

PLANET

For a healthy environment

We know how important it is to innovate for a healthy planet, which is why we are currently working to use less, waste less and pollute less. As well as using sustainable products and materials, we are committed to reducing our carbon emissions.



Towards zero food waste going to landfill.

MOVING TO A CIRCULAR ECONOMY



Reducing food waste in Australia

This ambitious target involves the year-on-year reduction in tonnes of food waste going to landfill. We'll do this by reducing stock loss, improving store waste management, and improving the effectiveness of our farmers' program and food rescue program.

We are constantly implementing new strategies to reduce food waste. Although we've made impressive progress and we lead the domestic market, each year sees us send around 52,000 tonnes of food waste to landfill at a cost of \$13 million.

Currently, 91% of stores have a food waste diversion program that successfully diverts 60,500 tonnes of food each year. However, it was recently highlighted that 49% of the volume in a general waste bin consists of savable food. To fix this, we are not only focusing on our supermarkets, but also our end-to-end supply chains, where there is still \$8 billion of food waste each year.

Some strategies we have implemented so far include:

- Improving back-of-house source separation with the rollout of colour coded bins.
- Extending our Odd Bunch range, which currently sells around 50,000 tonnes each year.
- Providing the equivalent of eight million meals to food rescue programs every year.
- Farmers are collecting produce and bakery goods from over 500 stores to be used as feed for animals.
- Introducing the Jamie Oliver 'Leftovers to Makeover' Christmas campaign.
- Improving reporting capability so we can see where we need to change for the better.
- Continuing to strengthen our relationships with food rescue organisations.

By partnering with OzHarvest, Foodbank, and other food rescue organisations, we are helping reduce food waste in Australia. The launch of The Odd Bunch saw local Aussie farmers cut their waste down too, as their once unused products are now being offered as cheaper alternatives at our stores across the country. As a result, we are seeing many Aussie families enjoying quality, healthy, and affordable food that was once wasted.

Woolworths' ambassador, Jamie Oliver, raised awareness of the disturbing amount of food wasted in Australia at a media event at our Food Innovation Centre. He captured public attention and put the spotlight on the changes we are making about food waste.

TOTAL FOOD RELIEF DIVERTED TO THOSE IN NEED¹

FOODBANK AUSTRALIA 1,346 tonnes of food 2.7 million meals	FARESHARE 478 tonnes of food 955,462 meals	SECONDBITE 711 tonnes of food 1.4 million meals	OZHARVEST 1,177 tonnes of food 2.4 million meals	THE HOPE CENTRE FOODBARN 303 tonnes of food 606,232 meals
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¹ The ratio of rescued food to number of meals is based on a 500g meal size, as agreed at the SVA Food Forum.



OZHARVEST

"Working hand in hand with Woolworths over the last 18 months has generated spectacular results. Food rescue operations have grown a staggering 320% in that time, saving over 100 tonnes of good food from landfill every month. The OzHarvest message has reached so many people through Woolworths' 'Good Acts' campaigns including the 'Christmas Table for Good', which helped deliver over 1.4 million meals and continued with the successful OzSizzle pilot. Woolworths is united with us in the fight against food waste, through their support with the OzHarvest initiated Zero Food Waste Form, and showcasing their Odd Bunch range at our Think.Eat.Save events across the country."

Ronni Kahn, OzHarvest Founder & CEO



REDUCING FOOD WASTE IN NEW ZEALAND

Countdown's Food Rescue program is the largest of its kind in the country. All our stores take part and help to see surplus food donated to foodbanks and food rescues each year, as well as to farmers for food scraps for their animals. To highlight the need for change, we bring together all our partners for an annual Food Rescue Partners Summit in Wellington and support their continued growth through our Food Rescue Partners Contestable Fund of \$100,000 p.a. Along with the re-launch of our internal policies, we also re-branded and launched our new purple donation bins in conjunction with our annual Winter Food Rescue Appeal with The Salvation Army, which saw a big increase in customer donations, both in-store and online.

Improve the recyclability of our own brand packaging and contribute to the circular economy.

MOVING TO A CIRCULAR ECONOMY

Our target to 'Improve the recyclability of our own brand packaging and contribute to the circular economy' will see us decrease non-recyclable packaging, and increase recycled content. We will phase out expanded polystyrene by 2020. We will also introduce clear, user-friendly recycling instructions.

Packaging plays a key role in the retail supply chain. It protects the significant investment that we and our suppliers have made in growing, processing and transporting the products to our shelves and makes sure they are delivered safely to customers' homes. It is also critical in providing convenience and communicating to customers.

WOOLWORTHS GROUP

The end of the plastic bag

To play our part in reducing plastic bag use, we will remove single-use plastic bags across Woolworths Group nationwide – including Woolworths Supermarkets and Metro stores, BIG W, BWS and Online. Dan Murphy's and Cellarmasters are already single-use plastic bag free.

The phased approach will begin shortly, with the aim to have it in place across the entire Woolworths Group in Australia by the end of FY18. This will see us cut the number of single-use plastic bags we distribute by 3.2 billion each year.

We will continue to provide our customers with a range of alternative shopping bag options across stores, and will offer thicker, reusable versions at different prices to suit our customers.



Woolworths

OWN BRAND PACKAGING

When we design the packaging for Woolworths own brand products, we try to use our packaging as efficiently as possible and assess each new product against a list of sustainability criteria. The own brand Sustainable Packaging Guidelines have been updated in 2017 as part of the continued focus to improve their sustainability – the improved guidelines will be implemented in early FY18.

In December 2016 we changed the packaging format and reduced the amount of plastic packaging for potato and pasta salads by 120 tonnes.

WOOLWORTHS GROUP

IMPROVED RECYCLE LOGO

Clear on-pack communication that informs customers how to dispose of each packaging component after use is an important part of increasing recycling rates in Australia. We have been working on a new recycle logo system which will be rolled out in FY18 to make our recycle instructions simple and easy to understand.



ENDEAVOUR DRINKS GROUP

WASTE TO ENERGY

Pinnacle Drinks (the own and exclusive brands arm of Endeavour Drinks) partners with Australia's biggest packaging suppliers who are leaders in sustainability within their sectors, with preference towards recycled materials used in packaging. Pinnacle Drinks' main wine production site in Angaston, South Australia has a zero waste to landfill policy with five waste recycling streams for packaging waste. Any landfill waste is used as energy for the site.

countdown

RECYCLABLE MEAT TRAYS

Meat departments across Countdown have moved away from non-recyclable expanded polystyrene packaging into recyclable RPET trays. The trays themselves are made using postconsumer 50-95% recycled PET (typically 95% depending on availability).

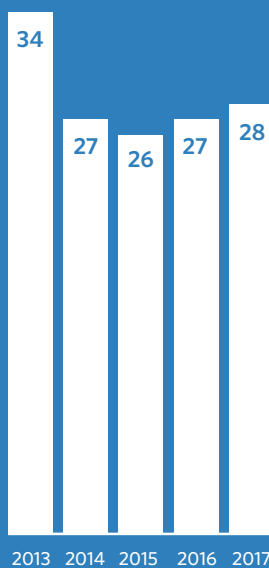


Woolworths

SOFT PLASTICS PROGRAM

We currently partner with Redcycle in 96 of our supermarkets, where we collect soft plastics like bread bags, which are then recycled into products including outdoor furniture. We are expanding this program to over 500 stores. We also offer a place to recycle single use plastic bags in all our stores.

WASTE INTENSITY (T/SQUARE METRES)¹



¹ Waste intensity is from Australian operations.

MATERIALS DIVERTED FROM LANDFILL (TONNES)²



283,040t

² Materials diverted from landfill data from Australian Supermarkets, New Zealand Supermarkets and BIG W.

WASTE TO LANDFILL (TONNES)³

106,103t

³ Waste to landfill data from Australian operations.

SOURCING ENVIRONMENTALLY SUSTAINABLE COMMODITIES

COMMITMENT

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Source key raw materials and commodities sustainably to an independent standard by 2020. We will raise awareness of sustainably sourced products.

WOOLWORTHS GROUP

ENVIRONMENTALLY RESPONSIBLE SOURCING

Woolworths Group is committed to responsible sourcing, protecting people and reducing our impact on the planet. Our customers expect us to operate in an ethical and sustainable manner, particularly for high risk commodities, including tea, coffee, chocolate, sugar, fish and seafood.

Our customers want more sustainable products and more independently certified products. In FY17, our own brand products sold contained 28,883 tonnes of sustainably certified coffee, chocolate and sugar. We will continue to expand our certified sustainable offering in FY18, which in Australia will include the launch of our sustainably certified own brand tea range, and all of our Christmas and Easter chocolate will be sustainably certified. We are committed to achieving our target to ‘Source key raw materials and commodities sustainably to an independent standard by 2020.’

We continue to raise awareness of sustainably sourced products through participation in initiatives such as the Good Egg Guide and Fairtrade Fortnight. We have developed our Responsible Sourcing Discovery webpage to share our sustainably sourced products with our customers.



SUSTAINABLE FISH AND SEAFOOD

During FY17 Woolworths sourced 9,029 tonnes of fish and seafood from certified farms and fisheries. Third party certifications recognised by Woolworths are the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Best Aquaculture Practice (BAP) and Global GAP. We have started to label our own brand products with certification eco-labels helping our customers to identify products from third party certified sources.

Where we are unable to source certified product, Woolworths has committed to independently verifying the fishery or farm. To do this we need to risk assess the source against a set of credible criteria. To achieve this by 2020, Woolworths has engaged with the Fisheries Research & Development Corporation. The framework we will adopt will be in line with the FAO Code of Conduct for Responsible Fisheries. For wild-capture fisheries the assessment will look at stock, management and environmental impacts for which the methodology will be publicly available to provide transparency with our customers and stakeholders.



WORKING WITH INDUSTRY AND INFLUENTIAL STAKEHOLDERS - FAIRTRADE MACRO COFFEE



Our Macro Organic Coffee is Fairtrade certified, and has an authentic and direct link to provenance. All coffee is sourced through the network of small community growers producing through the Cooperative Coopchebi in central Peru, an area with abundant forests and birdlife. The growers get a fair price for a quality product and support for sustainable farming practices such that the small communities can produce quality coffee in generations to come.

OWN BRAND
SUSTAINABLY
CERTIFIED
COFFEE,
CHOCOLATE
AND SUGAR
(TONNES)



28,883t

WOOLWORTHS GROUP

SOURCING ENVIRONMENTALLY SUSTAINABLE COMMODITIES

COMMITMENT

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.

We understand the importance of protecting our forests and are working with numerous organisations to achieve net zero supply chain deforestation for our own brand products. We are working through our supply chain to identify the high impact commodities and subsequently source them from independently-certified sustainable supply chains.

NET ZERO DEFORESTATION

We are a proud member of the Consumer Goods Forum (CGF), and as such we are a signatory to the CGF Deforestation Resolution of 2010 for achieving net zero deforestation by 2020. To achieve this, we will sustainably source the relevant high-impact commodities such as palm oil, timber, pulp and paper, and packaging. We are working towards a 2020 target of sourcing these products from independently certified sustainable supply chains¹.

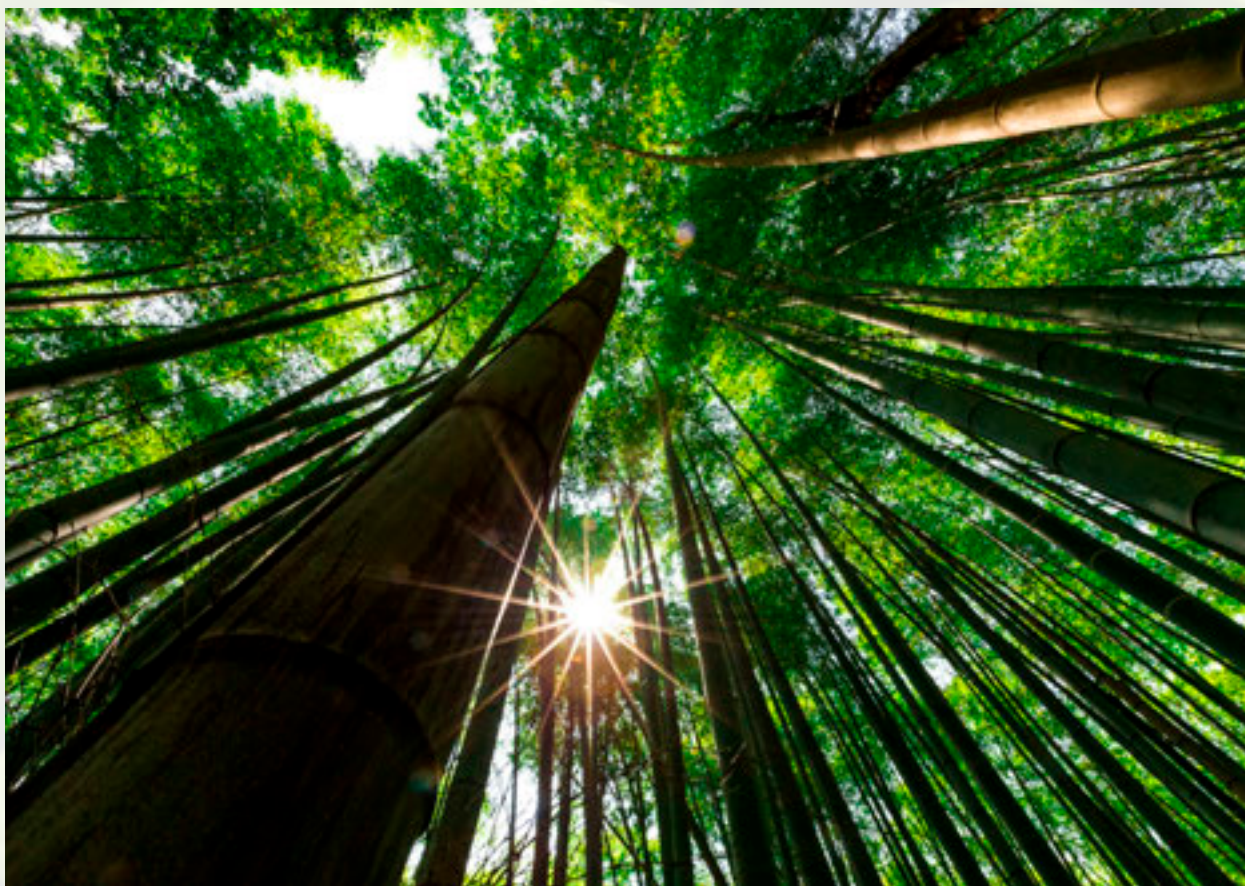
PALM OIL

The Roundtable on Sustainable Palm Oil (RSPO) is a multi-stakeholder organisation comprising retailers, manufacturers, palm oil producers, traders and non-government organisations. It sets global standards for palm oil production and manages a certification scheme. In FY17, all of the palm oil used in our own brand food products support the production of RSPO-certified sustainable palm oil. We are working towards ensuring that all of the palm oil used in our own brand formulated non-food products meets third party independent certification requirements by 2020.¹

PAPER, PULP AND TIMBER

We are working towards a 2020 target of sourcing all products containing paper, pulp and timber from independently certified sustainable supply chains. Currently, over 70% of our products containing these materials come from sources certified by either the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). All of our own brand toilet paper, tissues and paper towel are FSC certified.

¹ Where this is not feasible, we will consider credible offsetting schemes.



CATALOGUES AND PAPER

All of the paper used for the nearly 880 million catalogues we produced during FY17 came from sustainable sources. Within the rest of our business, we procured more than 147,000 reams of paper for office use during FY17, all of it FSC-certified. This represents a more than 30% reduction in paper use compared to FY16.

ZERO DEFORESTATION PACKAGING

Our next step is to stretch beyond products and to continue our zero deforestation practices with our packaging. To do this we are working with our supply chains to expand the sourcing of certified sustainable and recycled packaging options.

OWN BRAND FOOD
PRODUCTS SUPPORT
THE PRODUCTION
OF RSPO-CERTIFIED
SUSTAINABLE PALM OIL

100%

PAPER, PULP AND TIMBER
PRODUCTS USING
SUSTAINABLY
SOURCED
FORESTRY
MATERIALS



>70%



ANIMAL WELFARE

Quality products start with quality producers, so we've taken steps to improve animal welfare across our business. We use the five freedoms to work with our suppliers to implement the most practical and commercially viable standards of animal welfare across our farming supply base.



COLLABORATION WITH FARMERS AND NGOs

- Farmer assurance scheme including food safety, animal welfare, land stewardship and retailer transparency
- Ranked higher than any other Australian retailer in the Business Benchmark For Animal Welfare (BBFAW)



EGGS

- 13% of total eggs sales are cage free
- Removed the sale of caged eggs in our own brand
- Committed to phase out caged eggs by 2025 to align with industry and customer demand



POULTRY

- 100% of fresh chicken is certified RSPCA
- All own brand products containing chicken as an ingredient to be RSPCA certified by 2020



PORK

- First retailer to launch an industry standard 'Pork Blueprint'
- Our world class PigSafe pens include sloped walls for piglet protection during sow lying events, nesting material for maternal instincts and heated bedding area for piglets



DAIRY

- First retailer to have a higher welfare standard for dairying
- New animal welfare standard developed for Farmers Own which will benefit 8,703 cows p.a.



BEEF AND LAMB

- 100% of beef and lamb sourced from Australia and New Zealand
- 230,000 tonnes of grass fed beef p.a.
- 13,000 tonnes of organic lamb p.a.

ANIMAL WELFARE PRINCIPLES: FIVE FREEDOMS

1 Freedom from hunger and thirst

2 Freedom from discomfort

3 Freedom from pain, injury or disease

4 Freedom to express normal behaviour

5 Freedom from fear and distress



NEW ZEALAND 100% CAGE FREE EGGS BY 2025

In August 2016, Countdown launched our Egg Producer Program to support free range and barn egg farmers. This provides farmers with an opportunity to increase their investment in free range and barn egg capacity with certainty, as we are committed to take future supply through individual partnership agreements.

This year, we announced that we are aiming to be 100% cage-free in North Island retail stores by the end of 2024, and across the rest of New Zealand by the end of 2025. We are the first national retailer to make this move, and it extends our earlier commitment to transition to free range and barn only in our own brand eggs by the end of 2022.



PERSONAL CARE AND COSMETIC ANIMAL WELFARE STANDARDS

BIG W's own brand products are produced to high standards of animal welfare. BIG W does not use animal testing on its own brand products, including personal care and cosmetics. BIG W has also committed to not sell any products made from angora wool due to the animal welfare concerns of the process of fibre removal from rabbits.



RESPONDING TO CLIMATE CHANGE: ENERGY AND CARBON INITIATIVES

Reduce Woolworths Group's carbon emissions to 10 per cent below 2015 levels.

Our immediate target is to 'Reduce Woolworths Group's carbon emissions to 10 per cent below 2015 levels.' In response to the Paris Agreement, we will use science-based targets to assess the impacts of a two-degree world, and examine their applicability to our Group. This work will be undertaken during the coming financial year.



EMISSION REDUCTION FUND

Woolworths Group has successfully registered two programs under the Federal Government's Emission Reduction Fund. These programs look to help the Federal Government meet their 2030 Climate Change Target by reducing carbon emissions.

Project Enlighten utilises energy conservation measures (such as LED lighting, HVAC and lighting controls optimisation) to reduce carbon emissions, whilst our Source Separated Organic Waste Diversion project was rolled out to Woolworths supermarkets to help reduce organics ending up in landfill where they produce harmful gases as they decompose.



ENERGY EFFICIENCY COUNCIL AWARDS

Project Enlighten won the Energy Efficiency Council's Leading Energy User award for 2016. The National Energy Efficiency Awards are Australia's highest profile honours dedicated to excellence in energy efficiency. Project Enlighten, an ambitious program of LED lighting, refrigeration and air-conditioning upgrades has delivered annual energy savings equivalent to powering 36 supermarkets that help offset rising energy costs. As well as the great energy benefits, Project Enlighten also delivers an enhanced in-store experience for our customers and team – a true win-win outcome.



GREENER DEVELOPMENTS

To keep our future and current developments as green as possible, we became a member of the Green Building Council of Australia in 2017. Our property development division, Fabcot, has committed to obtaining a Green Star performance rating for currently owned retail centres. And for future developments, we are aiming to achieve an even higher Green Star rating by using the learnings and initiatives passed on from other market leaders.

We have committed to opening a new supermarket and Dan Murphy's store in the Burwood Brickworks development. With an ambitious sustainability agenda for the project, the goal is for the development to become the most sustainable shopping centre in the world. The sustainability will be measured by the Living Building Challenge – an initiative of the International Living Future Institute based in Seattle.

2017
CARBON
EMISSIONS



11%

below 2015 levels



WAREHOUSE SKYLIGHTS

To reduce BIG W's carbon emission, we have introduced skylights in warehouses, as well as upgrading in-store lighting to LED bulbs - reducing energy use by approximately 15% per store. To date, we have 13 stores upgraded to the new LED bulbs. We are also shifting more traffic from truck routes to rail where possible, removing over 6,000 truck movements per year.

WOOLWORTHS GROUP

SOLAR

We have been investing in renewable energy and will investigate further cost-effective investment as technology and commercial opportunities evolve. We are looking at the broad application of solar across our business and are about to commission a 1.2MW solar install (3,344 panels) at our new DC in Melbourne South. This will double our installed solar PV capacity to over 2.4MW.

WOOLWORTHS GROUP

A FOCUS ON WATER TO MANAGE RISK

We will work with our suppliers to build capacity to manage risks such as water shortages and droughts, which could affect commodity supply and prices. This work has begun and will be completed during FY18.

RESPONDING TO CLIMATE CHANGE: ENERGY AND CARBON INITIATIVES

Running our refrigeration systems is a material contributor to the carbon footprint of our businesses. We are investing in new technologies to reduce the impact of this critical part of our business. Even though our overall refrigerant leakage for FY17 increased, the encouraging reductions in recent months gives us confidence that we will achieve our 2020 goal as our initiatives take effect.

COMMITMENT

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Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15 per cent of CO₂-e below 2015 levels.

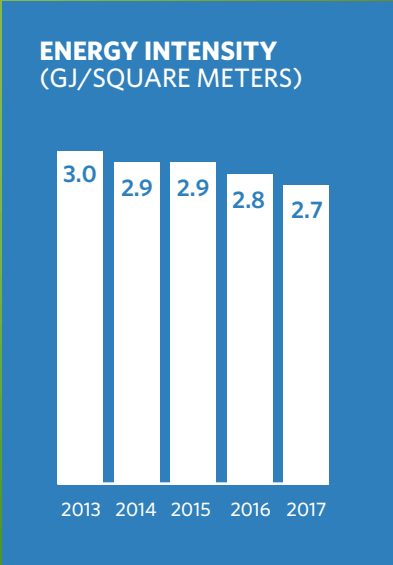
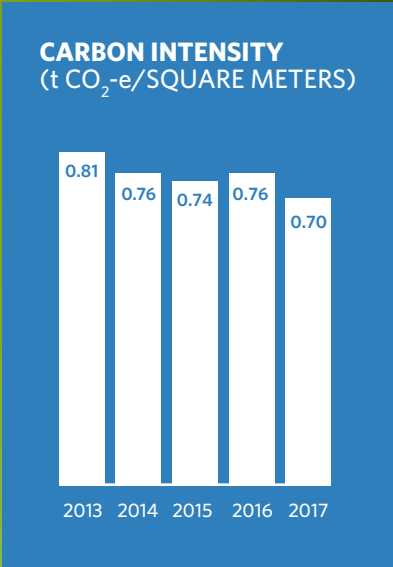
Refrigerant management

Woolworths Group

As a business, we depend on refrigeration, so it's in our best interests to make sure we are using the most advanced and sustainable technology to run it. Our 2020 target is to 'Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15% of CO₂-e below 2015 levels.' We'll do this by implementing leakage reduction initiatives and by replacing existing refrigeration systems with hybrid (R134a and CO₂) or HFC-free systems.

We've recently opened the first Australian Woolworths supermarket at Greenway Village in Colebee with transcritical CO₂ refrigeration. The system uses 100% natural refrigerants that have no global warming potential. Transcritical refrigeration systems have a lot more waste heat available for store heating, water heating, under floor heating, and even store cooling. Countdown in New Zealand has also embraced this technology, operating transcritical systems in four stores (as well as two of our FreshChoice stores). Going forward, all new Countdown stores will have transcritical systems, utilising natural refrigerants.

Another new technology we are using in our stores is waterloop refrigeration. It offers a reduction in refrigerant charge and refrigerant leak rates compared to standard supermarket systems.





2017
REFRIGERANT
LEAKAGE



11%

above 2015 levels