

# Australian Food and Petrol

Woolworths operates 992 supermarkets and 530 petrol sites across Australia. We are Australia's largest supermarket chain. The People, Planet and Prosperity pillars support our stakeholder engagement strategies and help us to deliver the superior service, choice, value and convenience that are essential for business growth.

## CUSTOMERS PER WEEK

29M

## PEOPLE EMPLOYED

79,000+

## AMOUNT OF SALT REMOVED FROM FOOD SUPPLY

224 tonnes

through Own Brand product reformulation

## ODD BUNCH PRODUCE SOLD

30M kg

## MEALS DONATED TO PEOPLE IN NEED

6.4M

through our food relief partners

## VALUE

At Woolworths Supermarkets, we believe good prices help to ensure everyone can eat and live well.

Our 'Low Price Always' and 'Price Dropped' programs provide customers with low prices on hundreds of products. In FY16, we added over 100 products to these programs, contributing to our overall price investment of over \$500 million in FY16.

During 2015/16, we invested approximately \$45 million into the meat category. This meant we could provide roast leg of lamb and other family favourites at an affordable price so more people could enjoy them more often.

## CHOICE

We are committed to improving labelling and increasing transparency in Woolworths Supermarkets so customers have the information they need to choose food that matches their personal expectations around health, ethics and sustainability.

## HEALTH AND NUTRITION

### NUTRITIONAL EXPERTS

We are committed to making healthy choices easier for our customers by providing clear and transparent labelling, removing additives and improving the nutritional profile of our products.

A dedicated team of accredited nutritionists makes sure we offer a wide variety of affordable healthy foods and helps our customers to make informed purchasing decisions by providing accurate and detailed nutritional information.

### HEALTH STAR RATING

Woolworths was the first Australian retailer to commit to implementing the Australian Federal Government's voluntary Health Star Rating (HSR) front of pack labelling program. The system allows customers to make quick and easy comparisons between packaged foods within a category, based on their nutritional profile. The more stars, the healthier the choice.

At year end FY16, over 50% of products in the Woolworths Own Brand portfolio had applied the star rating. In May 2016, the Health Star Rating secretariat reported that more than 3,950 products carried an HSR. Almost one third (1,300) were Woolworths Own Brand products.

We are on track to have stars across all eligible products within four years, well ahead of the Federal Government's five-year timeframe for completion.

## THE TOP FOUR PRODUCT CATEGORIES THAT CONTRIBUTED LESS SALT TO THE FOOD SUPPLY

### PROCESSED MEAT



**88,010** KG  
less salt

### BREADS



**70,421** KG  
less salt

### SAVOURY PIES



**10,763** KG  
less salt

### BREAKFAST CEREALS



**9,317** KG  
less salt

## THE HEALTH FOOD PARTNERSHIP

As part of our broader health commitment, Woolworths has adopted the targets set by the Food and Health Dialogue (now The Healthy Food Partnership), a joint government and food industry initiative that aims to improve Australian dietary habits.

Our program has focused on reducing the sodium content of foods from nine commonly-consumed categories and the saturated fat in our processed meats.

To date, Woolworths has met the Australian government salt reduction targets by slowly lowering the salt content of 75 products since 2012. This has resulted in a 15% reduction in salt, which means Woolworths has contributed over 200 tonnes less salt and 11 tonnes less saturated fat to the food supply. Our remaining range of Woolworths salt reduced hams are launching in October this year.

## ELIMINATING ADDITIVES

Over the past year we have continued our work in eliminating artificial colours, flavours and preservatives from Woolworths Own Brand products (including sodium benzoate) wherever possible.

Our focus is on removing the additives our customers have asked us to remove, such as MSG, which we no longer use. We have reformulated more than 650 Own Brand products in accordance with our brand guidelines to deliver 'cleaner' products to our customers.

## REDUCING SUGAR

Since 2012, Woolworths has contributed 83 tonnes less sugar to the food supply.

During FY16 we continued to improve the overall nutritional value of our core breakfast cereal range, reducing sugar in some of our most popular lines by 23%-43%. We also launched a range of healthier cereals. Woolworths Reduced Sugar Cereal contains 50% less sugar than comparable leading cereal blends and provides 25% of the recommended wholegrain daily intake. This cereal won 2016 Product of the Year in Australia's biggest independent consumer survey on innovation.

## HEALTHIER SNACKING

We relaunched the Woolworths Select Muesli bars in FY16 with an improved Health Star Rating. Every year, the reformulation will remove 500 million kilojoules, 10 tonnes of sugar, 14 tonnes of saturated fat and 578 kg of salt from Australia's pantry shelves.

## INCREASED FRUIT AND VEGETABLE GROWTH

Due to a combination of lower shelf prices and lower market costs, our fresh produce has become more affordable, leading to a rise in produce purchasing. In FY16, our fresh produce tonnage was 8% higher than FY15 - 70,000 tonnes more produce sold.

## ANIMAL WELFARE

Animal welfare is important to Woolworths and to our customers. During the year we continued to work responsibly in this area, progressing and positively influencing approaches to animal welfare for farmed and other live animals. For example, we have CCTV coverage throughout the Australian poultry supply chain. Our Animal Welfare Policy will be published on our website in the coming months.

Our Quarterly Technical Reviews include reviewing welfare outcomes to help us identify any issues concerning animals' physical, mental and behavioural wellbeing.

## EGGS

|                          | % INCREASE OF<br>VOLUMES IN 2015 | % INCREASE OF<br>VOLUMES IN 2016 | % OF TOTAL<br>CATEGORY<br>VOLUMES IN 2016 |
|--------------------------|----------------------------------|----------------------------------|---|
| Macro free range chicken | -2.64%                           | <b>+7.83</b>                     |   |
| Free range eggs          | 8.52%                            | <b>-0.09</b>                     | <b>71.35%</b>                             |
| Barn laid eggs           | 8.15%                            | <b>+1.08</b>                     | <b>19%</b>                                |
| Organic eggs             | 6.92%                            | <b>-0.09</b>                     | <b>6.58%</b>                              |

Woolworths has committed to phasing out cage produced eggs and to stop using them as an ingredient in our Own Brand products where egg is a defined ingredient.

## CHICKEN MEAT

All Woolworths Free Range chicken meat and eggs are Free Range Egg and Poultry Australia (FREPA) Approved. We source all Own Brand fresh chicken from farms that are RSPCA Approved (or equivalent). Compared to standard meat chickens, these chickens have more space and a more comfortable environment.

Our welfare commitment for chicken extends to the chicken used as a defined visible ingredient (e.g. chicken pieces) in our Own Brand food products. We have committed to only using RSPCA Approved (or equivalent) chicken in our Own Brand products - where chicken is a defined ingredient.

## PORK

Woolworths worked collaboratively with our fresh pork suppliers throughout 2015/16 to develop and launch the Pig Welfare Blueprint. Now fully rolled out, this end-to-end review of animal husbandry and animal welfare will provide clear direction to our fresh pork suppliers.

## GENETICALLY MODIFIED (GM) FOOD

Woolworths does not allow the use of genetically modified (GM) ingredients in Woolworths branded products. We do not prohibit suppliers from using GM feed in the production of our non-organic meat, eggs and milk but we do offer customers an organic range.

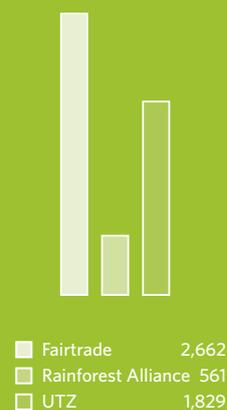
Animals used to produce all our Own Brand organic range of meat, eggs and milk are reared on non-GM feed. Our GM requirements are outlined in our Brand Guidelines and Woolworths Quality Assurance (WQA) Standard.

## FARMERS AND WORKERS IN DEVELOPING COUNTRIES

We are aware that the production of agricultural commodities such as tea, coffee and cocoa can include child labour or forced labour deep within the supply chain, beyond our direct suppliers. We therefore seek out products that are independently certified by organisations that support better prices and working conditions for farmers and workers in the developing world, such as Fairtrade™, Rainforest Alliance and UTZ Certified.

We offer customers a wide range of certified Own Brand and other brands in the tea, coffee and chocolate categories and are continually looking to move other Own Brand products to these independently certified sources.

## CERTIFIED TEA, COFFEE AND CHOCOLATE IN 2016 (TONNES)



|                     |       |
|---------------------|-------|
| Fairtrade           | 2,662 |
| Rainforest Alliance | 561   |
| UTZ                 | 1,829 |

TOTAL FOOD RELIEF DIVERTED TO THOSE IN NEED

**6.4M** meals

WORTH

**\$3.2M**

**PLANET**

**RESPONSIBLE SOURCING**

**Sustainable fish and seafood**

In March 2011, we announced our long term goal of only sourcing sustainable seafood. This means wild caught seafood sourced from abundant stocks using methods that do not damage ocean habitats or non-target species; and farmed seafood from aquaculture systems that do not destroy coastal habitats or depend on overfished wild caught fisheries as feed.

In FY16, an estimated 8,522 tonnes of seafood sold behind the counter in our Australian Supermarkets was certified sustainable by credible third party certified fisheries and farms. We recognised independent certifications as global best practice, such as the Marine Stewardship Council and others<sup>19</sup>.

All Woolworths Own Brand tuna is sourced from fisheries that do not use harmful methods such as fish aggregating devices (FADs), which threaten turtles, dolphins, sharks and juvenile tuna. Our Select canned tuna range is all 'pole and line' caught.



**FOOD WASTE**

In 2007, Woolworths committed to achieving zero food waste to landfill by increasing access to landfill diversion options for stores and encouraging stores to separate food waste into organics bins. At least one of these options is available to 97% of our Supermarkets.

**Third party partnerships**

Most of our food waste reduction solutions are supported by successful partnerships with external parties such as national food charities and local groups that turn the food into meals for those in need.

**Our major food waste reduction partners**

**TOTAL FOOD RELIEF DIVERTED TO THOSE IN NEED: 6.4 MILLION MEALS, WORTH \$3.2 MILLION<sup>1</sup>**

| FOODBANK AUSTRALIA   | FARESHARE<br>FOODBARN H2 | SECONDBITE         | OZHARVEST          |
|----------------------|--------------------------|--------------------|--------------------|
| 1,300 tonnes of food | 436 tonnes of food       | 811 tonnes of food | 684 tonnes of food |
| 2.6 million meals    | 872,400 meals            | 1.6 million meals  | 1.4 million meals  |

<sup>1</sup> The ratio of rescued food to number of meals is based on a 500g meal size and a value of \$0.5 per meal, as agreed at the SVA Food Forum.

<sup>19</sup> Global Gap Aquaculture, Global Aquaculture Alliance Best Aquaculture Practices and Aquaculture Stewardship Council.

**THE ODD BUNCH**

More than one third of shoppers purchase whatever produce is cheaper, regardless of marks or appearance. We take advantage of this to reduce our food waste by offering misshapen fruit and vegetables through our 'The Odd Bunch' initiative.

In FY16, we sold more than 30 million kilograms of these fruit and vegetables, which would otherwise have been food waste. This was a 174% increase on the previous year.

**PROSPERITY**

**SUPPLIERS**

Our customers want value for money and the best possible price. Delivering that requires our business to run as efficiently as possible and at low cost, and by negotiating the best price for products from our suppliers. It is our responsibility to balance providing value to our customers and a fair return on investment to our suppliers.

**Supplier relationships**

During 2015/16 we worked on building closer supplier relationships. We offered them training courses on topics such as quality and supported them as they prepared for the Country of Origin labelling changes.

We are working with the Advantage Group to better understand our suppliers by receiving more regular feedback and obtaining additional feedback specific to our Own Brand business.

During FY16 Woolworths continued to work closely with suppliers over compliance with the new Grocery Code of Conduct. In FY15 Woolworths was the first national retailer to commit to this Code, which we helped to develop along with industry partners and the Australian Food and Grocery Council. It gives Australian supermarkets and suppliers clear working guidelines while ensuring fair competition continues to deliver the best possible prices for our customers.

**LOCAL SUPPLIER RELATIONSHIP CASE STUDY: MARGARET RIVER BEVERAGES**

MARGARET River Beverages is poised to launch a range of multipacks featuring their popular, locally made soft drinks and founder and manager Bernard Ryan has this, and many other reasons to smile. Established by Mr Ryan in 1999, the family-focused business is experiencing an extraordinary boost in sales and there have never been more opportunities to purchase the range of sodas across the state. 'We are stocked by Dôme cafes up in Perth, which is a great way for people to be introduced to our products,' Mr Ryan said.



IMAGE: photography Nicky Lefebvre.

**FOUR OF 25  
 PRODUCTS IN  
 THE ODD BUNCH**

CARROTS



8M KG

POTATOES



6M KG

TOMATOES

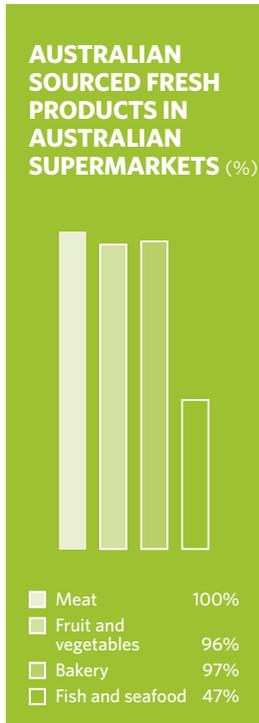


2.5M KG

APPLES



2.5M KG



**Local sourcing<sup>20</sup>**

More than half our customers say that buying local food is extremely or very important to them<sup>21</sup>.

In 2014 we launched our Local Sourcing initiative nationally to increase our customers' choices and raise their awareness of locally-sourced products. Our team of state-based Local Sourcing Managers source products that are made or grown locally in their home state and help to raise awareness of the benefits of buying local.

More than 3,400 products are now part of our state Local Sourcing Program. Since its launch, we have added over 500 new products to our range and 60 new suppliers. This is in addition to having 96% Australian fresh fruit and vegetables. Our new suppliers include:

**Stroud Valley Harvest Free Range Eggs**, which supplies 16 of our Newcastle and Northern NSW stores with free range eggs. We have sold over 27,000 cartons of their eggs since November 2015<sup>22</sup>.

**Boosey Creek Cheese** makes artisanal cheese and is located approximately 250 kilometres north of Melbourne. Since March 2016, they have delivered directly to 10<sup>22</sup> of our stores in their local region and sold over 5,000 units.



IMAGE: Photo courtesy of Legendairy.

**Farmers' Own milk**

Woolworths buys this permeate-free range of milk and cream from local farmers rather than through a processor. We negotiate directly with farmers to ensure they receive an agreed, sustainable price.

We launched Farmers' Own in 2013 with milk from Manning Valley (NSW) farmers. We now stock Farmers' Own milk from the Margaret River region (WA), Otways region (VIC), Sunshine Coast hinterland (QLD) and the Barossa Valley (SA). We source millions of litres of milk directly from 22 local farmers and supply it to hundreds of Woolworths stores.

On average, we sold 18 million litres of Farmers' Own milk per week across Australia in FY16, providing regular income that enabled some of the farmers to invest in farm improvements and upgrades.

**RANGE**

On top of considering price and quality, many customers are brand loyal. As well as Woolworths Own Brands, we offer a wide range of nationally recognised brands that still comprise most of our total product range.

20 'Fish and Seafood' in the Australian Sourced Table, includes seafood sourced from Australian waters but processed overseas.

21 Trolley Trends Report 2016, McCrindle Research.

22 Aztec ShopperView Data.

## COMMUNITY

### How our Supermarkets invest in communities

|                      |                |
|----------------------|----------------|
| Total Investment     | \$43 million   |
| Cash                 | \$5.3 million  |
| Customer fundraising | \$15.5 million |
| In kind              | \$16.0 million |
| Staff time           | \$6.2 million  |

Woolworths Supermarkets continues to support a broad range of charity partners, from national campaigns to local community groups.

### Local charities

Each year, our staff in every state nominate the charity they want to support.

### Local charities our Supermarkets chose to support in 2015/16

| STATE   | CHARITY   | CONTRIBUTION |
|---------|---|--------------|
| NSW/ACT | Variety, the children's charity   | \$1,270,761  |
| QLD     | Children's Hospital Foundation  | \$3,973,672  |
| SA/NT   | CanTeen   | \$257,385    |
| VIC/TAS | Royal Children's Hospital Foundation, Good Friday appeal, Give Me Five For Kids | \$825,833    |
| WA      | Telethon  | \$533,920    |

### Free Fruit for Kids

Nearly six out of ten Australians think children need to eat more fruit so we developed Free Fruit for Kids. Every week, we make 250,000 pieces (50,000 kg) of fruit available for children to eat in local stores across Australia.

### Jamie's Ministry of Food

Woolworths supports Jamie's Ministry of Food Australia by providing food provisions to four fixed kitchens and two mobile kitchens around Australia. Over 32,000 participants have taken part in the Jamie's Ministry of Food seven week course, learning how to cook healthy delicious meals using fresh produce.



IMAGE: Photo ©JustinField2014.

## GROCERY - BRANDED AND OWN BRAND SHELF KEEPING UNITS (SKUs)

### GROCERY - BRANDED AND OWN BRAND SHELF KEEPING UNITS (SKUs) (%)



|           |        |
|-----------|--------|
| Branded   | 91.25% |
| Gold      | 0.33%  |
| Macro     | 0.99%  |
| Select    | 5.76%  |
| Homebrand | 1.67%  |

### GROCERY - BRANDED AND OWN BRAND SALES (%)



|           |        |
|-----------|--------|
| Branded   | 88.88% |
| Gold      | 0.11%  |
| Macro     | 1.17%  |
| Select    | 6.51%  |
| Homebrand | 3.41%  |

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**FAMILIES OF OUR  
ARMED SERVICES**
**\$2.6M** raised

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**AGRICULTURAL SHOWS**
**\$2.2M** raised

**Families of our Armed Services**

Woolworths has partnered with Legacy, the Returned and Services League (RSL) and Camp Gallipoli to fundraise through stores and sponsor programs that support serving and ex-service Australian Defence Force personnel. During FY16 we raised more than \$2.6 million.

**Agricultural Shows**

During 2015/16 we invested more than \$2.2 million in helping state Agricultural Societies across Australia to deliver Agricultural Shows in cities and towns. These shows connect our customers with the farmers who grow the food they buy in our supermarkets.

**Foodbank Food Fight campaign**

In August 2015, we supported our national food rescue partner Foodbank to run the Food Fight campaign, raising more than seven million serves of food. The campaign raises awareness of hunger in Australia and generates food for people in need through direct food donations.

**FOODBANK HELPING TO FEED PEOPLE IN NEED**

Woolworths' partnership with FoodBank provides vital food relief to people like Trina, a single mum with five young children. She currently lives on benefits and finds it extremely challenging to keep her kids fed as well as meeting other day-to-day costs.

After being introduced to a Foodbank Community Foodshare, Trina and her family now have a regular supply of fresh and packaged food.

'I can make more nutritious meals for my children so they are eating better than they have in a while,' she says. 'Being able to access this food helps me to support the kids in getting their education. I really just want to give them the best future I can.'



# Endeavour Drinks Group

Endeavour Drinks Group comprises the Dan Murphy's, BWS, Cellarmasters and Langtons brands. Our corporate responsibility challenges are the same as those for the whole Woolworths Group, including supplier relationships, employment conditions and safety. However, as a retailer of alcoholic beverages, we must also address the issues of responsible drinking and the responsible service, ranging, sale and marketing of alcohol.

## NEW STORES IN FY16

# 56

## TOTAL COMMUNITY INVESTMENT

# \$616,000

## CONTRIBUTION TO DRINKWISE

# \$376,070

## CUSTOMERS

### RESPONSIBLE SERVICE OF ALCOHOL (RSA)

To help keep our young people safe, we don't believe alcohol should be consumed by people under the legal drinking age. That's why we are strict on our legal obligation to not sell alcohol to anyone under 18, we ask for ID from people that appear under 25 and won't sell alcohol if there's a good chance it could be purchased for someone under age.

Regulatory requirements prohibit us from supplying alcohol to minors or people who are already intoxicated. We train our staff on the responsible service of alcohol and they receive regular refresher training.

In line with the Woolworths Group's overall commitment to doing business responsibly, our RSA training exceeds regulatory requirements. We develop many of our main RSA programs with our partners and some have gone on to be adopted industry-wide.

### RESPONSIBLE MARKETING

#### DrinkWise Australia

We support programs run by DrinkWise Australia, an independent, not-for-profit organisation for healthier and safer drinking. Founded on industry leadership and community partnerships, DrinkWise develops and runs national information campaigns. We provide ongoing financial support and promote their social marketing campaigns in our stores.

We contributed \$376,070 towards DrinkWise Australia during the year, and through our BWS brand.

### ALCOHOL BEVERAGES ADVERTISING CODE

We follow the Alcohol Beverages Advertising Code (ABAC) to abide by the ABAC adjudication process and ensure our Exclusive Brand products are compliant (brands we own or develop and distribute exclusively with the supplier). Our efforts to comply are underpinned by our Charter for Ranging Alcohol.

### RESPONSIBLE RANGING

The process of selling alcoholic beverages begins when we first consider a product that we might want to put on our shelves.

Our Charter for Ranging Alcohol has 10 principles that we use to screen a product, helping us to ensure it is suitable, non-offensive and does not appeal to minors.

1  
PERFORMANCE  
HIGHLIGHTS

2  
GROUP  
REVIEW

3  
BUSINESS  
REVIEW

4  
OTHER  
INFORMATION

WHITE RIBBON  
MERCHANDISE RAISED

**\$133,000**

**RANGING ALCOHOL PRINCIPLES**

|   |   |   |  |  |
|---|---|---|--|--|
| <p><b>PRINCIPLE 1</b><br/>The product should not have the potential to appeal to minors.</p>  | <p><b>PRINCIPLE 2</b><br/>The product should not have an appearance that could potentially lead to confusion with confectionery or soft drinks.</p> | <p><b>PRINCIPLE 3</b><br/>The product should not have an appearance that may lead to confusion about its alcoholic nature or strength.</p>                        | <p><b>PRINCIPLE 4</b><br/>The product should not draw any association with drug culture, narcotics or other illicit drugs or drug paraphernalia.</p> | <p><b>PRINCIPLE 5</b><br/>The product should not encourage illegal or immoderate consumption such as binge drinking, drunkenness or drink-driving.</p>                   |
| <p><b>PRINCIPLE 6</b><br/>The product should not suggest any association with dangerous, violent, aggressive or antisocial behaviour.</p> | <p><b>PRINCIPLE 7</b><br/>The product should not suggest that consumption can lead to social, sporting or sexual success.</p>                       | <p><b>PRINCIPLE 8</b><br/>The product should not feature imagery or language that could be deemed offensive on cultural, religious, ethnic or gender grounds.</p> | <p><b>PRINCIPLE 9</b><br/>The product should not suggest that any physical or mental health benefit can be obtained by consumption.</p>              | <p><b>PRINCIPLE 10</b><br/>Ready to drink products containing more than two standard drinks per single serve container will not be ranged by Endeavour Drinks Group.</p> |

**PROSPERITY**

**SUPPLIERS**

Endeavour Drinks Group’s Good Buyer and Supplier Principles set standards for our buyers to follow when dealing with suppliers. We require that all parties act with fairness and transparency when they deal with each other. These principles support our landmark 2014 agreement with the Winemakers’ Federation of Australia, which represents all Australian winemakers.

**GOOD BUYER AND SUPPLIER PRINCIPLES**

|  |   |  |   |  |
|--|---|--|---|--|
| <p><b>PRINCIPLE 1</b><br/>Fair and clear relationships</p> | <p><b>PRINCIPLE 2</b><br/>Clarity in marketing and promotional activity</p> | <p><b>PRINCIPLE 3</b><br/>Open, honest and early communication</p> | <p><b>PRINCIPLE 4</b><br/>Protection of intellectual property</p> | <p><b>PRINCIPLE 5</b><br/>Dispute resolution</p> |
|--|---|--|---|--|

**Supplier Portal**

To support Woolworths’ commitment to providing customer choice and supporting local suppliers, our Supplier Portal is accessible to any supplier looking to sell their products nationally. It is also flexible enough for a small boutique producer to be able to range their products in a local store.

**COMMUNITY**

Endeavour Drinks Group invests in the community in which it operates through supporting a range of community partners.

**WHITE RIBBON**

In FY16 we raised more than \$133,000 towards White Ribbon through merchandise sales in BWS and Dan Murphy’s stores. Woolworths has White Ribbon Ambassadors in our liquor team.

White Ribbon is a global male-led movement to end men’s violence against women by raising awareness and attempting to change the contributing attitudes and behaviours. Under White Ribbon Australia’s Ambassadors program, thousands of men play a leadership role as the local faces and leaders of the campaign.

# New Zealand Food

Countdown is the main brand for Progressive Enterprises Ltd's owned and operated stores. We have 184 Supermarkets throughout New Zealand, serving an average of 2.8 million customers every week. We are one of New Zealand's largest employers, partner with thousands of suppliers and farmers, and are active in local communities.

FREE FRUIT FOR KIDS

**50,000**

pieces per week

STAFF AGED 55+

**15%**

LAMB, PORK, CHICKEN  
 SOURCED IN NEW ZEALAND

**100%**

## PEOPLE

### CUSTOMERS

Value

### PRICE LOCKDOWN

Over the last year, Countdown has seen price deflation of 0.2% across our stores, driven by our focus on helping customers save money through our successful Price Lockdown program. Countdown tracks the prices of a basket of 100 of the most commonly purchased items, including those with substantial seasonal and commodity price variations. In FY16 this basket reduced in price by 1.2%.

Choice

### HEARTSAFE

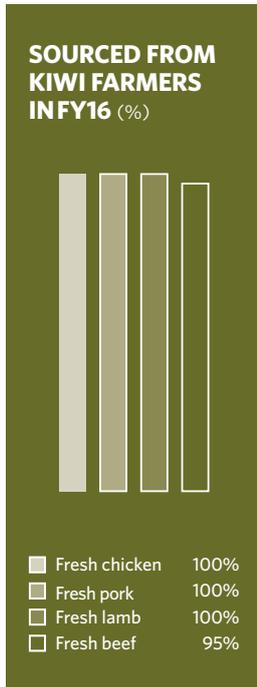
Countdown is an active participant in the New Zealand HeartSAFE reformulation program. Led by the New Zealand Heart Foundation, the program sets targets for sodium reduction in high-volume, lower-cost foods.

To date, we are 90% complete in six categories and are working to meet targets for four more. As well as looking at sodium, our reformulation work also aims to reduce saturated fat and, in some categories, sugar. As a result of this work, we are removing 1.3 tonnes of salt from our private label breakfast cereals every year.

### FREE FRUIT FOR KIDS

In October 2015, Countdown launched Woolworths' Free Fruit for Kids program in all stores to encourage Kiwi kids to eat more fresh fruit. This has been a huge success; on average, Countdown supermarkets are now giving away an estimated 50,000 pieces of free fruit every week.





### A FOCUS ON NUTRITION

We are systematically reformulating our Own Brand products in line with good health guidelines. Countdown was one of the first large brand owners in New Zealand to commit to the Health Star Rating system and we are working to roll out Health Star Ratings on more than 2,000 Own Brand products. So far, we have reviewed 394 products, and each now has a clearly-displayed Health Star Rating.

### EMPLOYEES

We are proud of our role helping young Kiwis into the workforce. At the end of FY16 we had 6,061 team members aged under 25.

This year we had an increased focus on reviewing the number of team members on casual contracts. Through better management, we were able to offer some people more permanent hours and wound up contracts where there had been no contact for over six months.

We celebrate diversity of ethnicity, gender and age – 543 of our team have been with us for over 25 years and 2,769 team members are aged over 55 (over 15% of our total workforce).

### PLANET

Reducing the environmental impact as our business grows means making a concerted effort across all areas of the business. During FY16, we maintained our focus on contributing to the Group's targets and commitments to reduce carbon emissions, improve recycling and reduce waste.

### CARBON EMISSIONS

#### Facilities

To offset the impact of new stores, we have made sizeable energy efficiency gains quickly in existing stores. These resulted in a reduction in energy intensity of our stores by 3% from 2015.

#### Countdown's FY16 energy performance

|   | FY15 | FY16        |
|---|------|-------------|
| Energy intensity (GJ/square m)                  | 2.82 | <b>2.75</b> |
| Carbon intensity (tCO <sub>2</sub> -e/square m) | 0.26 | <b>0.33</b> |

### TRANSPORT

Countdown uses third party providers to transport goods from our Distribution Centres to stores. By working with them to improve our logistics network and planning, we reduced fuel usage per carton in FY16 by 2% compared to the previous year.

### SOFT PLASTICS RECYCLING

In July 2015, Countdown became a foundation member of the Soft Plastics Recycling Program to encourage our customers to recycle soft plastics such as bread bags and shopping bags in specially marked bins in our stores. We plan to introduce soft plastics recycling to 70% of New Zealand supermarkets over the next two years. Since an initial trial in Auckland, Countdown customers have recycled 2,434.5kg of soft plastics through our stores.

Countdown Waiheke became New Zealand's first plastic shopping bag free supermarket on 23 May 2016. Waiheke is a unique environment where rubbish has to be transported off the island. Customers are encouraged to bring their own reusable bags and we have reusable bags and new compostable bags available for purchase in-store.

**PROSPERITY**

**JOBS AND EMPLOYMENT**

Countdown is one of New Zealand’s largest employers. At the end of FY16, Countdown employed 17,872 New Zealanders in our stores, distribution centres, and support offices. During the year we invested \$214 million in new and replacement stores and refurbishments, which resulted in an additional 789 jobs.

**SUPPLIERS**

**Supporting local farmers**

Countdown has a proud history of helping grow Kiwi businesses as part of our commitment to providing our customers with quality products at competitive prices and supporting local suppliers. In particular, having locally sourced fresh fruit and vegetables is important to our customers.

**A choice of eggs**

During FY16 we continued to increase free range and barn eggs in our stores as we gained access to more supply. At the end of the year, 42% of our egg sales were free range or barn eggs<sup>23</sup>.

An example of our approach to working with egg producers is our work with Otaika Valley Eggs. In October 2015 we began stocking some of their free range eggs in 20 Auckland stores. Now, we stock them in 70 stores across the North Island and have sold about 85,000 dozen of their eggs in total.

**SPCA Blue Tick**

SPCA Blue Tick is an accreditation scheme focused on high animal welfare. At the end of FY16 we had 45 chicken, pork, and egg products with Blue Tick accreditation, including all our Own Brand Macro free range chicken and all our free farmed pork.



**PEOPLE EMPLOYED**

**17,872**

**INVESTMENT IN NEW AND REPLACEMENT STORES AND REFINISHMENTS**

**\$214M**

**1**  
 PERFORMANCE  
 HIGHLIGHTS

**2**  
 GROUP  
 REVIEW

**3**  
 BUSINESS  
 REVIEW

**4**  
 OTHER  
 INFORMATION

23 52 weeks of data to 10 July 2016.

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**TOTAL COMMUNITY  
INVESTMENT IN NEW ZEALAND**
**\$3.6M**


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**COMMUNITY**
**Countdown in the Community**

In FY16 our stores donated NZ\$347,349 to local and national charities and causes under our Countdown in the Community program, from helping to paint a play centre in Northland to donating food to The Salvation Army for a national Christmas campaign.

**Connecting customers with causes**

Throughout 2015/16, Countdown customers gave generously. They donated a total of more than NZ\$1.3 million to causes such as Oxfam's Cyclone Winston Appeal and The Salvation Army's Red Shield Appeal.

They also donated to the national Alzheimer's Appeal. Countdown has supported this Appeal for more than 13 years and raised \$1.5 million. Our annual Suppliers' Charity Golf Day also raised NZ\$141,000 for Alzheimer's Auckland.

**Countdown Food Rescue**

Just like Woolworths Supermarkets in Australia, Countdown supports local people in need by donating food to food charity partners and partnering with farmers. During the year we continued to extend Countdown Food Rescue to more local food charities. This year we welcomed Food Rescue charities KiwiHarvest, Good Neighbour and Kaivolution to the program.

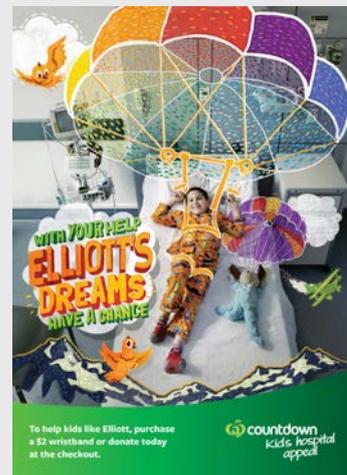
**The Foodbank Project: a New Zealand first**

In December 2015, Countdown and The Salvation Army launched New Zealand's first online food donation initiative, The Foodbank Project. This enables donors to see which items are most needed by The Salvation Army's foodbanks.

The Foodbank Project was initially trialled in September 2015 and has since rolled out to Auckland, Hamilton, Wellington, Christchurch and Dunedin. It is New Zealand's only not-for-profit, self-sustaining online foodbank. So far, this initiative has provided around 1,186 food parcel items for New Zealanders in need, worth NZ\$77,781.


**Countdown Kids' Hospital Appeal**

Held from August to October 2015, this year the Countdown Kids' Hospital Appeal raised nearly NZ\$1.14 million thanks to the generosity of our customers, team and suppliers. The funds contributed to the purchase of much-needed medical equipment for 11 children's hospital wards throughout New Zealand. Since it first began in 2007, the Countdown Kids' Hospital Appeal has raised NZ\$9.3 million.



# Portfolio Business – BIG W

In 2015/16 BIG W continued to provide Australians with great value in-store and online choices for general merchandise. As well as addressing our corporate responsibilities in employment, environment and the community, the international nature of our operations and product lines means the most material issues for BIG W are labour conditions and human rights protection in our supply chain.

## TOTAL PEOPLE EMPLOYED

21,000

## FEMALE EXECUTIVES

55%

## SOFT PLASTIC RECYCLED

1M tonnes

## PEOPLE

### EMPLOYEES

BIG W has approximately 21,000 team members across 186 national stores, three logistics distribution centres that were reintegrated into BIG W operations during the year, the Sydney-based support office and dedicated BIG W sourcing offices in Hong Kong and Bangladesh. During FY16 BIG W opened two new stores in Pacific Fair (QLD) and Hurstville (NSW), creating approximately 200 new jobs in these communities.

### GENDER & DIVERSITY

BIG W leads the way in department store retailing in Australia with 55% female representation at an executive leadership level, 43% at retail store management level and 68% female representation across all employees.

In addition to these achievements in gender representation, BIG W proudly supports a diverse workplace across racial, sexual orientation, age and cultural background and has programs in place to foster a supportive environment for all team members. BIG W is a proud supporter of the Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) employee community within Woolworths Group. Many of our store and support office employees were involved in Wear it Purple Day 2016.

### HEALTH & SAFETY

BIG W is committed to maintaining its safety lead within the retail industry. We believe the well-being, health and safety of our team members, customers and visitors at all times is our most important priority.

## PLANET

### ANIMAL WELFARE

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.

### ENERGY EFFICIENCY

BIG W store design uses energy efficient LED light fittings in the majority of the store fleet and is also committed to using LED lights in all new and refurbished stores. To further minimise energy use BIG W has air conditioning and light control timers.

### WATER TREATMENT

BIG W ensures that all production factories have environmental treatment plants (ETP) to treat the water waste from production, particularly the by-products from denim manufacture. ETP is a natural cleaning process that oxygenates water and reduces the acidity before being released into waterways. There is also work underway to reduce the amount of water used in production.

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**CARDBOARD RECYCLED****18M tonnes**

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**RECYCLING**

BIG W is committed to recycling packaging materials, particularly in store operations. In FY16 BIG W recycled ~18 million tonnes of cardboard (+1.5% on FY15) and ~1 million tonnes of LDPE (+3.6% on FY15).

**MICROBEADS**

BIG W supports the NSW and Australian Government initiatives to phase out the use of microbeads in certain consumer products. BIG W is committed to ensuring this takes place and is seeking confirmation from its suppliers that they do not use microbeads in their products or are otherwise committed to phasing out the use of microbeads urgently.

**PROSPERITY****ETHICAL SOURCING**

The most material ethical sourcing issues for BIG W are the labour conditions and protection of human rights in our supply chain. BIG W seeks to ensure that the people who are making the products we sell are being treated fairly. BIG W follows the Woolworths Group Ethical Sourcing Policy and has an extensive Factory Audit program. Before BIG W partners with any factory, the factory is subject to a site inspection and must pass an audit which examines employment conditions, labour force, product safety, the structural integrity of the factory buildings and a geographic risk assessment. Any identified issues must be addressed before BIG W will deal with the factory. There are regular production checks to ensure factories are not subcontracting to non-audited suppliers.

**BANGLADESH**

BIG W is a signatory and financial supporter of the Accord on Bangladesh in Fire and Building Safety, an independent agreement designed to make all garment factories in Bangladesh safe workplaces. The program involves independent safety inspections of factories, with retailers assigned to take the lead on following up on corrective actions. Our factory supplier list in Bangladesh is published on the Woolworths Group website and we are building on the information provided here to provide even greater transparency of our supply chain in the future.

**UZBEK COTTON**

BIG W has committed to not using cotton from Uzbekistan due to the systemic use of child and forced labour in harvesting cotton. Our Uzbek cotton policy is included in the specifications for our clothing and home products and BIG W suppliers have been notified.

**COMMUNITY**

BIG W has supported the BIG Heart Appeal for over 10 years. The Appeal supports the Sydney Children's Hospital in Randwick (NSW), The Royal Children's Hospital Foundation (QLD), The Bone Health Foundation Inc (SA), The Royal Children's Hospital (VIC) and the Princess Margaret Hospital Foundation.

In addition, BIG W is an active community member and also supports several regional charities in the domestic violence and mental health space. BIG W is currently reviewing its philanthropic commitments in 2016 as part of an overall business review to ensure mutual brand alignment, outcomes are measurable and that team engagement remains high.

# Portfolio Business - Hotels

ALH Group is a market leader, operating 330 licensed venues and 569 retail liquor outlets across Australia. We offer a diverse array of hospitality experiences, including sports bars, bistros, restaurants, cafes, retail liquor, accommodation, nightclubs, electronic gaming and wagering. Our material business issues are the responsible service of two of our core offerings - gambling and alcohol.

## MACHINES WITH PRE-COMMITMENT FUNCTION

98%

## COMMUNITY CONTRIBUTION

\$2.12M

## PEOPLE

### RESPONSIBLE GAMBLING

At ALH Group, we aim to be a responsible provider of electronic gambling services. Our focus areas are setting limits, staff education and training and partnerships.

Our Hotel and Gaming Charter clearly demonstrates our commitment to responsible gambling and we have developed and implemented several related initiatives.

#### Voluntary pre-commitment

This system is a cornerstone for our responsible gambling strategy. It allows gamblers to nominate a limit before they start using our machines.

At year end, pre-commitment functionality was installed on all machines in 281 of 286 of ALH hotels that offer electronic gaming machines. This functionality cannot be enabled at our five Tasmanian hotels due to Federal Hotel ownership of machines.

#### Responsible Gambling Ambassador

For seven years, we have worked with David Schwarz, a well-known former professional AFL footballer and reformed problem gambler. David is our Responsible Gambling Ambassador.

He provides employee education and customer awareness about the importance of asking for help if gambling becomes a problem. He is also available to discuss any gambling problems our staff or their families and friends may have.

#### Self-Exclusion Program

Our Self-Exclusion Program helps people who have decided to limit their access to gaming machines to implement that decision. We offer it to individuals who wish to voluntarily exclude themselves from one or more gaming venues. Under the program, that person agrees to certain obligations and forgoes some access rights.

## EMPLOYEES

### Responsible gambling training

We have devised a mandatory online responsible gambling training module for all relevant staff. The module focuses on how to approach and interact with customers who may be showing signs of problem gambling and explains how our Self-Exclusion Program operates.

### Responsible Service of Alcohol

ALH Group believes that individuals have the right to choose to consume alcohol in licensed venues as a social activity. Our responsibilities are to deliver best practice alcohol service and to set a positive example to customers and other licensees.

We do not promote any practice that may encourage the rapid or excessive consumption of alcohol, and we require our employees to encourage and promote the responsible consumption of alcohol.

To prevent under-age drinking in our venues, we require young adults to present a valid proof of age.



## COMMUNITY

We are proud of our community involvement and that our hotels are often a community hub. ALH Group works closely with many charitable organisations and financially supports a diverse range of causes, from seriously ill children and the families of Armed Services personnel to responsible gambling support services.

During 2015/16, we contributed \$2.12 million to worthwhile organisations, including Very Special Kids, the Leukaemia Foundation, Bravehearts and The Salvation Army.

# Discontinued Operations

## HOME IMPROVEMENT

As announced on 24 August 2016, Woolworths has agreed arrangements to exit from the Home Improvement business Masters and the Home Timber and Hardware Group.

### People

Masters will cease trading at all stores on or before 11 December 2016 and Woolworths will work hard to find Masters employees jobs within the Group, or will pay redundancy where suitable roles are not available. Woolworths will honour all customer gift cards, product warranties and contracted home improvement projects and will work constructively with all suppliers.

## EZIBUY

Woolworths has made the strategic decision to separate BIG W and EziBuy.

### Prosperity

The most material issues for EziBuy are the labour conditions and protection of human rights in our supply chain. EziBuy seeks to ensure that the people who are making the products we sell are being treated fairly. EziBuy follows the Woolworths Group Ethical Sourcing Policy and Factory Audit program.