in regulation and oversight around governance set out by King III, and the concept of integrated reporting in particular – formalising a corporate approach to stakeholder engagement has become increasingly important. We have made good progress on consolidating our stakeholder engagement activities, understanding the “relationship owner” and consolidating information resulting from these activities. In the process we prioritise our input and feedback based on the degree to which a particular stakeholder or group is impacted by our activities and the degree to which our approach, and ensure greater consistency and improved feedback loops across all stakeholder groups.

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Some of the key principles upon which we are basing our stakeholder engagement approach are:

• Constructive and co-operative engagements
• Openness and transparency
• Mutual respect
• Supportive and responsive interaction
• Work towards regular and structured engagements
• Engagements to be based on business critical aspects, national priorities and material issues for the business
• Recognising that all stakeholders are also existing or potential customers

The WHL Group’s stakeholder universe includes communities, business partners, unions, industry bodies, government, regulators, amongst others. To focus our reporting on these stakeholders, we have mapped them according to materiality – in this case their ability to impact strategic planning and decision making. Although we consider the entire universe of stakeholders in our engagement planning, we focus our reporting on material stakeholders in our Integrated Report, while we go into more depth regarding a broader range of stakeholders in this report.

The following spread illustrates our stakeholder engagement programme in more detail.

<table>
<thead>
<tr>
<th>STAKEHOLDER</th>
<th>WHY WE ENGAGE</th>
<th>HOW WE ENGAGE</th>
<th>WHAT WE ENGAGE IN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our customers</td>
<td>• To meet our customers’ needs</td>
<td>• Advertising</td>
<td>• Product value and choice</td>
</tr>
<tr>
<td></td>
<td>• To enhance the Woolworths brand and thereby grow revenue</td>
<td>• In-store communication and campaigns</td>
<td>• Service</td>
</tr>
<tr>
<td></td>
<td>• Increase customer awareness and understanding of sustainability issues</td>
<td>• Woolworths website</td>
<td>• Rewards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Social media</td>
<td>• Key sustainability issues, animal welfare, packaging and recycling, responsible sourcing are amongst the issues we receive the most customer feedback on</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Customer service centre</td>
<td>• Innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Focus groups and surveys</td>
<td></td>
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<tr>
<td></td>
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<td>• WRewards loyalty programme</td>
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<td>MyShool My Village</td>
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<td>MyPlanet programme</td>
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<tr>
<td>Our employees</td>
<td>• To share relevant information and get input and feedback</td>
<td>• Eco talks and blog</td>
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<td></td>
<td>• Increase employee awareness and understanding of sustainability issues and our Good Business Journey</td>
<td>• ShopTalk magazine</td>
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<td></td>
<td></td>
<td>• ‘Let’s Talk’ team meetings</td>
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<td>• ‘Let’s Ask’ employee opinion surveys</td>
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<td>Unions</td>
<td>• To engage on collective employment issues in supply chain</td>
<td>• Participation in CCMA, Nedlac and other labour market institutions</td>
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<td>• Wage and conditions of employment</td>
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<td>• Retail and textile sector issues</td>
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<td>Our suppliers</td>
<td>• To deliver consistent quality and standards</td>
<td>• Supplier conferences</td>
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<td></td>
<td>• To support the development of small black-owned businesses</td>
<td>• Supplier visits and audits</td>
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<td></td>
<td>• To deliver socially and environmentally responsible and innovative products</td>
<td>• Through our Enterprise Development programme</td>
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<td>• Time payment and favourable terms</td>
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<td>• Product offering and innovation</td>
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<td>• Infrastructure and logistical support</td>
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<td>• BBBEE</td>
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<td>• Resource efficiency</td>
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<td>• Key sustainability issues in the supply chain</td>
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<td>• Research e.g. life cycle assessments, water footprint and recycling of key products</td>
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<td>Our business partners</td>
<td>• Support on issues of common interest</td>
<td>• Joint projects</td>
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<td></td>
<td>• Create better sustainability solutions</td>
<td>• Partner meetings and reviews</td>
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<td>• Strategy and product expansion</td>
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<td>• Key sustainability issues</td>
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<td>NGOs (such as WWF-SA, WWF-SASSI, Food &amp; Trees for Africa, Childlife and the United Nations Global Compact)</td>
<td>• To share expertise, industry insights, local knowledge, research capabilities and networks</td>
<td>• Formal partnerships and projects</td>
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<td></td>
<td></td>
<td>• Participation in benchmarking and surveys</td>
<td>• Driving sustainability through our operations, products and supply chains</td>
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<td></td>
<td>• Social development</td>
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</tbody>
</table>

Go to page 18 to read more about Woolworths and WWF-SA’s targeted sustainability partnership.
<table>
<thead>
<tr>
<th>STAKEHOLDER</th>
<th>WHY WE ENGAGE</th>
<th>HOW WE ENGAGE</th>
<th>WHAT WE ENGAGE ON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our community</td>
<td>To contribute to the socio-economic development of the communities in which we trade</td>
<td>Education</td>
<td>Food security, nutrition and child safety</td>
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<td></td>
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<td>Capacity building on relevant issues such as</td>
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<td>stakeholder engagement</td>
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<td>Business</td>
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<td>Journey</td>
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<td></td>
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<td>programme</td>
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<td></td>
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<td>MySchool MyVillage MyPlanet programme</td>
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<tr>
<td>Our shareholders and investors</td>
<td>To create an informed perception of Woolworths and create a positive investment environment</td>
<td>Annual General Meeting</td>
<td>Business performance, expectations and strategy</td>
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<tr>
<td></td>
<td></td>
<td>Biannual analysts’ results review</td>
<td>Economic, social and environmental risks</td>
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<td>Share cushions</td>
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<td></td>
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<td>Annual Integrated Report</td>
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<td>Participation in the Dow Jones World Sustainability Index</td>
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<td>JSE Socially Responsible Investment (SRI) Index</td>
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<td></td>
<td></td>
<td>Carbon Disclosure Project (CDP) and other assessments</td>
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<tr>
<td>Industry Organisations such as the NRE, the Consumer Goods Forum, PETCO, PlasticsSA and the Sustainable Retailers Forum</td>
<td>To discuss and contribute to issues of mutual concern and optimise opportunities for students</td>
<td>Membership and engagement with industry bodies</td>
<td>Policy development</td>
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<td></td>
<td></td>
<td>Commentary and advice on emerging issues</td>
<td>Retail sector related issues</td>
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<td>Key sustainability issues</td>
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<tr>
<td>Government and regulators</td>
<td>To discuss issues of mutual concern and optimise opportunities</td>
<td>Meetings and presentations</td>
<td>Policy development</td>
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<td></td>
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<td>Drafting of submissions</td>
<td>Labour market issues and legislation</td>
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<td></td>
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<td>Engagement via industry bodies</td>
<td>Food standards and safety</td>
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<td></td>
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<td>Participation in government forums</td>
<td>Consumer credit and protection issues</td>
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<tr>
<td>Academic institutions</td>
<td>To contribute towards research</td>
<td>Participation in postgraduate research and surveys</td>
<td>Employment equity and transformation</td>
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<td></td>
<td></td>
<td>Providing experiential learning opportunities for students</td>
<td>Social development and education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Presentations</td>
<td>Sustainability priorities for South Africa</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participation in the Network for Business Sustainability (NB)</td>
<td></td>
</tr>
<tr>
<td>The media</td>
<td>To influence stakeholder perceptions, differentiate the Woolworths brand and market our products</td>
<td>Interviews and opinion pieces</td>
<td>Corporate sustainability</td>
</tr>
<tr>
<td></td>
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<td>Press releases</td>
<td>Reporting and governance</td>
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<td></td>
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<td>Publications</td>
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<td>Television</td>
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<tr>
<td>STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY</td>
<td>We believe that building strong stakeholder partnerships is key to building a more sustainable business and future. We aim to engage with all of our stakeholders around key sustainability issues and our Good Business Journey, as outlined in the previous pages. This section shall reflect on our focused efforts and achievements in growing our customer engagement and employee understanding around sustainability, as well as growing our partnerships for sustainability.</td>
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</table>

**GROWING OUR CUSTOMER ENGAGEMENT AROUND SUSTAINABILITY**

Research across the globe has shown an increase in customer understanding of social and environmental issues. Customers are demanding more information about where products come from and expect products to have ethical and environmental attributes, without an increase in cost. South Africa has followed these trends.

The impact of this for a retail organisation extends far beyond its own operations, which means that life cycle management of our products becomes a key focus area. Woolworths has always had a strong focus of embedding our values into our products and this extends far and beyond our own operations.

This life cycle approach ensures that we work closely with both suppliers and our customers to make a real difference in sustainability.

We have grown our customer engagement around sustainability issues, with in-store awareness campaigns, increased use of our social media platforms and relationships on TV with 70/20 Top Billing and Expresso. The results have shown substantial customer support around the Good Business Journey, as measured in the customer tracking study and our other customer research. As part of our work to define future objectives, we held customer focus groups focused on key sustainability concerns from a customer perspective as well.

**GROWING OUR EMPLOYEE UNDERSTANDING AROUND SUSTAINABILITY**

We are also focused on communicating sustainability issues and our response to them to our employees so that they have a deeper understanding and buying of our Good Business Journey, and can apply this thinking at work and in their homes, as well as better engage with their colleagues and customers on these issues.

Employee understanding and buying of our Good Business Journey is measured through our annual Let’s Ask People employee opinion survey, which has shown high levels of support, and a growth in this level of support over the last year. This year 74.1% of the scores in our overall ‘Let’s Ask’ employee opinion survey were positive compared to 74.1% last year.

For more difficult to quantify is the impact of this for a retail organisation extends far beyond its own operations, which means that life cycle management of our products becomes a key focus area. Woolworths has always had a strong focus of embedding our values into our products and this extends far and beyond our own operations.

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**GROWING OUR PARTNERSHIPS FOR SUSTAINABILITY**

Experience has shown us that most sustainability challenges cannot be solved by one company acting alone, and we are excited about the support and input we have received from a range of stakeholders in implementing programmes like farming for the Future, fishing for the Future, Eduplant, sustainable transport and customer recycling. These sustainability initiatives have often been a natural extension of the longstanding partnerships we share with our suppliers and corporate partners such as Imperial Group, Meadcorp and Zenz, and specialist non-profit organisations including the World Wide Fund for Nature South Africa (WWF-SA) and Food & Trees for Africa, amongst others. Our broad range of partnerships has helped us formulate unique responses to material issues and in turn we have been able to support the good work already being done by our partner organisations.

**EXPERIENCE HAS SHOWN US THAT MOST SUSTAINABILITY CHALLENGES CANNOT BE SOLVED BY ONE COMPANY ACTING ALONE.**
WOOLWORTHS AND WWF-SA’S TARGETED SUSTAINABILITY PARTNERSHIP
UPDATE FROM TATJANA VON BORMANN, MARKET TRANSFORMATION MANAGER, WWF-SA

The World Wide Fund for Nature (WWF-SA) and Woolworths signed a transformative retail partnership at the end of 2012. Now halfway through the first partnership period there are already good indications that the first phase of the pioneering collaboration is a success; in the first eighteen months significant gains have been made both in reaching pre-agreed targets and in defining new areas for collaboration.

The partnership, which grew out of a need to formalise delivery on various technical projects and ensure clearer benefits for both parties, was to some degree an experiment for both partners. Neither Woolworths nor WWF-SA had previously engaged in this kind of deep strategic partnership which involves working across a number of competencies and with an organisation that might otherwise have been considered an unlikely collaborator.

Woolworths’ intention to go beyond marketing was an important driver in focusing on lasting, positive change and willingness to experiment and adapt has been the most important driver of success in the partnership. Also key is the partnership’s solid foundation and strong focus on clearly defined conservation objectives that are of strategic worth to both organisations.

The essential enabler is that Woolworths’ intention in partnering with WWF-SA is first and foremost to reduce its environmental footprint in a credible and transparent manner. In adopting the necessary efficiency and good practice in its operations Woolworths has already made significant headway in getting its house in order. However, reducing environmental footprint requires a more systemic approach and action throughout the supply chain, challenges that are to some degree outside of Woolworths’ immediate control.

By teaming up with WWF-SA Woolworths is now able to take advantage of their skills in biodiversity, freshwater- and carbon management, as well as their broader systems view, in responding to the challenge of building ecological resilience in production landscapes. Also in place are several initiatives which involve working across a number of areas of collaboration and are being explored as a result. These are food security and nutrition and the related issue of food waste.

A customer research project which garnered over 2 000 responses has been completed and studies in fruit and vegetables, and dairy supply chains as well as in-store bakery waste are due to be completed shortly.

Woolworths’ product specifications or marketing and merchandising may be contributing to unnecessary waste.

Food security and nutrition: A systematic review of the food system and current barriers to food security in South Africa was funded by Woolworths and will be used to inform its strategy. The research will also be used in setting the context for a national scenario process aimed at defining a roadmap to food security in which Woolworths is also participating.

Food waste: In food waste the research, which looks at the full value chain of specific products, at retail operations and explores consumer behaviour, is designed to aid understanding where Woolworths’ product specifications or marketing and merchandising may be contributing to unnecessary waste. The original data submitted at the beginning of the partnership.

A comprehensive causal value chain has been developed in collaboration with the International Seafood Sustainability Foundation (ISSF) to ensure that this popular product meets the Woolworths seafood sustainability targets. Woolworths has worked with suppliers and retailers to improve traceability of seafood sold meets sustainability targets is underway as is the development of a seafood procurement list to verify the introduction of product labelling incorporating relevant species information (common/scientific names, catch/production origin and method).

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Dairy: Woolworths is in the process of finalising a baseline study of dairy production and processing facilities and testing the environmental code with key Arla suppliers. In addition WWF-SA has formed a partnership with the University of Cape Town to review the findings of the 2010 dairy Life Cycle Analysis (LCA) and recommend ‘green-tech’ options to reduce environmental impacts.

Beef: The efforts to reduce the environmental impacts of beef will replicate the approach taken with dairy. The LCA has been identified as a suitable tool for this analysis as it provides a framework for analysing complex industrial systems, such as beef production which includes by-products (animal hide), multiple grades of products and interactions between livestock, farmers, abattoirs and retail. Findings will be incorporated into procurement guidelines in order to reduce key environmental impacts.

Wine: The latest Woolworths wine inventory is currently under review and assessments being made of those suppliers that are not fully compliant with the Biodiversity and Wine audit requirements.

Fruit: Woolworths participates in the SIZA fruit working group which supports WFT work to establish good environmental practice in the fruit sector. Funding for the Future audits will be compared against the SIZA standard and the British Retail Code to ensure that there is equivalency in the farm audit requirements.

Aquaculture: Woolworths is a member of Newlands Aquaculture Code and the Aquaculture Council, which includes by-products (animal hide), multiple grades of products and interactions between livestock, farmers, abattoirs and retail. Findings will be incorporated into procurement guidelines in order to reduce key environmental impacts.

Woolworths and WWF-SA’s Targeted Sustainability Partnership

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This research objective is currently being redefined to assess the emissions impact associated with transport of selected fresh produce to the central distribution facilities and then on to the stores.

COMMUNICATIONS AND PERFORMANCE MEASUREMENT

There are a number of communication activities associated with targets and achievements. These included the project leaders speaking at the 2013 Consumer Goods Conference, inviting the MB students at the Graduate School of Business in Cape Town and participating in panel discussions at various events including an M&S supplier conference. A media trip was undertaken to view the Western Cape freshwater projects and Woolworths participated in the WWF-SA Journey of Water event. WWF-SA was a partner in the Hayden Quinn television series and representatives appeared several times on 50/50 and on Talk with Norman to discuss various projects and milestones.

Jasmin Smith from Woolworths and Tatjana von Bormann of WWF-SA riding the Argus Cycle Tour.
In line with our strategy of growing and developing our internal talent and leaders from within, the percentage of internal appointments was 82.1% for Corporate Head Office, Supply Chain and Stores Divisional and Regional management. For the entire category of junior management and above (including junior management in Supply Chain and Retail Operations), the internal appointment percentage was 36.5% with labour turnover for the same category at 8.5%. The labour turnover is similar to last year with a continued focus on delivering a compelling employment value proposition. Staff turnover in corporate stores was 27.4% which is fairly static, but still within the targeted range. All employees receive performance reviews twice per year and career development reviews on, at least, an annual basis.
In order to address employees’ priorities, the Country Road Group undertook an externally-hosted alignment and engagement survey. The results of the 2014 pulse survey revealed positive engagement scores across all areas of the business.

**Talent Management and Skills Development**

Talent and succession management is a key focus for both the Board and Exco as a critical enabler of the people and business strategies. We are committed to the skills development of our employees in line with our business strategies and country’s skills development needs. We see investment in our employees’ skills development as critical for our business growth as well as employee individual growth and empowerment.

With the national challenge of inadequate skills levels, and poor work readiness of many young people leaving formal education and entering the labour market for the first time, we are also focused on helping narrow the skills gap that exists within the broader South African context, so that we can also be lead players for the skills transformation of our labour force. This also assists in career pathing for the progression of our employees and to educate potential employees about careers in retail.

As part of our strategy, we have seen a shift in the number of people that have successfully completed accredited programmes and qualifying for credits towards a nationally recognised qualification.

We also offer a range of internal and external NQF-accredited training and tertiary studies designed to help employees deliver our business strategies, foster talent and equip our employees with vital skills and experience and also in turn prepare our employees with skills for the retail environment.

Our focus remains on appointing the right leaders to source, develop, lead and retain the right talent, in the right roles, performing optimally, enabled by the right culture. In this reporting year, a total of 1,296 staff members received Values-based leadership (VBL) training in line with our vision of being a values-led organisation.

**Career Paths & Development Opportunities at CRG**

The Country Road Group invests in the development of its people and focuses on providing strong career paths and development opportunities for all employees. Number of internal management appointments across the business is a key measure in the corporate strategic plan, tracking positively against internal targets across the majority of the brands.

Formal succession planning meetings are conducted bi-annually, covering store management positions, through to executive level. This process assists to identify and plan the ongoing development and sustainability of high potential employees across the Group, and determines current and future operation requirements in the business.

The Group continues to partner with the Australian Institute of Management to offer employees management development programmes. During the year, ten employees graduated from the Management Development Programme and 27 employees completed the Emerging Managers Programme.

**Skills Development Profile 2014**

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<th>2014</th>
<th>2013</th>
<th>2012</th>
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<tr>
<td>Number of employees trained (includes employees that have since left the business)</td>
<td>28 125</td>
<td>24 331</td>
<td>22 538</td>
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<tr>
<td>Black employees trained as a % of employees trained</td>
<td>95%</td>
<td>94%</td>
<td>93%</td>
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<tr>
<td>Number of employees trained on scarce skills</td>
<td>2 581*</td>
<td>7 935</td>
<td>2 323</td>
</tr>
<tr>
<td>Black employees trained as a % of scarce skills</td>
<td>79%**</td>
<td>92%</td>
<td>77%</td>
</tr>
<tr>
<td>Number of learning interventions</td>
<td>126 120</td>
<td>102 017</td>
<td>70 584</td>
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<tr>
<td>Number of learnerships registered</td>
<td>1 024</td>
<td>1 366</td>
<td>1 011</td>
</tr>
<tr>
<td>Number of employees on skills programmes</td>
<td>1 615***</td>
<td>599</td>
<td>538</td>
</tr>
</tbody>
</table>

* The scarce skills list has been revised again for 2013/14, and Sales Assistants were again removed from the list. If you compare like for like, the number including Sales Assistants = 7 556.
** Black employees trained as a % of scarce skills increase to 93% when including Sales Assistants.
*** Significant increase in the attendance of Conflict Management, VBL 2, and USB programmes. VBL 3 is an additional accredited programme that was introduced in 2013/14.

**Employment Equity Profile 2014**

<table>
<thead>
<tr>
<th></th>
<th>A**</th>
<th>C**</th>
<th>I***</th>
<th>W****</th>
<th>FN*****</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Senior management</td>
<td>9</td>
<td>19</td>
<td>18</td>
<td>69</td>
<td>16</td>
<td>131</td>
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<tr>
<td>Middle management</td>
<td>274</td>
<td>474</td>
<td>163</td>
<td>642</td>
<td>41</td>
<td>1 594</td>
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<tr>
<td>Junior management</td>
<td>1 293</td>
<td>1 080</td>
<td>252</td>
<td>414</td>
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<td>3 062</td>
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<tr>
<td>Semi-skilled</td>
<td>12 609</td>
<td>4 023</td>
<td>602</td>
<td>251</td>
<td>31</td>
<td>17 568</td>
</tr>
<tr>
<td>Unskilled</td>
<td>2 409</td>
<td>714</td>
<td>73</td>
<td>33</td>
<td>6</td>
<td>3 235</td>
</tr>
<tr>
<td>TOTAL – PERMANENT</td>
<td>16 646</td>
<td>6 312</td>
<td>1 108</td>
<td>1 413</td>
<td>119</td>
<td>25 598</td>
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<tr>
<td>Temporary employees</td>
<td>29</td>
<td>22</td>
<td>3</td>
<td>10</td>
<td>1</td>
<td>65</td>
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<td>TOTAL</td>
<td>16 675</td>
<td>6 334</td>
<td>1 111</td>
<td>1 423</td>
<td>120</td>
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<td>2 196</td>
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<td>589</td>
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<td>4 138</td>
<td>711</td>
<td>834</td>
<td>63</td>
<td>16 913</td>
</tr>
</tbody>
</table>

* African
** Coloured
*** Indian
**** White
***** Foreign National
in individual employees’ performance goals. Individual goals coupled with an effective tracking and measurement capability, contribute in embedding BBBEE as a way of working that is integral to business strategy.

The total number of people with disabilities constitutes 1.47% of our employees. The Department of Trade and Industry (DTI) has set a BBBEE target for black people with disabilities of 3% of the company workforce.

Currently, black employees with disabilities constitute 1.47% of our workforce, which places us below the minimum threshold of 1.2% of the workforce. Over the past year, we’ve seen the numbers of all people with disabilities decreasing slightly from 4.2% to 4.1% despite the continuous recruitment of this category. Management is working on understanding the issues and the trends in terms of reasons for terminations, and will implement plans to retain as much as possible.

MANAGEMENT CONTROL
The management control score has increased marginally from 9.75 in 2013 to 10.33. This score reflects the representation of black non-executive directors, executives directors and top management.

EQUAL EMPLOYMENT OPPORTUNITY (EEO)
The Country Road Group is committed to equal opportunity in the workplace for all, regardless of age, career status, disability, industrial activity, physical features, political belief or activity, pregnancy, race, religion, gender or sexual preference. Compulsory EEO training is completed by all new employees to increase awareness of these issues. This year, we have delivered a Diversity rating of 80% against the measurable objectives, formulated within the Diversity policy.

REMUNERATION
Woolworths’ remuneration is managed within the principles applied in the integrated remuneration policy, namely:

• The remuneration framework supports the delivery of the company strategy.
• Guaranteed pay (TC80) is benchmarked against major South African retail and non-retail companies to ensure competitiveness.
• Market conditions, company performance, internal comparability, individual responsibility, performance and behaviour are all taken into consideration.
• A balance is created between short-and long-term incentive schemes.
• All employees have the opportunity to participate in a short-term incentive scheme linked to business and individual performance.
• Annual review of salaries takes into account both financial and non-financial individual performance against agreed goals, individual behaviour against company values and market competitiveness. A detailed report on remuneration is available in our Integrated Report.

ANNUAL REVIEW OF SALARIES TAKES INTO ACCOUNT BOTH FINANCIAL AND NON-FINANCIAL INDIVIDUAL PERFORMANCE AGAINST AGREED GOALS.

INDIVIDUAL BEHAVIOUR AGAINST COMPANY VALUES AND MARKET COMPETITIVENESS.

OUR BBBEE STRATEGY
Under the governance of the WHL Social and Ethics committee of the Board, management has continued to improve on ensuring that there are appropriate strategies, policies and processes in place in order to drive sustainable transformation.

In order for us to align with the national prescripts of the Broad-Based Black Economic Empowerment (BBBEE) legislation, we have identified a few focus areas:

• Broad-based beneficitation by increasing equity ownership.
• Supply chain transformation.
• Improving diversity of workforce through advancement and upskilling of previously disadvantaged individuals.

We have a total of 7 852 employees. The BBBEE Scorecard for 2014 shows that we have achieved 80% against the measurable objectives. To increase awareness of these issues, this year we have delivered a Diversity rating of 80% against the measurable objectives, formulated within the Diversity policy.

REVISED BEE CODES OF GOOD PRACTICE
The promulgation of the Revised BEE Codes of Good Practice in October 2013 by the Department of Trade and Industry has meant that we need to revisit our transformation efforts and come up with strategic shifts that will see Woolworths’ transformation journey supporting the key country objectives meaningfully, e.g.:

• Up skilling the nation.
• Stimulating job creation.
• Advocating for localization of supply chains.
• Building strong supply chains whilst removing barriers to entry.
• Driving strong diversity in our workforce.

The following are some of the indicators that will demonstrate the impact of our transformation efforts:

• Broad-based beneficitation by increasing equity ownership.
• Supply chain transformation.
• Improving diversity of workforce through advancement and upskilling of previously disadvantaged individuals.

THE FOLLOWING ARE SOME OF THE INDICATORS THAT WILL DEMONSTRATE THE IMPACT OF OUR TRANSFORMATION EFFORTS:

BROAD-BASED BENEFICIATION

OUR PEOPLE
The following are some of the indicators that will demonstrate the impact of our transformation efforts:

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• Stimulating job creation.
• Advocating for localization of supply chains.
• Building strong supply chains whilst removing barriers to entry.
• Driving strong diversity in our workforce.
During the year, there were seven ED loans disbursed to the value of R14.2 million, three of these loans were in Foods, three in Clothing and General Merchandise and one in Human Resources. This further indicates that our ED strategy promotes and positions ED beneficiaries to participate in the core business of Woolworths. We currently have 53 ED beneficiaries within our supply chain and they are commercially viable and sustainable.

The second highest contribution is the Non-cash Grant; this is driven mainly through the support of micro enterprises and entrepreneurship at the Clothing Bank. This contribution was R28.1 million in the last year, which is a 30% contribution to our total ED contribution for the year compared to 18% in the last financial year.

We establish a compelling business case for most of our transformation efforts as a motivator for us and our internal change agents to do more. Our supplier development initiatives have to meet expected return on sales whilst the small/medium business involved makes profit and grows.

CASE STUDY: ICEBERG LETTUCE

When Iceberg Lettuce (PTY) Limited decided to grow their crisp lettuce (generic name: Iceberg lettuce) hydroponically and in gutters, they were not aware that this would make them one of the few gutter farms in the world. This innovative growing technique is yielding a top-quality product. Being grown in water, rather than soil, results in an enlarged cellular structure that naturally extends the shelf-life and enables the product to hold its colour. In addition, their lettuces have a high brix rating showing superior nutrient density and ensuring a delicious sweetness.

Impressed by their unique and adaptive farming methods, and high quality product, Woolworths provided Iceberg Lettuce with a R4.7 million loan and business support through our Enterprise Development programme. The loan has financed the expansion of their operation from one to three hectares in order to meet our supply demands throughout the year. The business is now at a stage where it can supply three provinces across the country. This partnership has also had positive employment benefits for the community, with Iceberg now employing 30 people – ten in production and 20 in the packhouse.

Iceberg Lettuce not only helps us meet our customer demand for lettuce but aligns with our sustainable farming practices and commitment to meaningful empowerment.
STRATEGY

The Woolworths Corporate Social Investment (CSI) strategy is aligned both to our core business strategy and to national development priorities of South Africa. We strive to make a meaningful difference through the activities of the Woolworths Trust, and our other social development vehicles in the lives of others by supporting programmes that:

• Address food security mainly through schools as hubs of community development.
• Reduce child vulnerability by supporting the child safety programme, and
• Contribute towards education by providing educators with much-needed resources.

Key to our CSI approach is the involvement of our stakeholders including employees, customers, business partners, government departments, NGOs and the communities themselves.

In 2013, the Woolworths Trust celebrated its 10th birthday by:

• Upgrading 10 children’s centres homes, early childhood development centres and soup kitchens.
• Supporting 10 more charities on Mandela Day by increasing the number of charities supported in our Mandela Day initiative from 67 to 77.
• Giving 10 schools access to much needed educational resources by donating container libraries to two schools and supporting eight more with financial donations towards the educational needs of the school.
• Providing child safety training to EduCare centres.
• Helping 10 more EduPlant schools grow food sustainably, with the help of Woolworths employees, who dug beds, planted seedlings and donated much-needed tools.

• Making a R10 000 donation to 10 charities that the Trust has supported with the funds raised through the MySchool MyVillage MyPlanet programme and giving one charity R100 000 more based on nominations received from our customers.

FOOD SECURITY IN SCHOOLS

Woolworths is in its tenth year of supporting the EduPlant programme, EduPlant, initiated and co-ordinated by Food & Trees for Africa, and sponsored by Engen and the Woolworths Trust, is a national food gardening and greening programme that supports schools and their surrounding communities to create abundant gardens using permaculture practices.

To date, thousands of educators from hundreds of schools have been trained in permaculture techniques so that they can initiate and manage sustainable gardens at their schools. More than 80% of the schools that maintain EduPlant food gardens use the fresh vegetables to supplement feeding schemes of their schools.

We believe this programme is addressing food insecurity in our country by imparting skills to enable communities to grow their own nutritious food in the most sustainable and cost-efficient way.

The Woolworths Trust has donated more than R7 million to the EduPlant programme over the past 10 years. During the year, Food & Trees for Africa, has managed to reach over 2 000 schools and cost-efficient way.

Woolworth is in its tenth year of

CASE STUDY: AFRICA’S FIRST CENTRE DEDICATED TO CHILD SAFETY AND INJURY PREVENTION

According to a Childsafe South Africa database on accidental death and injury statistics, most childhood injuries can be avoided by taking safety precautions. It was with this in mind that we partnered with the Children’s Hospital Trust and Childsafe to open the Woolworths Childsafe Research and Educational Centre at the Red Cross War Memorial Children’s Hospital – Africa’s first centre dedicated to child safety and injury prevention.

The centre has been designed to include a Safety Demonstration Room to give the general public tips on how to create a child-friendly environment at home. This partnership hopes to reduce the incidence of child-related injuries that could have been easily avoided.

The opening of this centre further reinforces the Woolworths Trust’s commitment to child safety and aligns itself with our commitment to maintaining the highest possible levels of product safety through the design and manufacturing of Woolworths baby and children’s clothing products (see page 34).

R518m

WOOLWORTHS’ SOCIAL CONTRIBUTION FOR THE YEAR IN SOUTH AFRICA

5 000

PARTICIPANTS IN EDUPLANT

R52m

CONTRIBUTED THROUGH MYSCHOOL

2 600

SCHOOLS BENEFITTING FROM OUR MAKING THE DIFFERENCE EDUCATIONAL PROGRAMMES

Woolworths

country road group
IMPROVING EDUCATION

Through our partnership with the MySchool MyVillage MyPlanet fundraising programme and the Woolworths Making the Difference Educational Programmes for primary and high schools, Woolworths contributes to the improvement of education in South African schools.

MYSCHOOL MYVILLAGE MYPLANET

In the 2004 financial year we contributed R52 million to the MySchool MyVillage MyPlanet programme through over 108 000 active MySchool supporters. The contributions have supported more than 10 000 beneficiaries. Schools, Villages and Planets, R3.6 million of the total was given to our 118 MyPlanet charities over the past year charities that care for animals and the environment.

MAKING THE DIFFERENCE

EDUCATIONAL PROGRAMMES

The Woolworths Educational Programmes consists of a primary school and a high school programme that provide teachers with both resources and a range of experiential components directed toward both teachers and learners. The primary school programme targets Grades 4 to 6 and focuses on Healthy Living and Environment. Experiential components directed toward teachers and learners. The primary school programme targets Grades 4 to 6 and focuses on Healthy Living and Environment. Experiential components directed toward both teachers and learners. The primary school programme targets Grades 4 to 6 and focuses on Healthy Living and Environment. Experiential components directed toward both teachers and learners. The primary school programme targets Grades 4 to 6 and focuses on Healthy Living and Environment. Experiential components directed toward both teachers and learners.

EMPLOYEE COMMUNITY INVOLVEMENT

Employee volunteering and giving is a key component of our CSR strategy. The 10th birthday year provided extensive employee community involvement with employees forming a core and essential component of a number of volunteering activities related to the Woolworths Trust’s 10th birthday celebrations. Our “just because” initiative is about getting our employees to support a needy charity of their choice. The Woolworths Trust chose an additional 10 needy cases, a support of the birthday, nominated by employees and donated R10 000 to each, helping make a difference to the specific needs of that community. A total of 14 charities plus an additional 10 nominated by staff received R10 000 each, just because.

We will continue to build on the impact and difference that was made through the 10th birthday activities and provide opportunities for employees to be actively involved in their communities.

SUPPORTS KARWATA ORPHANAGE

Woolworths Zambia staff are also actively involved in activities at the centre on a monthly basis. Two young ladies who grew up in the centre, currently work for Woolworths Zambia.

CASE STUDY: WITCHERY’S WHITE SHIRT CAMPAIGN IS IN ITS 14TH YEAR

In its annual effort to raise funds for the Ovarian Cancer Research Foundation (OCRF), Witchery has designed nine white shirts (seven for women; two for men) which were sold in stores and online.

In Australia one woman dies every 10 hours from ovarian cancer. 100% of the proceeds from every sale will go to the OCRF in the hope of finding an early detection test for ovarian cancer. Ongoing support of three full-time scientists by Witchery has helped the OCRF make significant progress toward the development of an early detection test for ovarian cancer.

This year the White Shirt Campaign raised over A$8.2 million for the OCRF, bringing Witchery’s total donation to the continued work of the OCRF to date to over A$46.2 million since first partnering in 2006.

Witchery, the world’s most iconic fashion magazine, GQ, Sunday Style and Body + Soul, are the official media partners of the campaign. The White Shirt Campaign is complemented by the sale of A$82 silver ribbons and the Witchery Silver Gift Collection, where 10% of the sale of each Silver Gift is donated directly to the OCRF.

There are over 2 600 schools across the Western Cape, Kwa-Zulu Natal, Gauteng and Eastern Cape currently benefiting from the programmes - based on a R5 million annual contribution by Woolworths.

CAUSE-RELATED MARKETING

Our cause-related marketing initiatives create awareness and raise funds for important conservation and sustainability related issues. In the last year, we have raised just over R25 million through the sale of bags, sweets and bracelets. These funds go towards programmes supporting the conservation of rhino and other endangered species as well as raising funds for breast cancer awareness and Operation Smile.

SURPLUS FOOD AND CLOTHING

As part of addressing the issue of food security, we have established a system of diverting our surplus food from going to waste. We donate this food to needy communities via structured charity organisations. In the last year, we have donated over R24 million worth of food to needy causes. In addition, R28.1 million worth of surplus clothing was donated to charities through the “Clothing Bank.”

SPONSORSHIP

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

DURING THE PAST YEAR A$816 271 WAS RAISED THROUGH CUSTOMER, EMPLOYEE AND CORPORATE FUNDRAISING, WHICH EXCEEDED THE YEAR’S TARGET BY MORE THAN A$29 000.
HEALTH & WELLNESS

Health & Wellness – An unhealthy diet and physical inactivity are among the leading causes of poor health, including obesity, heart disease and diabetes, which is an emerging global problem.

- Personal health and wellness is one of our customers top sustainability concerns.
- Employee well-being is crucial to being able to execute our business strategy.

The Woolworths health and wellness strategy commits to:

- Inspiring a healthy lifestyle by making healthy eating satisfying, delicious and convenient across our product ranges:
  - ready-to-eat salads and meal solutions
  - prepared vegetable and fruit packs
  - portion-controlled snack packs
  - Slimmer’s Choice foods
  - foods for specific dietary needs across various life stages, including foods for persons with allergies and intolerances
- Innovating to improve the nutritional quality of our foods by:
  - considering the nutrient profile of products
  - offering products with functional ingredients such as Omega 3
- Promoting healthy informed choices through customer communications with:
  - clear nutrition labelling on our products and on our website Healthy living hub
  - practical tools (product information lists)
  - easily identifiable icons that are simple to understand
  - health promotion and campaigns
  - Making the Difference Educational Programme resources and experiential learning components

Woolworths is also committed to ensuring the safety and wellness of our employees.

THE GOOD FOOD JOURNEY
Woolworths Good Food Journey is the name we’ve given to our ongoing quest to offer South Africa food that’s better for our customers. Over the years our Good Food Journey has pioneered some key milestones important to our customers, such as not using MSG, tartrazine and azo-dyes in any of our brand products, limiting the use of additives, and offering free range and organic products.

As part of our Good Food Journey, we remain committed to reducing the number of products that contain ingredients from genetically modified (GM) crop sources. Currently only 5.3% of Woolworths private label foods contain ingredients from potential GM crop sources and we have set a goal to reduce this figure by 50% in the next financial year.

VITALITY HEALTHYFOOD PROGRAMME
The Vitality HealthyFood programme was launched through a partnership with Discovery in January 2013 to a limited pool of members, further promoting healthy eating as part of a healthy lifestyle. Following the success of the programme, it was opened to more than 750 000 Vitality members from January 2014, with more than 185 000 customers linking their Woolworths card to Vitality and receiving cash back on their purchases of HealthyFood items at Woolworths. Furthermore, 37% of Vitality members are also linked to the MySchool MyVillage MyPlanet programme. There are currently over 2 000 products listed as part of the Vitality HealthyFood programme.

To read our position statement on GMOs, go to www.woolworths.co.za/goodbusinessjourney.
Visit the healthy living hub at www.woolworths.co.za/healthyliving.
HEALTHY LIVING HUB ON WOOLWORTHS WEBSITE

We have launched a healthy living hub on our website, which includes meal plans, recipe ideas, and tips from our dietitian, to further promote healthy eating.

EDUCATING SCHOOL LEARNERS AND PARENTS ON NUTRITION

Woolworths helps educate Primary school learners and their parents on nutrition through the Woolies2Cook Making the Difference Educational Programme (see page 30). In addition to offering curriculum-linked resources for teachers on healthy eating, we offer curriculum-based stores Tours focusing on where food comes from and healthy eating. Learner Tasks hosted at schools by dietitians and Woolies Tours, which take moms on a tour through a Woolworths store with a dietitian, focusing on child nutrition.

FOOD LABELLING AND SAFETY

Our labelling policy ensures that customers are given sufficient accurate information to allow them to make informed buying decisions, and we have stringent policies and processes in place to ensure the integrity of our food.

Food safety is also critical to the business, and mechanisms are in place to ensure that consumers are offered products which have undergone testing and rigid product control to ensure it is safe.

CHILD SAFETY

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

PRODUCT RECALL

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

OCCUPATIONAL HEALTH AND SAFETY

Prevention is an important aspect of our health and safety procedures, hence, all our buildings are designed within stringent health and safety guidelines and with employee and customer well-being as a primary consideration. At the distribution centres, health and safety issues ensuring compliance with legislation are covered in the collective agreement with the trade union.

Furthermore, in support of our strategy to employ people with disabilities, we consistently re-evaluate our work environments to ensure that reasonable accommodation is in place.

Woolworths currently employs 15 occupational health practitioners to deliver a comprehensive occupational health and wellness programme which includes:

- **Employee Assistance Programme**
- **Wellness screening including HIV testing**
- **Basic primary health services and advice**
- **Monitoring of chronic illnesses**
- **HIV/AIDS and TB-policy and guidelines**

We communicate offerings and how to access them in detail to our employees via notification boards around our buildings or, on our intranet (inbizool).

NUMBER OF INJURIES/ DEATH ON DUTY

The number of injuries on duty for the 2013/14 year was 735. No deaths due to injury on duty were recorded.

Absenteeism for the year was 2.86%, as a percentage of total working days.

HIV/AIDS MANAGEMENT

In 2013, Statistics South Africa reported that the estimated overall HIV prevalence rate is approximately 10%. The total number of people living with HIV is estimated at approximately 5.26 million. For adults aged 15 to 49 years, an estimated 15.9% of the population is HIV positive. With a large majority of the working-class impacted, it is imperative to have the necessary management systems in every work environment.

Woolworths acknowledges HIV/AIDS as a potential threat which can be managed and monitored with the appropriate leadership, strategic planning and implementation of cost-effective and sustainable measures, to manage the impacts on the organisation and its employees.

The costs of HIV/AIDS include costs associated with increased absenteeism, reduced productivity, increased turnover, and healthcare costs.

To address some of the challenges that come with HIV/AIDS, we have adapted a company-wide HIV/AIDS policy, last reviewed in April 2014. Woolworths commits to the Constitution of South Africa, and applicable employment legislation and other related legislation which informs the HIV/AIDS policy. The policy is very explicit on how employees who test positive for the illness are treated in order to continue to lead productive lives.

- They will not be removed from their position, victimised or discriminated against.
- They are entitled to confidentiality.
- They are entitled to treatment via the Woolworths Clinical Management programme run by Metropolitan Health Risk Management under the name of “HIV Your Life Programme.”
- They are eligible for all employee benefits.

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

- Prevention of HIV/AIDS by offering free voluntary HIV/AIDS screening and counselling to all employees, in addition, the distribution of condoms in all facilities
- Living positively with HIV/AIDS
- Communication, education and awareness across all our operations via our intranet and other staff communication channels

In addition, we support and engage in a range of community-wellness campaigns pertaining to HIV/AIDS (e.g., World AIDS Day) to raise awareness on a much wider scale within our corporate environment, supply chain and the communities we impact. We also engage with organisations such as the South African Business Coalition on HIV/AIDS in order to understand workplace issues associated with the illness.

The Woolworths Code of Business Principles, against which all our first-tier suppliers are assessed (see page 38), prohibits discrimination against affected and infected people across our supply chain.
ETHICAL SOURCING

WOOLWORTHS HAS EMBARKED ON A JOURNEY TO BETTER MANAGE OUR ETHICAL SUPPLY CHAIN RISK AND TO TAKE MORE RESPONSIBILITY FOR IMPROVING THE LIVES OF WORKERS IN OUR SOUTH AFRICAN AND GLOBAL SUPPLY CHAINS.

SOME EXAMPLES OF HOW WE ARE MANAGING OUR ETHICAL SUPPLY CHAIN RISK GLOBALLY.

1. TANZANIA
   Sourcing Fairtrade certified coffee beans.

2. ETHIOPIA
   Sourcing Fairtrade certified coffee beans.

3. GHANA
   Sourcing UTZ Certified cocoa.

4. IVORY COAST
   Sourcing UTZ Certified cocoa.

5. MAURITIUS
   Sourcing R1 jeans made using less water, energy and chemicals, and without sandblasting.

6. MADAGASCAR
   Sourcing men’s chinos made using renewable energy, whilst combating deforestation and helping to improve water quality.

7. PERU
   Sourcing Fairtrade certified coffee beans.

8. BRAZIL
   Sourcing Fairtrade certified coffee beans.

9. MALAYSIA & INDONESIA
   Purchasing GreenPalm certificates to incentivise sustainable palm oil production.

10. BANGLADESH
    Sourcing clothing from green factory.

11. INDIA
    Sourcing clothing from green factory.

12. PAPUA NEW GUINEA
    Sourcing Fairtrade certified coffee beans.

WE ARE PARTNERING WITH CREDIBLE THIRD-PARTY ORGANISATIONS AND STANDARDS, PARTICULARLY WHERE WE ARE SOURCING COMMODITIES AND DON’T HAVE DIRECT RELATIONSHIPS WITH THE PRODUCERS.
ETHICAL SOURCING

Woolworths has always taken ethical sourcing very seriously and driven this primarily through the Woolworths Code of Business Principles and supplier audits. We are also partnering with credible third-party organisations and standards, particularly where we are sourcing commodities and do not have direct relationships with the producers.

We have recently embarked on a journey to better manage our ethical supply chain risk and to take more responsibility for improving the lives of workers in our South African and global supply chains. Ethical sourcing will therefore be a separate focus area of our Good Business Journey going forward.

**Woolworths Code of Business Principles**

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

We also have specific policies published on our website that summarise our positions on most of the key ethical trade issues.

Food targeted 95% compliance with the Code of Business Principles for 2014 and achieved 95.03% compliance. Clothing’s 2014 compliance target was 95%, and 92% was achieved, with challenges in the engagement of international suppliers and supplier turnover preventing a higher score.

We are currently in the process of revising and improving our Code of Business Principles in order to proactively address more globally identified issues while also strengthening areas which we felt were not prescriptive enough. For instance, in response to the unfortunate incidents that took place in some factories in Bangladesh in the past few years, we have already started incorporating stricter fire safety and building compliance standards in our third-party audits.

**SEDEX**

In 2013 Woolworths joined Sedex - a unique, not-for-profit and innovative web-based platform, helping companies to manage ethical supply chain risk and streamline the challenging process of engaging with multi-tier supply chains. They are the largest collaborative platform for managing ethical supply chain data, with over 35,000 member companies from 28 business sectors in 150 countries. Sedex engages with all tiers of the supply chain with the aim of driving improvements and convergence in responsible business practices. Woolworths is currently trialling Sedex and planning to roll-out Sedex to all food suppliers, should the trial be successful.

**Country Road Group Code of Labour Practice**

As the majority of the Group’s apparel and accessories are sourced offshore, the relative social and ethical implications of manufacturing in these countries are seriously considered. All suppliers must sign the Group’s Code of Labour Practice which is aligned with the International Labour Organisation conventions in relation to ethical trade and the Ethical Trade Initiative base code. Suppliers undergo regular social compliance checks conducted by independent auditors, or are required to supply audit reports from independent auditors, to ensure they meet the standards of the Code.

We now have a small supply of ‘mass balance’ and ‘segregated’ palm oil physically available in South Africa and will soon be using RSPO-certified palm oil in our products.

We ultimately want to see all our suppliers converting to a ‘segregated’ supply of RSPO-certified palm oil, but understand this will only be possible when the demand for certified sustainable palm oil in South Africa grows to a scale where it is physically possible to segregate the entire supply chain from origin through transport, storage and refining to end-product.

**Sustainable Palm Oil**

It is Woolworths policy to avoid the use of unsustainable and untraceable palm oil, and we intend to only use RSPO-certified sustainable palm oil in our own brand products. Woolworths was the first South African company to become a member of the global Roundtable on Sustainable Palm Oil (RSPO) since 2010. Since 2010, we have been purchasing GreenPalm certificates to offset the estimated 763 tons of palm oil used in Woolworths’ food and beverage products each year. A payment from each certificate goes towards incentivising Indonesian and Malaysian palm oil producers to become RSPO-certified sustainable producers.

We have been actively working with suppliers towards the conversion to ‘mass balance’ RSPO-certified sustainable palm oil and to speed matters up, held a palm oil workshop in October 2013 for all our food suppliers to help them understand the process to be followed to become suppliers of certified palm oil. We have also been engaging with local oil refiners, encouraging them to commit to importing certified sustainable palm oil and to become chain of custody certified.

To read our position statement on palm oil, go to www.woolworths.co.za/goodbusinessjourney

We can also be contacted on: info@goodbusinessjourney.com.au

We believe the need for change is upon us and we believe it is the responsibility of Woolworths as a major retailer to play a role in changing the status quo and driving change in way that we believe is ethically and environmentally responsible.

We have been actively working with suppliers towards the conversion to ‘mass balance’ RSPO-certified sustainable palm oil and to speed matters up, held a palm oil workshop in October 2013 for all our food suppliers to help them understand the process to be followed to become suppliers of certified palm oil. We have also been engaging with local oil refiners, encouraging them to commit to importing certified sustainable palm oil and to become chain of custody certified.

To read our position statement on oil, go to www.woolworths.co.za/goodbusinessjourney
UTZ CERTIFIED COCOA
Sourcing UTZ Certified cocoa for our chocolate provides assurance that the cocoa has been grown and harvested responsibly. The programme helps farmers learn to improve the quality and yield of their cocoa while reducing their impact on the environment and enabling them to take better care of their workers and families.

We started by sourcing 25% UTZ Certified cocoa for our boxed chocolates in 2012. As more UTZ Certified cocoa has become available to meet our demand, we have increased this amount and are currently sourcing 75% UTZ Certified cocoa. We are well on our way to meeting our target to source 100% UTZ Certified sustainable cocoa for all our Woolworths private label boxed chocolates, slabs and bars by December 2016. We are now also committing to source 100% UTZ Certified cocoa as an ingredient in all Woolworths branded foods by June 2018.

DETOX STRATEGY
We accept that without the use of dyes and chemicals we would not be able to provide our customers with satisfactory products, but it is mandatory for our supply base to use chemicals responsibly, and to only use those that do not pose harm to workers, customers or the environment. Woolworths recognises the urgent need for eliminating industrial releases of all hazardous chemicals.

Whilst our Woolworths Code of Business Principles has served us well for many years, we are now working with a far more complex range of products from a truly global supply base, against a backdrop of tighter legislation. With this in mind, we have developed a simplified, integrated set of minimum standards for worker safety, environmental compliance and chemicals on finished product, and are busy finalising our “detox” strategy for achieving zero discharges of all hazardous chemicals from the whole lifecycle and all production procedures that are associated with the making and using of all clothing products Woolworths sells.

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

BETTER COTTON INITIATIVE
Woolworths has become a member of the Better Cotton Initiative (BCI). This is a first step towards sourcing more sustainable cotton, and helping to transform the cotton sector.

The BCI aims to create long-term change by helping farmers to grow cotton in a way that reduces stress on the local environment and improves the livelihoods of farming communities. It is a global approach that provides a solution for the mainstream cotton industry, including both smallholders and large-scale farmers. All farmers can benefit from implementing Better Cotton and the development of a new and more sustainable mainstream commodity, Better Cotton.
RISKS & OPPORTUNITIES

- Water scarcity and quality
- Poor soil quality and ecosystem degradation
- Impacts of climate change
- Security of land tenure,
- Rising input costs, declining number of farmers and trends towards urbanisation
- Food insecurity
- Rising food prices
- Sustainable farming practices can improve soil health, protect water supply, restore biodiversity, support rural livelihoods, help communities adapt to climate change and help ensure we produce sufficient food.

98% of our primary fresh produce suppliers certified as farming for the future.

82% of the volume tonnage of seafood species sold currently meets our sustainability commitments.

Woolworths and its suppliers are dedicated to selling products that cause the minimum of harm to the natural environment in the way they are farmed. We continue to work with suppliers of Woolworths private label products to improve farming practices through our Farming for the Future, Fishing for the Future, animal welfare and sustainable fibre programmes.

Our broader response includes:

- sourcing wood which is recycled or independently certified as coming from sustainable sources, e.g. Forest Stewardship Council (FSC™);
- not selling products tested on animals;
- procuring commodities such as palm oil, cocoa, coffee and cotton, that have been farmed more sustainably and that do not contribute towards deforestation (see page 39-40), and
- working in partnership with WWF-SA to drive further progress in dairy, beef, seafood and textiles production as well as addressing food waste on farms.

FARMING FOR THE FUTURE

Farming for the Future continues to achieve what it set out to do: help farmers grow quality produce while protecting the environment, preserving natural resources and reducing dependence on synthetic fertilisers, herbicides and pesticides - all without adding to the price the consumer pays.

In the past year, 133 of our primary fresh produce and horticulture suppliers as well as 70 of our secondary suppliers were assessed against our Farming for the Future standards.

We audited all of our wine suppliers against our Farming for the Future standards once every three years. All of our wine farmers are members of the Integrated Production of Wine (IPW) programme and/or the Biodiversity and Wine Initiative (BWI).

We made significant progress in extending Farming for the Future to dairy. All of our six primary Ayrshire dairy suppliers have undergone full assessments and have set goals for improvement.

CASE STUDY: FARMING FOR THE FUTURE IN DAIRY

Over the years we have built strong partnerships with our Ayrshire dairy suppliers who provide us with high quality and traceable products including fresh milk, flavoured milk, cheese, yoghurt, drinking yoghurt, cream and butters, which are exclusive to Woolworths. These dairies have high animal welfare standards, in place and do not use BST growth hormones.

Furthermore, all Ayrshire milk is produced regionally, reducing transport emissions and extending shelf life. So when it came to extending our pioneering Farming for the Future programme into dairy, it made sense to begin the work with our primary Ayrshire dairy suppliers.

We began by conducting baseline assessments on farms, to gain a deeper understanding of the current practices and impacts. This was followed by the development of the Farming for the Future Dairy Manual, which was completed with input from WWF-SA. The Farming for the Future dairy standards drive a holistic farming approach, with a strong focus on water, waste and carbon footprint management on farm as well as during the processing and packaging stages of production, and include extended animal welfare standards.

In the past year, our six primary Ayrshire processors and major corresponding Ayrshire farmers/suppliers who account for most of our Ayrshire range were assessed against our Farming for the Future Dairy standards and have set goals for improvement. We aim to audit the rest of our Ayrshire farmers/processors by June 2015.

Case Study: Kinder to Sows

From the end of September 2014, all fresh pork sold at Woolworths will be sourced from farms that no longer use sow stalls to restrain pregnant sows. This is the first phase of an initiative that will see all Woolworths’ South African pork products produced in a way that is much more humane and kinder for the sows by the end of 2014.

The introduction of ‘Kinder to Sows’ pork is a first for South African retailers and represents a major departure from standard practice in South Africa, where sows are kept in restrictive stalls for the entire 16-week pregnancy period. Sow stalls allow the pregnant sows to stand up and lie down, but not to turn around. Now Woolworths suppliers will keep pregnant sows in group housing where they will have the freedom to move around and socialise.

The introduction of ‘Kinder to Sows’ pork is a first for South African retailers and represents a major departure from standard practice in South Africa.

From the end of December 2014, all Woolworths branded fresh processed and cured pork products, such as bacon, burgers and sausages, will follow the same farming practices as fresh.

We also aim to achieve this for all other local pork products such as cooked hams, deli meats, pizzas, sandwiches and pies by the end of July 2015. Impacted Woolworths branded pork products will comply with EU or UK legislation.

To learn about our milestones and commitments, go to www.woolworths.co.za/goodbusinessjourney

Woolworths remains deeply committed to procuring all seafood from sustainable sources, e.g. Forest Stewardship Council (FSC™), which we believe is of prime importance in ensuring the sustainability of the seafood sector.

While over 80% of our seafood suppliers have been fully assessed against our sustainable seafood commitments and met our 2020 targets for the future, we have set time-bound improvements to ensure the remainder of our seafood suppliers meet our sustainability commitments for the 2015-2020 period.

We are committed to the MSC certification of all of our seafood suppliers, and we continue to work with a range of partners, including the Marine Stewardship Council (MSC), to ensure that our commitments are met.

We are currently working on a programme to introduce both consumer and retailer-facing sustainable seafood commitments and communications to consumers.

Woolworths’ sustainable seafood commitments have been farmed more sustainably and that do not contribute towards deforestation.

Woolworths and its suppliers are dedicated to selling products that cause the minimum of harm to the natural environment in the way they are farmed. We continue to work with suppliers of Woolworths private label products to improve farming practices through our Farming for the Future, Fishing for the Future, animal welfare and sustainable fibre programmes.

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- working in partnership with WWF-SA to drive further progress in dairy, beef, seafood and textiles production as well as addressing food waste on farms.

FARMING FOR THE FUTURE
ANIMAL WELFARE

We believe it is our ethical obligation to ensure that our suppliers treat the animals in our supply chain with respect and in the most humane way possible, and are committed to continuous improvement in all aspects of animal welfare. In the past year we have made significant progress in the following areas:

FREERANGE PRODUCTS

Woolworths remains the only major local retailer to sell only free range whole eggs. Woolworths sources some 20 million eggs every year, approximately half of which are sold in cartons, while the remainder are pasteurised liquid eggs used in food products. Currently, over 75% of Woolworths private label food products containing eggs as an ingredient are made with free range eggs.

In April 2014 Woolworths was awarded the Good Egg Award 2014 by leading international farm animal welfare organisation Compassion in World Farming, for our ongoing commitment to leading the free range egg industry in South Africa.

Woolworths continues to sell extensive lines of free range chicken, beef and lamb. As sourcing free range pork that is available all year round and competitively priced has been very challenging, we have focused on tackling some of the practices used in intensive pig farming such as the use of sow stalls (see case study on page 43).

WILDLIFE FRIENDLY

While the animals inside our supply chain are our main concern, we also believe we have an ethical obligation to minimise human-wildlife conflict. For several years, Woolworths has been involved with sponsoring and training Anatolian guard dogs as well as the publication of a conservation manual for sheep and cattle farmers. Woolworths has now committed R4.7 million over three years to create a sustainable wildlife friendly lamb supply.

The funding will go to key NGOs operating in Southern Africa. Conservation South Africa, the Cape Leopard Trust, the landmark Foundation and the Endangered Wildlife Trust. These NGOs are tasked with enlisting farmers in a programme to trial various non-lethal predator control methods such as the use of Anatolian guard dogs, lambs, protective collars, alpacas and shepherds to protect livestock. Woolworths will then source lamb from these farmers.

Funds have also been allocated to key support resources including Cheetah Outreach, which breeds Anatolian guard dogs, and Nelson Mandela Metropolitan University, where the first South African scientific assessment of predators is being undertaken by Professor Graham Kerley.

ANGORA

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

WOOL

The Country Road Group is a major supporter of the Australian wool industry and many wool products proudly display that they are made from Australian merino wool. A proactive approach to sourcing a sustainable supply of non-mulesed wool has been undertaken.

SUSTAINABLE FIBRES

Driving innovation and sustainable fibre usage (including organic cotton, recycled polyester, bamboo and certified sustainable wool) has become an increasingly important part of the clothing and general merchandise strategy.

In the past year we have conducted research to provide further insight into the environmental impacts associated with different textile choices (see case study below). Whilst we continue to offer selected ranges of clothing made from organic cotton, we have become a member of the Better Cotton Initiative as a first step to sourcing more sustainable cotton (see page 40). We have also extended our range of products made using recycled polyester fibre made using recycled plastic bottles that would have otherwise gone to landfill. In addition to our range of duvet

WE BELIEVE IT IS OUR ETHICAL OBLIGATION TO ENSURE THAT OUR SUPPLIERS TREAT THE ANIMALS IN OUR SUPPLY CHAIN WITH RESPECT AND IN THE MOST HUMANE WAY POSSIBLE.
WASTE

We are committed to reducing the amount of waste sent to landfill from our own operations, using recycled content in our products and packaging, and making it easier for our customers to recycle. We are also increasing our focus on reducing food waste in our supply chain, operations and customers’ homes.

PACKAGING

Packaging reduction is an important environmental factor we are trying to address, but it needs to be balanced with the impact that this can have on protecting products properly, thereby increasing food waste.

Our approach to packaging is about achieving the right balance. We need to ensure that our products are protected in transit and, in the case of food, remain safe and hygienic. We also want to extend its shelf life for as long as possible so that additional food waste is not created. To us, this means using packaging responsibly.

Our targets focus on a certain number of packaging improvements on an annual basis. These improvements and related initiatives can take the form of packaging light-weighting, substituting virgin material with recycled material, designing for local recyclability, and providing customers with clearer disposal instructions. We continue our efforts to specify the use of forest products that are independently certified as coming from well-managed forests and other controlled sources (e.g. paper and board with certified chain-of-custody by the Forest Stewardship Council – FSC®), as well as our role in involving and influencing the packaging industry to develop more sustainable options.

We have achieved 238 packaging improvements over the past year:
• 102 additional products have been redesigned, achieving packaging reduction of over 80 000 kg per annum;
• 46 packs have been redesigned for easier recycling;
• 98.7% of the materials we use for our main food packaging containers are technically recyclable and 46% are widely recycled in South Africa;
• 21 additional products are now in packaging made using post-consumer recycled plastic material;
• 41.3%* of food products sold in rigid packs contain recycled packaging materials;
• 69 additional products now have packaging made with paper and board with certified chain-of-custody.

In an industry first, we have initiated and introduced a new on-pack recycling label (OPRL), intended to assist recycling efforts in South Africa by making it easier for customers to recycle correctly, while stimulating the growth of the recycling sector.

To read our position statement on packaging go to www.woolworths.co.za/goodbusinessjourney

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PACKAGING IMPROVEMENTS ACHIEVED OVER THE PAST YEAR

OPRL

WE HAVE INTRODUCED A NEW ON-PACK RECYCLING LABEL INTENDED TO ASSIST RECYCLING EFFORTS BY MAKING IT EASIER FOR CUSTOMERS TO RECYCLE CORRECTLY

2014 GOOD BUSINESS JOURNEY REPORT / WHL 47
WASTE

CASE STUDY: WOOLWORTHS NEW ON-PACK RECYCLING LABEL

Woolworths introduced a new on-pack recycling label (OPRL) in November 2013, intended to assist recycling efforts in South Africa by making it easier for customers to recycle correctly, while stimulating the growth of the recycling sector.

Woolworths was motivated to develop the new labels after feedback from customers revealed that the industry symbols currently used on packaging are confusing. To date, recycling labels across the sector have been designed to assist waste collectors and separators, and not customers. Further feedback showed that most customers assume that all packaging is recyclable as long as it has a material symbol on the label and customers were not aware, that despite their efforts to recycle, they were contaminating recyclable material streams through incorrect disposal.

The new OPRL provides customers with simple icons and messaging showing each component of the packaging, the type of material it is made from (including what sustainable materials have been used in the packaging), and the likelihood of each element of the packaging being widely recycled (or not) in South Africa.

Introduction of the new on-pack recycling label will be phased in as packaging designs change or new product lines are introduced. The label can already be seen in-store on a number of food product lines.

The design of the Woolworths on-pack recycling label is supported by a number of industry associations, including PACSA, PRAIA, PlasticS norms, SABRO, Collect-a-can, The Glass Recycling Company, PETCO, POLYCO, Waste4ust and WastePlan.

To help reduce customer confusion even further, Woolworths has shared the new labelling with other major South African retailers participating in the Sustainable Retailers’ Forum, and it is set to become the standard in the country.

CUSTOMER RECYCLING

Woolworths has committed to introducing a nationwide programme supporting the recycling of customers’ waste by providing recycling facilities at selected Woolworths stores, EnGen service stations and schools. We now have recycling facilities at 50 EnGen service stations in the Western Cape, Gauteng and KwaZulu-Natal. Customers will be able to make use of recycling facilities at every EnGen/Woolworths site and over 120 locations in total by 2015.

We also have recycling facilities at 21 schools in the Western Cape and are looking to roll these out at selected schools in other areas of the country.

OPERATIONS

We continue to find ways to reduce and recycle waste generated in our store operations. This includes using recyclable luggs to transport products to and from stores, and recycling all transit packaging used to protect clothes during transportation, including hangers.

We continue to use recycled material in our hangers, store signage, shopping baskets and trolleys. We are trialling a recycling programme in 40 stores in the Western Cape, recycling 45% of the waste generated.

In 2014, 95% of waste to landfill from our South African distribution centres and 5% from our head office complex.

AUSTRALIAN PACKAGING COVENANT

The Australian Packaging Covenant (APC) is a federal government initiative focused on reducing the amount of used packaging that reaches landfill. Signatory responsibilities include the submission and execution of a packaging and waste action plan. The APC provides a rating based on previous years’ performance. For the most recent ratings period, 2012/2013, the Country Road Group achieved a rating of 3.7 out of 5 and is considered to be a ‘high achiever’.

PLASTIC BAG USAGE AND REUSABLE BAGS

Woolworths is committed to reducing plastic bag usage as a way of reducing our impact on the environment, saving costs and assisting customers to save costs as well. Woolworths customers are particularly encouraged to use reusable shopping bags, thereby reducing the number of new shopping bags that need to be made.

Our reusable bags continue to directly support 140 jobs and skills development at Woolworths’ two main reusable bag suppliers, Sakhovana, based in Cape Town, and Oscar, based in Uitenhage. Our colourful range of fabric bags are made using 85% post-consumer PET-waste recycled Polyethylene Terephthalate bottles. To date, Woolworths has used 360 tons of fibre made from recycled PET bottles to make the fabric bags. This translates to approximately 9.5 million bottles diverted from landfill, and reducing carbon emissions associated with producing virgin material by approximately 54%.

Reusable bag sales remain fairly strong, with close to 1.4 million bags sold, and a number of new designs have been launched to raise awareness and funds around sustainability- and conservation-related issues. In 2014, through the sale of our cause-related reusable bags, Woolworths and its customers raised just over R2 million for the conservation of endangered species and other causes such as breast cancer awareness and Operation Smile. Since the launch of our first cause-related rhino bag in 2010, we have raised over R5.4 million in total.

CASE STUDY: RE: JEANS SUSTAINABLE DENIM JOURNEY

In 2014 Woolworths introduced a new range of RE:F.I.T. and RE:Cycled jeans as the first step on a journey to becoming a sustainable denim brand. Our RE: jeans supplier in Mauritius has managed to reduce energy and water usage by more than half and has reduced the amount of chemicals used in the ‘normal’ production process. Other benefits include using cotton sourced from Africa, and stretch technology which keeps the shape of the RE:F.I.T. jeans for longer.

Taking sustainability one step further, our men’s range of RE:Cycled jeans are made using a blend of African cotton and recycled polyester made from recycled plastic bottles. Each pair of jeans is made from the equivalent of twelve 500 ml bottles, helping reduce the amount of waste going to landfill, and reducing the amount of resources used.

Our sustainable denim journey ties in with the research WWF-SA and The Greenhouse conducted for Woolworths on the lifecycle of a t-shirt that showed that polyester, especially when made from recycled material, can potentially be the best textile choice.

Go to www.woolworths.co.za/recycle to learn more
CASE STUDY FASHION TRADE

Country Road is working with Australian Red Cross to reduce its impact on the environment with a unique campaign – Fashion Trade – that reinforces the importance of recycling clothes to reduce the amount of textile waste that goes to landfill. Fashion Trade is a unique clothing exchange programme that rewards customers with a $10 discount voucher for donating pre-owned clothing to the Red Cross.

Country Road has partnered with the Australian Red Cross and New Zealand Red Cross since 2010, and in that time has saved more than 60,000 pieces of clothing from landfill.

During FY 13/14:

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers donations</td>
<td>2115</td>
</tr>
<tr>
<td>Business donations</td>
<td>24,997 (retail value $1,503,867)</td>
</tr>
<tr>
<td>Total</td>
<td>27,112</td>
</tr>
</tbody>
</table>

There were 10,021 bags sold during the year which raised funds for Redkite in Australia and the Red Cross in New Zealand.

FOOD WASTE

Woolworths is committed to reducing the amount of food wasted across our supply chain, operations, and in our customers’ homes, by packaging responsibly (see page 47), providing customers with clear on-pack information (“Sell By” and “Best Before” or “Use By” dates) (see page 30), donating surplus food to charities, and composting food waste at head office.

In the past year we have increased our focus on food waste and are working with WWF-SA to identify the different causes of food waste across our supply chain. We have studies underway with key produce and dairy suppliers, as well as on our in-store bakeries. We have also conducted customer research which showed that Woolworths customers are extremely aware of food waste and believe that very little food is wasted in their homes.

Relative plastic shopping bag usage has remained stable, with 0.7 plastic bags per transaction during the past year. Woolworths has targeted to halve the amount of plastic bags used in foods by 2015 (to 0.5) from our benchmark year of 2011.

Woolworths’ “green carriers” food bags are made from 75% recycled plastic, harvested from post-industrial waste, and the shopping bags used for clothing and general merchandise contain 55% recycled material.

During the year Country Road offered customers a reusable cloth bag as an alternative to take home packaging.
**Case Study: Water Stewardship in the Western Cape**

Woolworths has been working in partnership with WWF-South Africa, WWF-UK, the Alliance for Water Stewardship and M&S, to address water-related risks in the supply chain.

The project involves a small group of Woolworths and M&S shared stone fruit suppliers, and is working with them to implement the Alliance for Water Stewardship standard. Lessons learnt from this project will be taken forward in order to publish guidelines on good water stewardship in the region so that more farmers in the Western Cape can get involved in making sure fresh produce is being managed sustainably.

On-farm assessments have been completed and suppliers have started implementing measures to improve efficiency. A workshop was hosted in October 2013, focusing on opportunities for collective action, to address water efficiency and quality at a catchment level.

This project is an example of how partnerships and collaboration is absolutely necessary to further address sustainability within our supply chains. Not only has this partnership drawn on the expertise of leading NGOs and suppliers, to address water related risks and build resilience at a farm level, but by driving collaboration within the catchment, it is helping to address water security risks at a more systemic level.

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**Strategy**

Our strategy for water focuses on reducing water consumption and managing waste water across our own operations as well as in our supply chain, through Farming for the Future, partnerships, collective action, research and education. We are committed to creating awareness amongst employees, suppliers, customers and schools.

Woolworths is a member of the CEO Water Mandate – a unique public-private initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices. We have structured feedback on progress on Woolworths’ water programme according to the six focal points of the CEO Water Mandate.

**Direct Operations**

Water usage liters:
- 410,718 kilolitres
- Water usage distribution centres: 50,243 kilolitres
- Water usage head office: 22,224 kilolitres

Woolworths continues to ensure that both new and existing real estate opportunities and existing stores are designed for efficient use of water and waste water.

Our relative water consumption across stores has decreased by 34% from our 2008 benchmark target: 50% by 2015.

Our municipal water consumption at head office has decreased by 43% from our 2008 benchmark target: 70% by 2015, with a total consumption of 22,224 kilolitres. In 2014 we extended grey water production on our head office campus to our CTC building and are seeing an additional minimum saving of 180,002 litres of municipal water a month. We are tapping into an underground water supply – water that flows into the City of Cape Town’s storm-water system, and eventually discharges into the sea without previously having been used.

We are in the process of installing rainwater harvesting tanks at our distribution centre in Cape Town.

The water tank at the Country Road Group Richmond Head Office captured 920,000 litres of water during the past year, which was used in the office toilets.

**Supply Chain**

We continue to drive a reduction in water usage by all farming for the future fresh produce suppliers. We are also busy rolling out an energy, water and waste self-assessment questionnaire to our primary food suppliers not covered by farming for the future, to help them better manage energy, water and waste.

In the past year we have developed a chemical ‘detox’ strategy to further reduce the discharge of harmful effluent in our clothing supply chain (see page 49).

**Collective Action**

Woolworths has invested in WWF-SA’s Water Balance Programme, helping to reduce the impact of invasive alien plants on our water supplies.

We are also working in partnership with WWF-SA, WWF-UK, the Alliance for Water Stewardship, M&S and some of our shared suppliers to address water-related risks in our supply chain and promote water stewardship in the Western Cape (see case study on page 53).

In 2014 Woolworths participated in WWF-SA’s ‘Journey of Water’ walk, creating awareness around the long and complicated journey that water takes to get to us, and the need to protect our threatened water sources.

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**Community Engagement**

We are committed to water conservation education, especially by assisting to educate our supply chain and providing valuable water-saving tips to both customers and employees.

Through our Making the Difference Educational Programme, we ran a competition for all primary school learners across South Africa in celebration of National Water Week 2014, to raise awareness over our country’s critical water issues and award learners with water tanks for their schools.

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**Public Policy**

We support clear and decisive policy on water strategy and implementation planning and maintenance to ensure preservation of South Africa’s scarce water resources.

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**Transparency**

We support the activities of the CDP Water disclosure project, and have voluntarily participated in its assessment process the last four years.
ENERGY & CLIMATE CHANGE

In order to minimise our carbon emissions and energy consumption, we have established a multi-disciplinary and company-wide carbon management programme. The programme focuses on energy efficiency and emissions reduction across both our direct and indirect operations.

The need for business adaptation towards climate change acknowledges that climate change will have an impact on our business through changes in ecosystems, water availability, and patterns of extreme weather events, with (in many but not all cases) consequent damages to human health, buildings, livelihoods and infrastructure.

Climate change for Woolworths will definitely affect our operations (corporate and supply chain) from energy, water availability, farming practices for both our raw materials and fresh produce included.

STRATEGY

COMMITMENT AND PROGRESS

<table>
<thead>
<tr>
<th>COMMITMENT</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>BY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce relative carbon footprint by 40% by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reducing relative electricity usage:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Stores: 36% relative reduction (cumulative)</td>
<td>31% relative reduction</td>
<td>27% relative reduction</td>
<td>40% relative reduction</td>
<td></td>
</tr>
<tr>
<td>- Corporate buildings: 28% relative reduction (cumulative)</td>
<td>30% relative reduction</td>
<td>26% relative reduction</td>
<td>31% relative reduction</td>
<td></td>
</tr>
</tbody>
</table>

Regional food sourcing: We source over 95% of our food from Southern Africa, based on country of origin labelling

<table>
<thead>
<tr>
<th>Carbon footprint per DU delivered</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refrigeration</td>
<td>0.257</td>
<td>0.254</td>
<td>0.265</td>
<td>0.268</td>
</tr>
<tr>
<td>- 23 CO2 refrigeration installations</td>
<td>16 CO2 refrigeration installations</td>
<td>9 CO2 refrigeration installations</td>
<td>Continue to roll-out CO2 refrigeration to new stores and retrofit where the opportunity exists</td>
<td></td>
</tr>
<tr>
<td>- 76 stores retrofitted with energy-saving technologies</td>
<td>- 4 Ecofridge installations</td>
<td>- 67 stores retrofitted with energy-saving technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lighting</td>
<td>Automated lighting in all South African stores</td>
<td>67</td>
<td>All 54 stores</td>
<td></td>
</tr>
</tbody>
</table>

RISKS & OPPORTUNITIES

- Energy prices (electricity and liquid fuel)
- Not achieving our energy reduction targets could lead to increased costs
- Climate change mitigation and adaptation
- Access to capital for clean energy generation
- Carbon tax
- The impact of climate change and extreme weather patterns on farms in our supply chain
CARBON MANAGEMENT PROGRAMME
We have set a 2015–2020 relative reduction target for both energy usage and carbon emissions having identified this as a key direct impact for the business and crucial cost savings opportunity. We have achieved an approximately 35% relative reduction in energy usage to date from our benchmark year. Commitments include:

CONTINUED STAKEHOLDER ENGAGEMENT
• We have a formal and broad-based sustainability partnership with WWF-SA (see page 18) on a broad-based, multi-faceted agreement to drive greater sustainability through selected Woolworths products and operations. The purpose of the partnership is to amplify our collaboration on various technical projects including the conservation of energy.
• We engage, via the National Business Initiative, with other corporates on issues regarding climate, energy and water in SA and how businesses can actively respond to these challenges.
• Government departments are very crucial in assessing and discussing regulatory risks associated with climate change and in turn, assist us in finding ways and partnerships to mitigate where required. We are also able to influence policy formulation through these engagements.
• The Woolworths annual sustainability report is utilised by government departments to identify areas requiring additional support.

CONTINUED CUSTOMER ENGAGEMENT
In order to reduce our third-party emissions, we engage with our customers on how to better care for their clothing by using wash care labels on all clothing, we promote washing at 30°C. We also communicate energy use within the store and saving tips for customers on plasma screens in some of our green stores.

CONTINUED EMPLOYEE ENGAGEMENT
We continue to drive awareness campaigns and training for store employees. We also communicate real-time energy use on plasma screens in our corporate buildings.

PRODUCTS EMPOWERING OUR CUSTOMERS
In order to make energy efficiency more tangible to our customers at product level, we have been scoping and implementing energy saving techniques for the manufacturing and caring of some of our products.

Our heat-generating fabric for some of our menswear, wear and kids wear items, as well as our CoolTech fabric for some of our menswear products, are two examples in which we are innovating body-temperature-regulating products for our customers. These fabrics are made to control temperature when needed, and depending upon the ambient temperature of the environment – either to warm the body in cold conditions, or release perspiration to cool the body. Body sensor fabric, which also helps to maintain comfort by controlling the moisture between the fabric and body, has been used for a range of women’s basewear.

We promote washing at 30°C and sell a range of detergents that work optimally at this temperature. Some of our items require minimal or no ironing, therefore saving our customers energy. Woolworths has committed to 60% of our clothing products to have energy and water saving attributes.

SUSTAINABLE TRANSPORT STRATEGY
We continue to have a valuable relationship with the Imperial Group for the management of our logistics operations and also driving innovation through our transport strategy.

ROUTE OPTIMISATION
We have a 2020 programme across our supply chain and this also involves continuing with implementation of an integrated and centralised logistics planning system.

FLEETBOARD
To date, 99% of our fleet has been fitted with the Fleetboard vehicle management system. It provides real-time information on the operational performance of individual vehicles, fuel levels and consumption via a network. After extensive data collection we were able to improve our fuel consumption factor by a further 5%.

These significantly reduce the Carbon Footprint of our delivery fleet.

TRUCK LENGTH
All our refrigerated trailers are 15.5 m long and our longlife and cooling trailers are 18.0 m long. Our refrigerated trailers can carry up to 26 pallets, therefore we have been able to efficiently transport our commodities over long distances with fewer trips.

TEMPERATURE MANAGEMENT
Currently 79% of our fleet has been fitted with live fringe temperature management and control (TK Tracking) systems. We have been able to reduce the value of temperature rejections. Food that gets spoiled in the last financial year by a further 11.35% due to the live tracking.

ENERGY USAGE
Total energy usage for all corporate stores, international (Mauritius), head office buildings and distribution centres 325,321-365 KWh (2013: 320,187-379 KWh).


Woolworths signed the Energy Efficiency Accord with the Minister of Minerals and Energy in 2005 and is working towards achieving the National Energy Efficiency Strategy targets as part of the Energy Efficiency Leadership Network.

We have won the following awards:

ENERGY EFFICIENCY FORUM (EEF) AWARD (HEAD OFFICES AND FRANCHISES’ CATEGORY).

WOOLWORTHS MEMBERSHIPS AND AWARDS
We have been scoping and implementing energy saving techniques for the manufacturing and caring of some of our products to have energy and water saving attributes.

Our relative energy usage was 304 kWh/m² for 2013. 402 kWh/m², the absolute increase from last year is as a result of more coverage of reporting across our operations.

Our most successful energy saving installations is the Mettinger Online monitoring system. Since inception in 2008 Woolworths have successfully rolled it out to all our stores, including our Mauritius stores. This has allowed us to effectively track our energy consumption on a real-time basis.

We have also been able to challenge inaccurate billing from municipalities and since then, have saved about R223 million worth of electricity.

Over the past year LED lighting was installed in 57 stores across the Country Road Group, via the development of new stores and the refurbishment or expansion of existing stores.

GREEN BUILDING INNOVATION
Whenever we design a new store, our team looks at how to include energy-saving elements. We have created our own green building rating model which we use to classify our stores, allowing us to easily identify stores that need improvement.

During 2014 a separate textile-only green building rating model was developed. The existing green building rating model applies to food and full line stores now only.

CLEAN ENERGY
In the last year, we upgraded the solar panel installation at our head office by adding 108 kW of photovoltaic solar panels. The installation is estimated to generate 172 000 kWh of energy per year and reduce the buildings emissions from electricity by an estimated 491 CO₂ annually. Woolworths Financial Services also purchased 200 000 kWh of City of Cape Town Green Electricity certificates from Darling Wind Power.


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CARBON FOOTPRINT

Greenhouse gas (GHG) emissions were calculated for the period 1 January 2013 to 31 December 2013 with a focus on the company’s South African and Mauritius operations and independently verified by Global Carbon Exchange (GCX) in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard published in 2004.

The verification statement is included on the Good Business Journey Report website.

We report on all emissions for 343 stores including all South African ‘corporate’ stores, plus three local Country Road and Trenery stores and three international stores in Mauritius (Bagatelle, Cascavelle and Grand Baie) using the Operational Control approach. The boundary excludes franchise and proprietary stores not yet re-incorporated into corporate stores. We are also working with our other African and Australian colleagues on a way to better incorporate their data for a more holistic view of our operations.

Our carbon emissions have increased this year as a result of:
- The inclusion of more facilities, the organisational boundary in 2013 increased to include five additional stores including Country Road and the three international stores in Mauritius. Data was available for all eight distribution centres, for the first time, compared to only five in the previous year.
- The operational boundary also increased to include the following Scope 3 activities: business travel accommodation, office paper, cardboard packaging and plastic bags.
- The large increase in air-conditioning and refrigeration gas refills is because all contractors submitted gas refill records in 2013 unlike in previous years.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Source</th>
<th>2014 Company total (CO2 eq tons)</th>
<th>2013 Company total (CO2 eq tons)</th>
<th>2012 Company total (CO2 eq tons)</th>
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<tbody>
<tr>
<td>Scope 1</td>
<td>Mobile fuels</td>
<td>1 316.38</td>
<td>569</td>
<td>796.19</td>
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<td>Stationary fuels</td>
<td>621.31</td>
<td>358</td>
<td>268.4</td>
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<tr>
<td></td>
<td>Air-conditioning and refrigeration gases</td>
<td>3 377</td>
<td>3 377</td>
<td>3 377</td>
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<tr>
<td>Sub Total – Scope 1</td>
<td></td>
<td>12 703.77</td>
<td>4 244</td>
<td>1 390.15</td>
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<tr>
<td>Scope 2</td>
<td>Purchased electricity – South Africa</td>
<td>311 968.71</td>
<td>299 958</td>
<td>294 484.56</td>
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<tr>
<td></td>
<td>Purchased electricity – Mauritius</td>
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<td>DNR</td>
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<tr>
<td>Sub Total – Scope 2</td>
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<td>312 298.09</td>
<td>299 958</td>
<td>294 484.56</td>
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<tr>
<td>Sub Total – Scopes 1 and 2</td>
<td></td>
<td>325 001.87</td>
<td>304 202</td>
<td>295 874.71</td>
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<td>Scope 3</td>
<td>Employee commute</td>
<td>15 752.08</td>
<td>15 032</td>
<td>36 500.20</td>
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<td>Business travel – flights</td>
<td>8 602.25</td>
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<td>8 671.38</td>
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<td>Business travel – car rental</td>
<td>111.04</td>
<td>83</td>
<td>91.1</td>
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<td></td>
<td>Accommodation</td>
<td>329.78</td>
<td>DNR</td>
<td>DNR</td>
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<tr>
<td></td>
<td>Business travel – taxis (incl. shuttle)</td>
<td>DNR</td>
<td>DNR</td>
<td>DNR</td>
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<tr>
<td></td>
<td>Distribution (third-party)</td>
<td>39 288.62</td>
<td>36 695</td>
<td>37 199.81</td>
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<td></td>
<td>Water</td>
<td>472.93</td>
<td>514</td>
<td>699.91</td>
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<td></td>
<td>Waste (materials life-cycle)</td>
<td>995.38</td>
<td>911</td>
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<td></td>
<td>Packaging: cardboard</td>
<td>8 699.90</td>
<td>DNR</td>
<td>DNR</td>
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<tr>
<td></td>
<td>Office paper</td>
<td>88.78</td>
<td>DNR</td>
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<tr>
<td></td>
<td>Plastic bags</td>
<td>2 896.88</td>
<td>DNR</td>
<td>DNR</td>
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<tr>
<td>Sub Total Scope 3</td>
<td></td>
<td>77 157.63</td>
<td>83 706.87</td>
<td></td>
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<tr>
<td>Sub Total Woolworths</td>
<td></td>
<td>402 159.50</td>
<td>362 126</td>
<td>379 575.58</td>
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<tr>
<td></td>
<td>Fugitive emissions: Non-Kyoto</td>
<td>42 990.50</td>
<td>36 442</td>
<td>31 946.77</td>
</tr>
<tr>
<td>Total Woolworths</td>
<td></td>
<td>444 249.80</td>
<td>398 568</td>
<td>411 522.35</td>
</tr>
<tr>
<td>Country Road Group</td>
<td></td>
<td>14 175.32</td>
<td>17 610</td>
<td>–</td>
</tr>
</tbody>
</table>

Our carbon footprint is a critical component of our energy and climate change strategy. We are committed to reducing our carbon emissions and we actively work to improve our energy efficiency and reduce our impact on the environment.

The balance sheet is published on our website, and we invite you to take a look at our progress in reducing our carbon footprint.

Greenhouse Gas Emissions

- Stationary Fuels
- Air-conditioning & refrigeration gas refills
- Purchased electricity
- Mobile fuels
- Non-Kyoto Protocol GHG emissions
- Business travel in rental cars
- Business travel in commercial airlines
- Business travel in accommodation
- Third-party vehicle fleet
- Employee commuting
- Consumption of office paper
- Consumption of cardboard packaging
- Consumption of plastic bags
- Generation of waste
- Consumption of water
INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF WOOLWORTHS HOLDINGS LIMITED FOR THE YEAR ENDED 29 JUNE 2014

SCOPE OF OUR ENGAGEMENT
We have completed our independent limited assurance engagement to enable us to express our limited assurance conclusions on whether anything has come to our attention that causes us to believe that the Good Business Journey Report ("the Report") for the year ended 29 June 2014, has not been prepared, in all material respects, in accordance with the self-declared Global Reporting Initiative (GRI G3.1 Guidelines B+) application level using the principles of materiality, completeness and sustainability context, and whether the following key performance indicators ("specified KPIs") contained in the Report have not been prepared, in all material respects, in accordance with the basis of preparation as described on the website for Initiative's website, which a full copy can be obtained from the Global Reporting Initiative, of which was published by the Global Reporting Initiative, in accordance with the principles of the G3.1 Guidelines B+

THE YEAR ENDED 29 JUNE 2014

DIRECTORS' RESPONSIBILITY
The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders, to identify key issues, to respond appropriately to key issues identified, to determine those key performance indicators which may be relevant and material to the identified stakeholders and to design and apply appropriate sustainability reporting policies. The directors are also responsible for the preparation and presentation of the Report, the information and assessments contained in the Report and for such internal control as the directors determine is necessary to ensure that the information and data reported meet the requirements of the relevant criteria, and contain all relevant disclosures that could materially affect any of the conclusions drawn.

ASSURANCE PROVIDER'S RESPONSIBILITY
Our responsibility is to express our limited assurance conclusions on the Report and the specified KPIs based on our independent limited assurance engagement. Our independent limited assurance engagement was performed in accordance with the International Federation of Accountants' IFAC's International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. This standard requires us to comply with ethical requirements and to plan and perform our engagement to obtain limited assurance regarding the Report and the specified KPIs contained in the Report, as expressed in this report.

BASIS OF WORK AND LIMITATIONS
The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments, we have considered internal controls relevant to the entity's preparation and presentation of the Report and the information contained therein, in order to design procedures appropriate for gathering sufficient appropriate assurance evidence to determine that the information in the Report is not materially misstated or misleading as set out in the summary of work performed below. Our assessment of relevant internal controls is not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls.

SUMMARY OF WORK PERFORMED
Set out below is a summary of the procedures performed pertaining to the Report and the specified KPIs which were included in the scope of our limited assurance engagement.

• We obtained an understanding of:
  - the entity and its environment,
  - entity-level controls,
  - the stakeholder engagement process,
  - the selection and application of sustainability reporting policies,
  - how management has applied the principle of materiality in preparing the Report and the specified KPIs,
  - the significant reporting processes including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.

• We made such enquiries of management, employees and those responsible for the preparation of the Report and the specified KPIs, as we considered necessary.

• We inspected relevant supporting documentation and obtained such external confirmations and management representations as we considered necessary for the purposes of our engagement.

• We performed analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including comparison of judgamentally selected information to the underlying source documentation from which the information has been derived.

• We considered whether Woolworths Holdings Limited has applied the GRI G3.1 Guidelines to a level described on page 9.

CONCLUSIONS
Based on the work performed and subject to the limitations described above, nothing has come to our attention that causes us to believe that:

• The Report has not been prepared, in all material respects, in accordance with self-declared GRI G3.1 Guidelines B+ application level using the principles of materiality, completeness and sustainability context.

Energy & Young Inc.
Ernst & Young Inc.
Chartered Accountant
Registered Auditor
19 September 2014
35 Lower Long Street
Cape Town
TO FIND OUT MORE ABOUT WHAT WE’RE DOING, VISIT
WWW.WOOLWORTHS.CO.ZA/GOODBUSINESSJOURNEY;
WWW.WOOLWORTHSHOLDINGS.CO.ZA;
WWW.COUNTRYROAD.COM.AU AND
FOLLOW US ON FACEBOOK OR TWITTER @WOOLWORTHSGBJ

We appreciate any feedback on our sustainability focus areas or reporting.
Please contact the sustainability team:
email: GoodBusinessJourney@woolworths.co.za