



GOOD
BUSINESS
JOURNEY



September 2014

Agenda

1. Strategic Focus
2. WHL Investment case
3. Strategic Risks
4. GBJ by numbers
5. WHL Group approach
6. The Business case
7. Collaboration: Water case study

STRATEGIC FOCUS

- 1 BUILD STRONGER, MORE PROFITABLE, CUSTOMER RELATIONSHIPS
- 2 BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE
- 3 BECOME A BIG FOOD BUSINESS
- 4 BECOME AN OMNI-CHANNEL BUSINESS
- 5 EXPAND INTO AFRICA
- 6 SIMPLE, CONVENIENT AND REWARDING FINANCIAL SERVICES
- 7 DRIVE SYNERGIES AND EFFICIENCIES
- 8 EMBED THE GOOD BUSINESS JOURNEY THROUGHOUT THE BUSINESS



GOOD BUSINESS JOURNEY 2020

- Key focus areas for a diversified Southern Hemisphere retailer?



- 1 **Ethical trade**
- 2 **Sustainable farming** and sourcing of raw materials
- 3 Scarce **water** resources
- 4 **Energy** efficiency and security
- 5 Reducing **waste** across our business & helping our customers do the same
- 6 Contributing to **social development** priorities wherever we operate
- 7 **Transformation** of our business and supply chain
- 8 **Health and wellness** for our customers and colleagues

Measurement and integration

- Set 1-5 year targets across all business units
- Revised during 2011, with new targets through to 2015
- Weightings and prioritisations assigned to all 200+ targets
- Measure progress twice per year
- Single score for whole business, each business unit, and key focus areas
- Include Gbj measures in balanced scorecards
- External assurance framework
- Sustainability one of 7 values

Woolworths Investment case

Trusted brands and customer resilience

- Key focus on aspirational LSM 8 – 10 customers
- Strong and growing loyalty programme with 71% of non-cash sales tracked, CRG:84%

Retail Presence

- Extensive and growing store footprint
- All categories can be purchased on-line (CRG: 10% of sales)
- Roll-out programme of new and larger stores in South Africa, including supermarket concept for Food & SKU growth
- Developing presence in selected African countries

Woolworths Investment case

Financial Performance

Operations and supply chain

- Centralised operating and distribution (cold chain integrity)
- Long standing partnerships with suppliers
- Well developed sourcing strategy with Southern hemisphere economies of scale

Employees

- Committed to diversity and transformation
- Values based culture

Woolworths Investment case

Business Resilience

- Defensive food and clothing product mix and geographic hedge
- Opportunities to further penetrate market segment

Woolworths Financial Services

- High-quality assets derived from world-class risk management and operating procedures – improved customer experience

Woolworths Investment case

Country Road Group

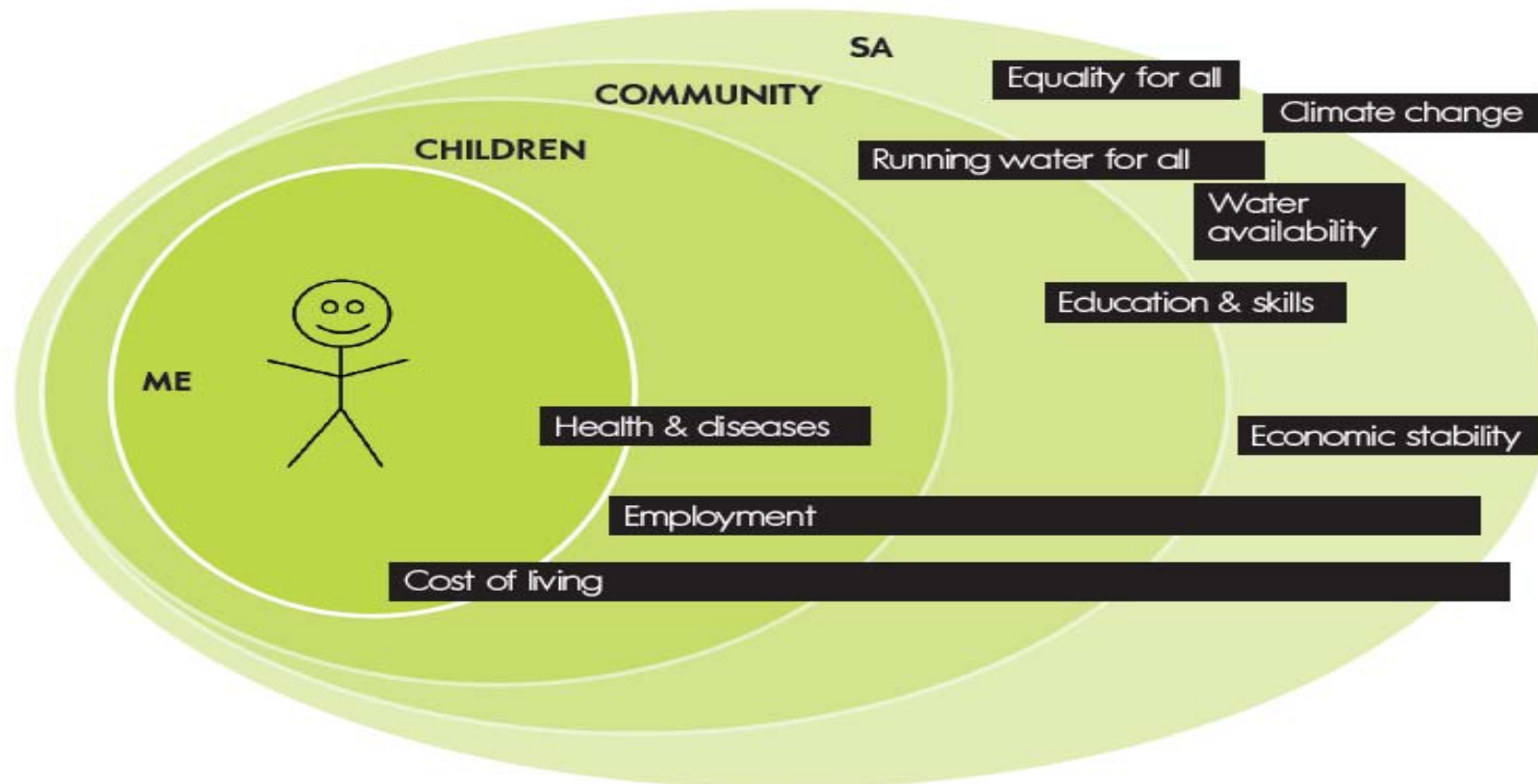
- Market leader in the Australian premium retail apparel sector
- Scale achieved through David Jones acquisition

Governance

- Key focus on King III principles
- Deep experience at board level with strong sub-committees
- First place in Reputation Institute South Africa's 2014 RepTrack Study

Wheat
Fruit
Leather
Angora
MAIZE
Tomatoes
Rape
Cotton
Sunflower
Poultry
Dairy
Pork
Tea
OIL
SUGAR
Cocoa
Potatoes
PALM
Beef
Rice
Lettuce

POTENTIAL 2020 ISSUES THROUGH THE EYES OF CUSTOMERS



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GBJ BY
NUMBERS



GBJ BY NUMBERS

58% of our food products and **60%** of our clothing products now have a Good Business Journey attribute

48% our clothing products demonstrate water and energy saving attributes for our customers

Over **98%** of our qualifying produce suppliers are part of our Farming for the Future - saving water and reduced chemical use, whilst maintaining healthy soil on their farms

All of our qualifying wine suppliers are members of WWF-SA's Biodiversity and Wine Initiative (BWI)

Woolworths was the **1st** South African company to become a member of the global Roundtable on Sustainable Palm Oil (RSPO)

Woolworths Café coffee is **largely** Organic, and Fairtrade certified

GBJ BY NUMBERS WASTE

231 packaging improvements were made during the year

Woolworths was the **1st** major South African retailer to begin using post-consumer recycled plastic in foods packaging, using **30%** rPET (recycled plastic bottles) in ready-to-eat sandwiches containers, now also rHDPE

45% of food products sold in rigid packs contain recycled packaging materials

98% of our food packaging is now recyclable

Our fabric reusable bags are made using **80%** post-consumer waste and we sell over **1.4 million** reusable bags a year

Woolworths customers have donated over **R5m** towards conservation and social development through purchasing our reusable bags

We've made it easier for customers to recycle at over **50** Engen garages countrywide

GBJ BY NUMBERS CARBON & ENERGY

We've reduced energy by almost **38%** from our 2004 benchmark

We've installed automated lighting in **all** stores

We've opened **15** stores that meet platinum green store status

We have **45** sites that meet green store status

We have **26** CO2 refrigeration installations

We're using Euro 5 technology in our trucks saving an estimated **600 000 litres** of diesel per year

We're saving an estimated **3000 tons** of CO₂ each year by using improving refrigeration in our trucks through the eco-fridge project

GBJ BY NUMBERS PEOPLE

We achieved a **Level 3** BBBEE status this year

Woolworths has intensified enterprise development support to over **51** black-owned businesses in the Woolworth supply chain

We've donated some **R28m** of our surplus clothing to the Clothing Bank last year to make a difference to the lives of single, unemployed women

We contributed **R518m** to social development in the last financial year alone Through Eduplant, the Making the Difference Educational Programme and MySchool programme we are reaching over **11 000** schools

We've contributed more than **R290m** on behalf of our customers to schools, charities and environmental organisations through our MySchool MyVillage MyPlanet programme

SOCIAL CONTRIBUTION

Social contribution	Rm
WW Trust	7.5
Myschool	52
MTD	4
Surplus food	424
Surplus clothing	28
Cause-related marketing	2.3
Total	518.3



UPDATE FOR 2014

- Cost recoveries for water and electricity **R16.5m** (2 years)
- Energy efficiency savings corporate buildings **R222m** (4 years)
- Water efficiency savings **R2m**
- Shift to e-statements (paper and postage savings) **R14m**
- Paper savings/postage corporate buildings **R1m**
- RCG recycling of cartons to use for packaging and distribution to stores, resulting in **R6m** annual wrap and pack saving
- Reduction in Foods packaging and shift to RPet **R3m**
- Savings from use of increased recycled content in Foods plastic bags **R5m**
- Total **R269.5m**

KEY FUTURE GBJ FOCUS AREAS

SHORT/MEDIUM TERM

- SUSTAINABLE COTTON
- SUSTAINABLE DENIM
- SOCIAL AND ENTERPRISE DEVELOPMENT
- OUR GREEN FACTORIES

LONG TERM

- DETOX VISION

RE:CYCLED



WWHL

GBJ strategy

Our key focus areas are aligned with WHL's Good Business Journey

Key focus areas:

1. Ethical trade
2. Sustainable farming and sourcing of raw materials
3. Scarce water resources
4. Energy efficiency
5. Reducing waste across the business and helping customers to do the same
6. Contributing to social development priorities
7. Health and wellness for customers and employees

WFS

- GBJ scorecard
- Sustainability Committee
- Operational management – energy, water, waste
- CSI
- E-statements

Africa

- New GBJ scorecard
- Metering on line
- CSI, Donation of surplus Food and clothing to charity
- Reusable bags
- Recycling

- Supplier code of conduct
- 30% reduction greenhouse gas emission by end of 2016, also focus on water and waste
- Signatories to Australian Packaging Covenant
- Engage employees and customers
- Report performance (CDP, etc)
- National Breast Cancer Foundation

The business case

- Preservation of resources
- Brand differentiation – customer research
- Cost saving and operational efficiencies – R269m saved to date
- Risk management
- Product innovation
- Employee attraction and retention – People survey
- Growing commitment from institutions

WOOLWORTHS

Stakeholders and Partnerships

- Dairy
- Beef
- Seafood
- Textiles
- Carbon strategy
- Water
- Research

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**WORKING WITH
WOOLWORTHS
ON THEIR JOURNEY
TOWARDS
SUSTAINABILITY**



WATER

Head office municipal water consumption has dropped by 43% since we're tapping into the underground water supply

Stores 34% relative reduction in water use to date

DC's continue to make major water reductions

	2014	2013
Head office (kl)	22 224	23 463
DC's (kl)	62 582	162 849
Stores (kl)	398 928	414 518
Total (kl)	497 229	600 830
Revenue	R71194/kl	R47934/kl
Per employee	21.1 kl per p	26.75 kl per p
Per sq metre	.51 kl per sqm	.62 kl per sqm



Collective catchment action opportunities

- **1. Securing the valuable water information being gathered in the project:** alignment with BOCMA water quality monitoring.
- **2. Information sharing and knowledge transfer:** Web-based tool in collaboration with BOCMA (
- **3. Prince Alfred's Hamlet water quality management:** WASH, waste disposal management (in collaboration with the municipality); engagement with the informal farmers (Department of Agriculture).
- **4. Alien vegetation clearing in the headwaters** (in collaboration with Cape Nature).

- Woolies' operational water use translates to 313 ha of alien veg.
- WB will clear 160ha in 2 catchments (Berg & Palmiet) by 2015.
- 50ha of which have already been cleared.
- Thus far 1 763 person days of work created & 130 788kl "replenished"

Recognition



- **International Responsible Retailer of the Year 2012, 2010 and 2008, finalist 2009, 2013, 2014 at World Retail Awards**
- Woolworths has been included in the **Dow Jones Sustainability Index (DJSI) for the last 3 years**
- **JSE SRI index** inclusion
- Finalist in the 2013 **International Sustainability Leaders Awards** (Waste & Resource management category).
- Finalist for 2014 **Ethical Corporation Responsible Business Awards** in the Best Business NGO Partnership and Best Supplier Engagement categories.

Questions?