

Chief Executive Officer's message



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

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

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

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

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

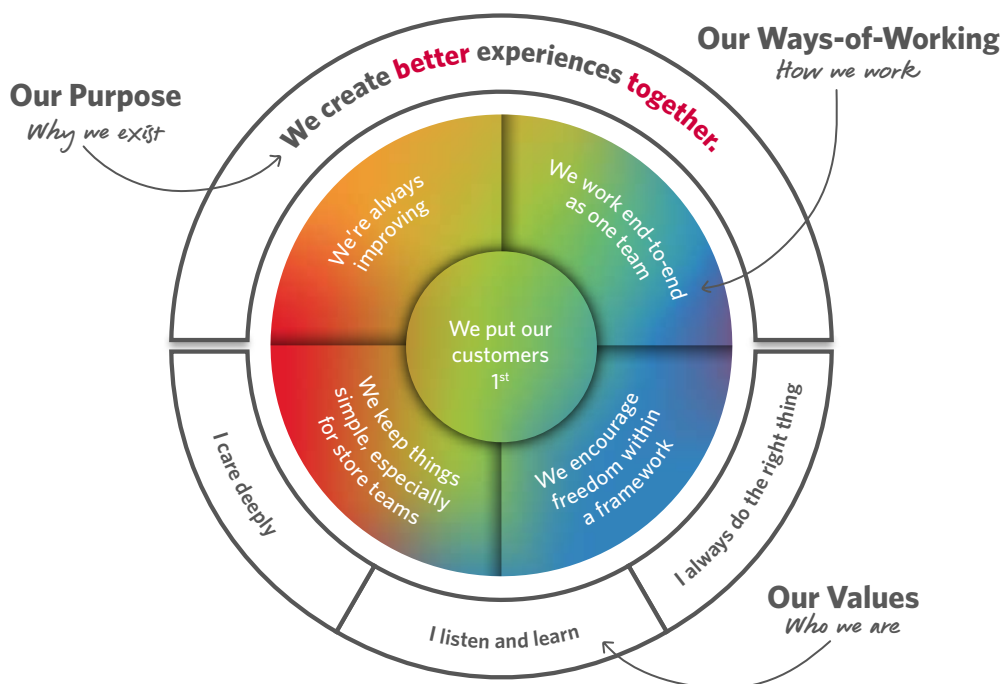
We continue to be committed to providing genuine, transparent reporting on our progress, and this year have increased our disclosure in our most strategically important areas of sustainability.

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

Brad Banducci
CHIEF EXECUTIVE OFFICER

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

Our Group Purpose



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

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

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

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

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

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



Woolworths Group

2020 commitments

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

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

People embracing diversity

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

Promoting gender equity

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

Building our diversity

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

Supporting Aboriginal and Torres Strait Islander employment

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

Creating a safe environment

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

Offering opportunities for all

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

Planet

for a healthy environment

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

Moving to a circular economy

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

Sourcing environmentally sustainable commodities

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

Responding to climate change

- 13** **Commitment achieved and revised:** *Reduce Woolworths Group's carbon emissions to 10 per cent below 2015 levels.*
- 14** *Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15 per cent of CO₂-e below 2015 levels.*

Prosperity

founded on trusted relationships

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

Working with our business partners

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

Giving back to the communities in which we operate

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

Creating shared value with our customers

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



Our journey



Achieved:
Woolworths Group Board 50% Women

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



Woolworths Group Launch 2020 Commitments

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



Unconscious bias training

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



Achieved:
No salary wage gap

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



Achieved:
LGBTI Inclusion

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

PEOPLE

PLANET

PROSPERITY



Reduce food waste to landfill

Recommitted our goal to reduce food waste to landfill.



Country of Origin labelling

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



Product renovation

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



Energy management

Commenced work on establishing the Energy Management Centre of Excellence.



Achieved:
1% EBIT community contribution

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



Plastic bags

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



Responsible Sourcing Program

Reviewed and launched our new Responsible Sourcing Program.




Health Influencer Day

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

2016

2017

2018

 **I am here program launch**

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

 **Achieved: LGBTI Inclusion**

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

 **Reconciliation Action Plan**

Launched our revised Reconciliation Action Plan.

 **Destination Zero**


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

 **Achieved: Natural Refrigerant**

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

 **Achieved: Emissions reduction**

2019 carbon emissions 18% below 2015 levels.

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

Our disclosures to be aligned to the TCFD requirements

 **Reset our emissions targets**

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

 **Climate Risk Assessments**


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

 **Moving to a circular economy**

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

 **Healthiest Own Brand products**

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

 **Responsible Sourcing Program**

Reviewed 768 audit reports of high risk suppliers.

 **Top supplier survey rating**

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

2019

2020



Our business

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

Woolworths Group

WOOLWORTHS GROUP

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

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Australian Food

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



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Endeavour Drinks



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

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New Zealand Food



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

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Portfolio Businesses

BIG W



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

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Hotels



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

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