

# Prosperity

## Founded on trusted relationships

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



Own Brand products undergone a nutritional renovation

**70**

▼ 9% from F18



Woolworths Own Brand products with the health star rating

**100%**

▲ 1.5% from F18



Cash donations

**\$14.8M**

▲ 198% from F18



Community Contribution of EBIT

**1.40%**

▲ 0.16% from F18







Alam Jahangir and Peter Fisher from Humpty Doo Barramundi.



# Working with our business partners

## IMPACT:

Commitment

**15**

Sustainable  
Development Goal



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



## Woolworths Organic Growth Fund

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

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

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



## WOOLWORTHS GROUP

### Understanding our suppliers

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

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

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

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

### Compass app

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





## Supporting our dairy farmers

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

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

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



## Sustainable Supplier of the Year - Humpty Doo Barramundi

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

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

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

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

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



Meshak Retchford, Humpty Doo Barramundi.



# Responsible sourcing



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

IMPACT:

Commitment **16**

Sustainable Development Goal

Sustainable Development Goal

## Our Responsible Sourcing Program

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

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

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

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

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

## Responsible Sourcing Policy

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

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

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

## Embedding our program in how our team operates

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

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



## 2019 Program highlights

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

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

## Responsible Sourcing Standards

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

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

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

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

## Embedding our program in how suppliers operate

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

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

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

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

Further roadshows are scheduled for H1F20.

## Mutual recognition to improve efficiency

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

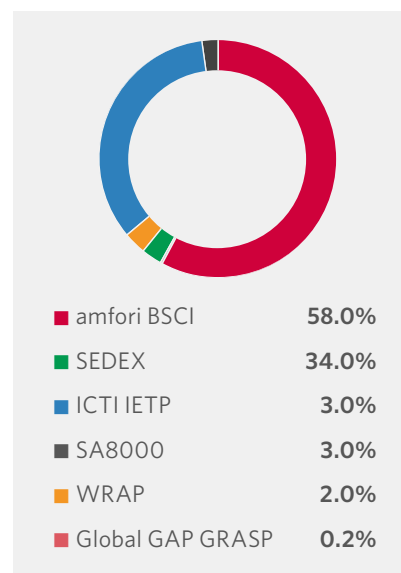
The schemes are:

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

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

time and resources on improving working conditions.

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



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



## Responsible sourcing risk segmentation

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

### Segmented Own Brand Suppliers



### Due Diligence Framework

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

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

### F20 risk review

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

## Using a risk-based approach

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

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

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

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

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

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

## F19 supplier on-boarding

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

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

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

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

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

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

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

### What that means

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

### What the data tells us

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

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

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

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

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

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

## Driving improvement through site visits in China

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

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

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





## Improving our internal governance program

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

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

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

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

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

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

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

## Strengthening grievance mechanisms

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

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

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

## Investigating grievances raised by workers

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

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

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

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

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

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

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

## Investigating claims from a whistleblower

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

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

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

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

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

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

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

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

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

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

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

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

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

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PERFORMANCE  
HIGHLIGHTS

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PEOPLE

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5  
SUSTAINABILITY  
METRICS

supplier  
**speakup**

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



Australia: 1800 772 173



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





## Working in partnership

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

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

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

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

## Retail Roundtables

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

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

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

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

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

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

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





## Shobola: Empowering women in our Bangladesh supply chain

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

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

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

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

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

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

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

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

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

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

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



## Cleaning Accountability Framework

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

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

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



# Launching responsible sourcing in our Australian horticultural supply chain

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

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

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

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

## Training and awareness raising

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

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

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



## Program rollout in horticulture

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

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

## Our framework for managing Responsible Sourcing risk in horticulture

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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





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

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

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

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

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

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

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

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

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

## Multi-stakeholder engagement

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

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

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

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

## Fair Farms Initiative

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

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

**THOMAS HERTEL,**  
FAIR FARMS PROGRAM MANAGER



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

1 Ibid 1. Page 58.

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

## FWO Horticultural Reference Group

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

## National Union of Workers

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

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

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

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

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

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

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

## Our horticultural supply chain

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

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



# Making an impact

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

## Direct community investments:

Cash donations

**\$14.8M**



In Kind

**\$18.5M**



Team member time

**\$11M**



Direct community investment totalling

**\$44.3M**

Leveraged fundraising

**\$18.1M**



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

**1.40%**

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## Australian Red Cross

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

## Woolworths Earn & Learn

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

## Royal Children's Hospital

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

## Good360

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

## Free Books For Kids

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

## Royal Flying Doctors

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



## Lifeline

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

## White Ribbon

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

## Food Rescue Partners Contestable Fund

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

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

**BRAD BANDUCCI, CEO**

## Drought relief support

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

## Drought Angels

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

## Kelly Tarlton's Turtle Rehabilitation Programme

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

## Mount Compass Area School

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

## Variety – The Children's Charity

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



# Giving back to the communities in which we operate

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

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Partnerships for the Goals

## Woolworths Junior Landcare Grants



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

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

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

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

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

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

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





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

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

DR. SHANE NORRISH, CEO LANDCARE AUSTRALIA





# Giving back to the communities in which we operate

## IMPACT:

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

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



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

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

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

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



## Salvation Army Emergency Services

WOOLWORTHS GROUP

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

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

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

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

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

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

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

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

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

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

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



# Creating shared value with our customers

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



## Voice of Customer

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



## Sourcing locally

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



## VOC improvement

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

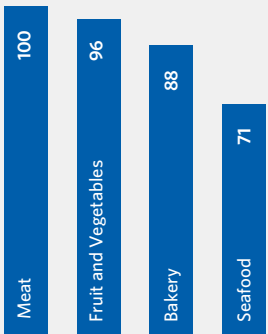


## Eastcoast Beverages

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

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

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



<sup>1</sup> In Australian supermarkets.





## Scan&Go

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

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

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



## Creating more accessible supermarkets

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

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

## The Kitchen



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

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

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

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



# Responsible service of alcohol

## IMPACT:

Commitment

**20**

Sustainable  
Development Goal



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



### DrinkIQ

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

### ABAC

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

### DrinkWise

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

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

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

### RSA Mystery Shops

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

### Development of Delivery Code of Conduct

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

### Liquor Accords Portal launched

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

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

# Responsible gaming

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



## The Australian Leisure and Hospitality Group (ALH)

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

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

ALH has committed to and is implementing:

- Enhanced training programs to assist gaming staff with customer care

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

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

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

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

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

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

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

### IMPACT:

Commitment **20**

Sustainable Development Goal





# Making healthier eating easier



## IMPACT:

Commitment

**20**

Sustainable  
Development Goal



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

## Healthier foods

### Providing healthier foods with innovation

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

### Australia's healthiest Own Brands

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

## Healthier stores

### Making it easier to select healthier products

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

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

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

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

### Promoting fresh produce in our stores

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

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



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

## Healthier communities



### Fresh Food Kids Discovery Tours

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



### Woolworths Centre for Childhood Nutrition Research

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



### Supporting active, healthy lifestyles in children

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



### Providing healthier recipes, food ideas and tips

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

## Health in New Zealand

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

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



## Making foods healthier with reformulation

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



**440**

tonnes less salt



**135**

tonnes less saturated fat



**340**

tonnes less sugar



**14,000**

tonnes more whole grains



**100%**

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

