

A full-page background image of a rugged coastline. In the foreground, white-capped waves are breaking onto a dark, pebbly beach. The ocean extends into the distance, dotted with several large, dark rock formations or sea stacks. The sky is filled with soft, white clouds, and the overall lighting suggests a bright, slightly hazy day.

**Today.
Tomorrow.
Always.**

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ABOUT THIS REPORT:

This is Countdown's fourth New Zealand Corporate Responsibility Report. Statistics are for the year ended 30 June 2018 (FY18), unless otherwise specified.

Countdown has had a strong sustainability plan in place since 2007, and this year we launched our new Corporate Responsibility Strategy 2020.

Each year, we submit our community and sustainability data to Woolworths Group for inclusion in the Woolworths Corporate Responsibility Report, which is internally and independently audited.

For the full 2018 Woolworths Corporate Responsibility Report please visit https://www.woolworthsgroup.com.au/icms_docs/189425_corporate-responsibility-report-2018.pdf

This is the fourth year we have published a New Zealand-specific Corporate Responsibility Report (this document). The purpose of this report is to set out our achievements and challenges for our New Zealand customers and stakeholders. Data included in the Woolworths Corporate Responsibility Report has been independently reviewed; other data and statements have been internally reviewed.



Welcome to Countdown's 2018 Corporate Social Responsibility Report.

Every week, our team serves almost three million New Zealanders and 180 communities.

Our 18,400 team members strive to live our purpose 'to make Kiwis' lives a little better every day'.

In 2017, we set out 20 Corporate Social Responsibility Commitments to achieve by 2020. Since taking on the Managing Director role in the middle of this year, I've been impressed by the genuine progress our team has made towards meeting these goals.

I'm particularly proud to say that at the time this Report was developed, 50 per cent of our general managers and above are women. This is fantastic but we know

that even further progress can be made to ensure we are developing female talent right across the business.

We are making steady progress in improving the recyclability of our own brand packaging, reducing unnecessary packaging and plastic where we can, and advancing a circular economy approach wherever possible. This year we will meet our commitment to phase out single-use plastic carrier bags at our checkouts and online, removing 350 million bags from circulation in New Zealand.

We have given out over 5 million pieces of fruit to Kiwi kids since 2015. We are in the second year of rolling out a number of health and nutrition targets where Countdown has undertaken to contribute

to positive health outcomes for Kiwis, including reformulation and rolling out Health Star Ratings.

We continue to work with our food rescue partners like The Salvation Army throughout the country to ensure as little food waste as possible ends up in landfill. Over the past year, we have donated more than \$6 million worth of food.

It is my pleasure to share Countdown's 2018 Corporate Social Responsibility report with you.

A handwritten signature in dark ink that reads "N. Davis".

Natalie Davis
Managing Director



Countdown's 2020 Commitments

Our Corporate Responsibility Strategy 2020 brings new focus, resources and energy to Countdown's sustainability agenda. We have assigned targets under the pillars of People, Planet and Prosperity. These provide a framework for our engagement with customers, communities, suppliers and our team. They also set out our commitment to minimise the environmental impact of our operations.

PEOPLE: Encouraging diversity

Ensuring gender equity

1

At least 40 per cent of executive and senior manager positions to be held by women.

2

No salary wage gap between male and female employees of equivalent positions on a per-hour rate at all levels of the company, with a step-change improvement in closing any gaps by the end of FY17.

Embracing our diversity

3

100 per cent of those responsible for hiring new team members to have completed unconscious bias training.

4

Continue the focus on driving cultural diversity, with a commitment that by 2020 the Countdown team will truly reflect the communities we serve.

A focus on growing our team

5

We will develop the careers of the Countdown team with a focus on youth.

6

We will continue to develop employment policies appropriate to our New Zealand team to provide a supportive work environment.

Creating opportunities for all

7

We are committed to maintaining a workplace that safeguards the health and wellbeing of our people, customers and visitors.

8

Achieve Rainbow Tick certification in New Zealand, demonstrating our commitment to LGBTI inclusion.

PLANET: For a healthy Aotearoa New Zealand

Moving to a circular economy

9

Towards zero food waste going to landfill.

10

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

Source environmentally sustainable commodities

11

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

12

Achieve net zero supply chain deforestation for 'high impact' commodities in our own brand products, such as palm oil, timber, pulp and paper, and packaging.

Responding to climate change

13

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

14

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

PROSPERITY: Founded on trusted relationships

Working with our business partners

15

We will achieve a top quartile favourability ranking with our suppliers as measured by independent supplier surveys.

16

We will focus on a best practice compliance system according to the Global Compliance Programme. We will collaborate with peak organisations to improve workers lives.

Giving back to the communities in which we operate

17

We will invest the equivalent of one per cent of a three year rolling average of total Countdown Earnings Before Interest and Tax (EBIT) into community partnerships and programmes.

18

We will publicly report social impact to quantify the positive change we are creating with a focus on health, economic development and emergency relief.

Creating shared value with our customers

19

We will achieve leading customer satisfaction scores.

20

We will support and inform our customers to help them to make healthier choices.



Corporate Responsibility Report Snapshot

- + 18,400 team members
- + Phasing out single-use plastic carrier bags and single-use plastic straws
- + Two years of Free Fruit for Kids: 5 million pieces of free fruit given out since 2015
- + Removed more than 70 tonnes of plastic from produce



+ Reduced our gender pay gap by 13 per cent, to 1.11 per cent

+ Donated more than \$6.3 million worth of food through Countdown Food Rescue

+ Provided \$1.48 million in community donations

+ Gained White Ribbon accreditation







We're here to make a difference to Kiwis' lives

Ngā mihi nui ki a koutou. When 18,400 Kiwis decide to get behind something, anything is possible! That's exactly what we have seen at Countdown over the last 12 months as our entire business has got behind delivering environmental and social initiatives for Aotearoa. Initiatives that will have long-lasting, positive impacts on our communities, our people and our environment.

Our team are proud to serve over three million Kiwis a week and know what a great privilege it is to be able to do good things and on scale.

For us, being sustainable is making sure that while our business grows and delivers value, we also provide rewarding jobs and a supportive workplace, contribute to our local communities and protect Aotearoa's unique environment which we are all so connected to.

At the heart of our operations is a desire to promote the health and well-being of our customers, enhance the lives of our team and their families, and do whatever we can to protect natural resources for future generations.

There are many ways we are doing this including supporting local Kiwi suppliers wherever we can, through to supporting our food rescue programme partners, tackling waste, addressing climate change and celebrating diversity.

Our customers want us to do even more in the environmental space and in the last year it has been incredibly rewarding to be answering their calls for action with tangible progress. We are listening to their concerns about issues like unnecessary plastic and are making changes wherever and whenever we can. This area will continue to be priority for us over the next year.

Finally, I want to take the opportunity to acknowledge the fantastic response we have had towards our work to phase out single-use plastic carrier bags. Together we have tackled a massive environmental problem! Kia ora New Zealand for all the support!

*Manaaki whenua. Manaaki tangata.
Haere whakamua.*

*Care for the land. Care for the people.
Go forward.*

Kiri Hannifin
General Manager Corporate Affairs and Sustainability



People – encouraging diversity

Our team reflect Aotearoa New Zealand's rich diversity. Diversity comes in many forms – gender, ethnicity, culture, religion, age and sexuality. We're committed to celebrating and growing all diversity in our business and supporting the 18,400 Kiwis we employ across our stores, distribution centres, meat and seafood plants and support offices.

Team members



18,400

Salary gap reduced by a further 13%

1.1%

(NZ average 9.2%)

White Ribbon Accredited



Voice of Team engagement score



84%





Ensuring gender equality

Embracing the diversity of our workforce and achieving gender equality across our team is not only the right thing to do but is hugely beneficial to our business.



GENDER
EQUALITY



COMMITMENT 1

At least 40 per cent of executive and senior manager positions to be held by women.

Women in leadership

Countdown is committed to attracting and retaining female talent, and providing clear career pathways into leadership roles. One of the best ways we can encourage equality within our business is demonstrating this in our leadership team. Currently, 50 per cent of our general managers and above are women.

While we are proud to have achieved a great result at the executive level, there is still plenty more to be done; currently, 32.7 per cent of senior roles in our business are held by women.

Ensuring we continue to have great female role models, clear leadership pathways, and strong development opportunities will play an important part in helping to reach our target of at least 40 per cent.



Mind The Gap

As one of the country's largest employers, our team reflects the wide range of ethnicities, cultures and backgrounds that make up New Zealand's population. We are committed to providing a diverse and inclusive workplace where our team are treated fairly. This extends to being paid fairly for the work they do.

Over the past year, the salary wage gap between male and female employees

has been reduced by a further 13 per cent to 1.11 per cent. This is considerably lower than New Zealand's national gender pay gap, which according to Statistics New Zealand is 9.2 per cent.

We review the salary gap regularly and make adjustments on at least an annual basis. We know our work to close this gap has a positive impact on attracting, motivating and retaining our team.

GENDER EQUALITY



COMMITMENT 2

No salary wage gap between male and female employees of equivalent positions on a per-hour rate at all levels of the company, with a step-change improvement in closing any gaps by the end of FY17.



Celebrating our diversity

Our store teams are a reflection of the communities we serve. We know that diversity fosters a more creative and innovative workforce and by celebrating our differences, we can create better experiences for our team and our customers, every day.



GENDER
EQUALITY



COMMITMENT 3

100 per cent of those responsible for hiring new team members to have completed unconscious bias training

Diversity

Embracing and celebrating diversity not only makes Countdown a great place to work, but it also improves our ability to think outside the box, tackle challenges differently and treat all people equally and respectfully. This is a real strength for our business. We always look for opportunities to celebrate and embrace the unique differences of our team and customers.

Team members making stereotype-based judgments, without realising, during hiring processes can have a big impact on the diversity of our teams. As part of our diversity commitment we have been developing an inclusive leadership programme to address any biases our team might have. The programme was developed with support from External Central, who specialise in diversity and inclusion training. This programme will be rolled out to 120 of our top leaders in August 2018 and more widely in the coming months.



GENDER EQUALITY

**COMMITMENT 4**

Continue the focus on driving cultural diversity, with a commitment that by 2020 the Countdown team will truly reflect the communities we serve.

Wāhine Kākano

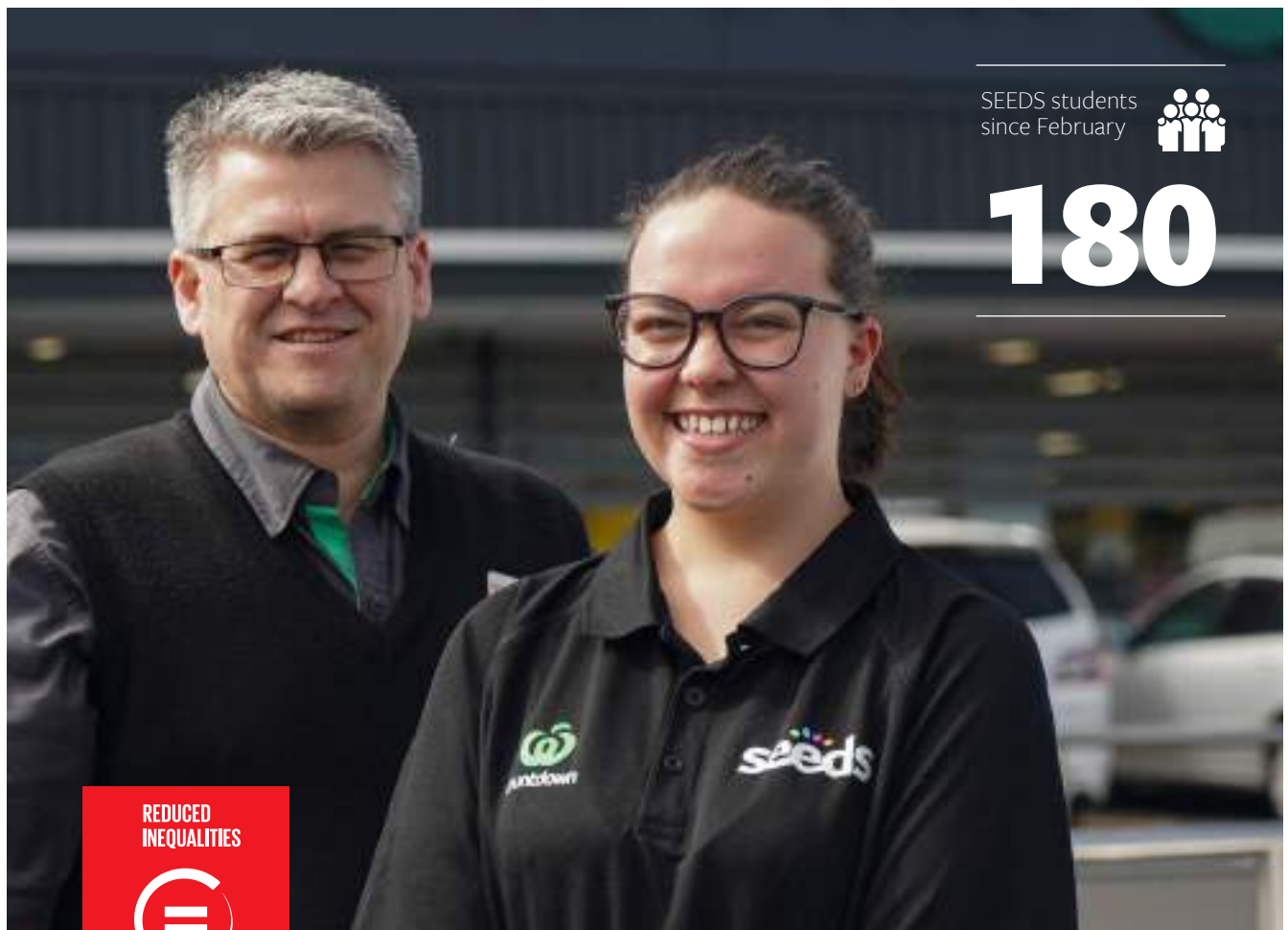
In May 2018, Countdown was proud to sponsor the inaugural Wāhine Kākano - New Zealand Young Women's Festival. The event, hosted by the New Zealand Human Rights Commission, focused on giving 385 young women (aged 16 - 22) the tools and skills needed to overcome

potential biases they may face in their careers, and assist in closing New Zealand's gender and ethnic pay gaps. Schools from all over Auckland nominated students from a broad range of ethnicities and backgrounds to attend the event where the Prime Minister, Jacinda Ardern (pictured), gave the keynote address.



Developing our team

We want Countdown to be a place where people are proud to work. To ensure we are a leading employer, we have developed and implemented a range of progressive and supportive policies to support our team.



SEEDS students
since February



180

REDUCED
INEQUALITIES



COMMITMENT 5

We will develop the careers of the Countdown team with a focus on youth.

Careers at Countdown

Countdown is proud to provide many young New Zealanders with their first job. As at 30 June 2018, 5,879 of our team were 25 years-old or younger.

It's important to us that we don't just provide a job, but that we are also contributing to long-term career opportunities. Through a variety of educational, apprenticeship and development programmes, we help our team to grow their careers and upskill.

Many of our bakery and butchery team take the opportunity to complete apprenticeships while they work with us for example, allowing them to earn while they learn and gain internationally recognised trade qualifications. In the past financial year, 11 of our team have completed, and 63 of our team are currently working towards completing, bakery or butchery apprenticeships with our business.

Growing SEEDS

For many young New Zealanders, making decisions about what they would like to do when they finish school can be daunting. To help, the Countdown SEEDS (Students Entering Employment Developing Skills) programme was introduced in early 2018.

Delivered in partnership with ServiceIQ, SEEDS brings secondary school students into Countdown stores one day a week over 10 weeks, to help them to gain practical skills and knowledge. This empowers students to make more informed decisions about their careers, and also gives our store teams the chance to get to know young people in their local area and identify future talent.

Since February 2018, almost 180 secondary students have taken part in the programme across 35 Countdown stores. A SEEDS Butchery Gateway Pilot is also underway, with six participating students being placed in a number of our South Island stores from the end of July 2018.

“SEEDS is a fantastic programme that gives you the opportunity to show potential employees what variety Countdown really has to offer. It’s great to have someone in store who is always keen to learn and get involved; they are always surprised by the amount of hard work that it takes to provide our customers with a great offer and how many different people come together to make it so!”

Steve Payne, Store Manager
Countdown Lincoln Road.



“I love working for Countdown, as every day is different, and the work we get to do genuinely helps our customers and communities.”

Zoe Lenagh-Glue, Graduate

Graduates

Countdown’s graduate programme continues to attract considerable interest from young Kiwis keen to start their careers with us. Since launching the programme in 2015, the number of applicants has increased steadily with more than 1,000 recent graduates applying to be part of the 2019 intake.

Over 12 months, graduates experience a range of departments and projects, and can also further develop their expertise and skills in areas that relate to their own career interests. We’re excited to welcome 13 new graduates who will start with Countdown in 2019.

“The graduate programme has allowed me to interact with teams across all parts of the business, provided me with an appreciation of the scope and scale of Countdown, and the incredible journey it takes to provide our customers with the products they want. We are encouraged daily to contribute to the success of the company, with opportunities to work on challenging, value-adding projects.”

Zoe Lenagh-Glue, Graduate 2018 intake.



“Providing a supportive work environment where people feel comfortable talking about their own struggles is just one way we can start to remove the stigma around mental illness. We want our team to know that when they need it, help is there.”

Lauren Voyce, General Manager Culture and People



REDUCED
INEQUALITIES



COMMITMENT 6

We will continue to develop employment policies appropriate to our New Zealand team to provide a supportive work environment.

Mental Health Awareness

Almost half of all New Zealanders will experience some form of mental illness over their lifetime. While struggles with mental health aren't always visible, they can have a huge impact on how people feel and perform when they are at work.

Over the past year, we have worked to make mental wellness a priority for our business and our team. We re-launched our employee well-being services to ensure our team know where they can go for help and this has led to a 100 per cent increase in the number of people accessing assistance.

We also rolled out mental health training to 300 of our leaders in Store Operations and Logistics, which includes our distribution centres. The training gives our team skills and knowledge to identify mental health issues, provide support, and help improve the mental well-being of their fellow team members. Fifty-six leaders have attended three-day Mental Health First Aid workshops and are now accredited as Mental Health First Aiders.

White Ribbon Accreditation

Countdown was proud to have gained White Ribbon Accreditation in 2018 for its ongoing work to support team members affected by family violence.

As one of the first employers in New Zealand to introduce a family violence policy, the accreditation demonstrates our ongoing commitment to safeguarding the health and well-being of our team and addressing a serious and pervasive issue. The policy has already proven its worth. Over the past year a number of our team have used the policy, giving them support and flexibility to take time off when it is most needed.

We continue to offer extensive family violence training for new managers to help them understand the support we have available, recognise signs of family violence, and learn how to approach and talk to team members who may be impacted. We now have 35 trainers across our store network that are working with our teams in stores to create awareness about the policy and let them know where to access help should they need help. Since March 2018 more than 2000 of our team have attended awareness sessions.



Safe Shift, Every Shift

Our Distribution Centres are very busy environments, with moving vehicles, heavy loads and high racking. This environment brings a higher risk of injury and harm so this year we launched a workplace safety campaign specifically targeted at our Distribution Centre teams.

We worked with the team so we could jointly define and articulate a safety culture in our Distribution Centres, and demonstrate the risks of cutting corners when it comes to safety in the workplace. This included a confronting visual campaign and behind-the-scenes videos where team talked about their reasons for staying safe at work.

In the first six months since the programme launched, our Distribution Centres achieved a 41.7 per cent reduction in the lost time injury frequency rate, a 10.9 per cent reduction in the total recordable injury frequency rate, and a 15 per cent increase in the number of near misses reported by the team.

“The first video we were shown around safety made a big impact on the team. Our team mate Kenneth starred in it and, because we all recognised him, we all knew about the safety incident that he was talking about. His story was one that made people realise that an accident could happen to them.”
Nadine Mangino, Warehouse Operator.

DECENT WORK AND ECONOMIC GROWTH



COMMITMENT 7

We are committed to maintaining a workplace that safeguards the health and wellbeing of our people, customers and visitors



Pride at Countdown

LGBTI+

Being a great employer means creating a workplace where our team can bring their whole self to work. We want everyone who works at Countdown to feel valued and respected regardless of their gender identity, ethnicity, age, beliefs, or sexual orientation.

Celebrating Pride Month continues to be an important feature in our calendar. In 2018, we participated in the Wellington Pride Parade for the first time. We also continued to support New Zealand's

largest Pride Month event, the Ponsonby Pride Parade in Auckland.

In our February Voice of Team survey, we introduced a question asking our team members whether they identify as LGBTI+. Concerningly, results showed that those who identify as part of the LGBTI+ community have lower engagement and advocacy scores compared to the rest of team. To help identify any factors that may be contributing to this gap, Rainbow Tick will be holding focus groups with

some of our LGBTI+ team members early in the 2019 financial year as part of our certification process. The feedback will help guide us in what we can do to continue to build a supportive and inclusive workplace and team culture.

The workshops will also form part of our Rainbow Tick certification assessment as we work towards gaining Rainbow Tick certification in 2019.



DECENT WORK AND
ECONOMIC GROWTH



COMMITMENT 8

Achieve Rainbow Tick certification in New Zealand, demonstrating our commitment to LGBTI inclusion

Wellington Pride Parade

When the opportunity to take part in the Wellington Pride Parade came up in a conversation Countdown Karori Store Manager, Krystal Barribal said the decision was a no-brainer.

In the space of three weeks, the Cable Car Lane online delivery truck was wrapped in suitably rainbow themed colours, brightly coloured t-shirts were organised for the team and rainbow flags hung proudly in all participating stores. Around 50

members of the team from Countdown's Wellington stores took part in the parade.

"Our involvement really resonated with our customers too," says Krystal. "There were a number of great conversations that came about as a result of our involvement in Pride week, giving our team the opportunity to talk about our business' commitments to being inclusive. We intend on taking part every year!"



“A number of our team, including myself, are members of the LGBTI+ community and taking part in these sorts of events sends a clear message to our team and customers that we’re an inclusive business. Getting involved in the parade and Pride week meant a lot to the team and it was awesome to see so many of them, particularly the younger members, jumping at the opportunity to get involved. The team engagement was so positive - you could tell they were really proud.”

Krystal Barribal, Karori Store Manager



Planet – for a healthy Aotearoa New Zealand

Finding new and innovative ways to protect our precious environment is why we're looking at any and all opportunities to use less, waste less and pollute less. We are committed to reducing our carbon emissions and using sustainable products and materials.

Food rescue
donations

\$6.3M

Reusable, recyclable or
compostable packaging
by 2025

100%

Less single-use plastic
carrier bags annually

350M

70 Tonnes less plastic
in produce

70T







TOTAL FOOD DONATED
THROUGH FOOD RESCUE:

\$6.3M*

FOOD DONATED TO THE SALVATION ARMY:

\$1.74M

FOOD DONATED TO OTHER FOOD RESCUE
AND FOODBANK CHARITIES:

\$2.05M

FOOD DONATED TO FARMERS:

\$2.53M

* Adjusted for missing data

***“Food Rescue
is a key way
we are working
towards zero food
waste by 2020.”***

Kate Porter, Head of PR and Community

Moving to a circular economy

Working towards zero food waste going to landfill is a priority for our business as we look to reduce our environmental impact.

Through better waste management in our stores, reducing stock loss, and increasing the effectiveness and reach of our food rescue and farmers programme, we can make sure as little food as possible ends up in landfill.

100 per cent of our 180 Countdown stores have food rescue partners and farmers that

they donate surplus food to. We are proud to be thought leaders in this space and share ideas and best practice with our all of partners through our annual Food Rescue Summit.

We are also continuing to support the food rescue sector to grow and thrive, and this year increased the funding available

through our Countdown Food Rescue Partners Contestable Fund. In April 2018, we awarded \$150,000 to our partners to help improve their facilities, grow their teams, purchase vehicles to transport products and assist with operational costs.



RESPONSIBLE
CONSUMPTION
AND PRODUCTION



COMMITMENT 9

Towards zero food waste going to landfill.

“The funding Countdown has provided means our operations will be more agile and resilient, and is vital for the next step in KiwiHarvest’s development. The ability to add a new part-time staff member to our Auckland team to assist with our operations and delivery will make a huge difference to the amount of food we can rescue and redistribute every week, having a direct impact on the number of food donors and recipient agencies we can partner with”

Deborah Manning, KiwiHarvest CEO



Less cups going
to landfill



60,000

RESPONSIBLE
CONSUMPTION
AND PRODUCTION



COMMITMENT 10

*Improve the
recyclability of our
Own Brand packaging
and contribute to the
circular economy*

The circular economy

Countdown is committed to, and actively working towards, reducing unnecessary plastic and packaging right across our business. Where we do have to use plastic (for food safety, supply chain transportation and freshness), we want to contribute wherever we can to a circular economy by having more products made from sustainable materials that are able to be re-used again and again.

Ka pai packaging

In June 2018, Woolworths New Zealand (Countdown, Fresh Choice and SuperValue) voluntarily signed a New Zealand Government-led pledge to transition to 100 per cent reusable, recyclable or compostable packaging in our own brand products by 2025 or earlier. In the same month, we also hosted our first sustainability event, which brought together political, environmental and business leaders to discuss the challenges and opportunities of a circular economy.

Support Office goes green

While much of the focus on removing plastic has been centred on our stores, Countdown's support office in Favona, Auckland, has also been making positive changes.

Rather than continuing to provide single-use coffee cups in our on-site cafeteria, all support office team now have Keep Cups that can be reused over and over again. This move will save over 60,000 cups going to landfill every year.

Additionally, all takeaway food containers are now made from compostable packaging and can be placed in new organic waste bins, which have been introduced in the support office bathrooms and cafe to divert waste (including paper towels) to commercial compost.





“Phasing out single-use plastic bags at checkout and online has been a fantastic team effort. People from across every business unit at Countdown have come together to deliver on our commitment. But the stand out heroes are our store teams - who are doing an exceptional job supporting our 3 million customers to transition to bringing their own bags.”

Kiri Hannifin, GM Corporate Affairs and Sustainability

Bye to bags!

In October 2017, Countdown was the first supermarket in New Zealand to announce we would remove single-use plastic carrier bags from all of our stores and online shopping service by the end of 2018. This will remove 350 million bags from the New Zealand waste stream annually. Our announcement also encouraged a number of other New Zealand retailers to follow our lead.

On 21 May 2018, Countdown's first ten stores went plastic bag free at checkouts.

We also introduced our \$1 'Bag for Good' programme as part of our work to ensure sustainability was affordable and accessible for all our Kiwi customers. The \$1 bags are able to be used up to 150 times and can be replaced in store for free when they wear out.

Countdown is on track to have all stores go single-use plastic bag free by the end of 2018.

The last straw

In June 2018, Countdown announced we would no longer be selling packs of single-use plastic straws from 1 October 2018. Plastic straws are almost impossible to recycle because of their size and lightness. They hold no value after they are used, and often end up in landfill or polluting our marine environments. Our move will take away up to 11.6 million straws from the waste stream annually.



**“Small changes
that have big
environmental
benefits”**

Steve Sexton, Head of Produce

Going bananas for reducing plastic

As part of our efforts to remove unnecessary plastic across our business, this year we removed plastic packaging from our bananas. While previously bagged in plastic, bunches of bananas are now taped for identification - removing 15.8 tonnes of plastic. Over the past year, we have removed over 70 tonnes of unnecessary plastic from our produce section.

“We are focused on reducing packaging within the produce department because our families are telling us it is important to them, and it’s something we can take a leadership position on.”

“Removing plastic bags from pre-packed bananas and moving to net-long bags for onions are two examples of making relatively small changes that have big environmental benefits - these two initiatives alone saved over 28 tons of plastic a year.

“Our leadership in this space makes our entire produce team proud to work for Countdown because they are all playing a part in changing the future that our children and grandchildren will benefit from.” – Steve Sexton, Head of Produce.



Flight Plastics

We are systematically working through our own products and brands and changing packaging to more sustainable alternatives where and when we can. In June 2018, we announced that we will be working with Wellington-based Flight Plastics, to provide recycled plastic packaging for dozens of our in-store bakery and deli products from October 2018.

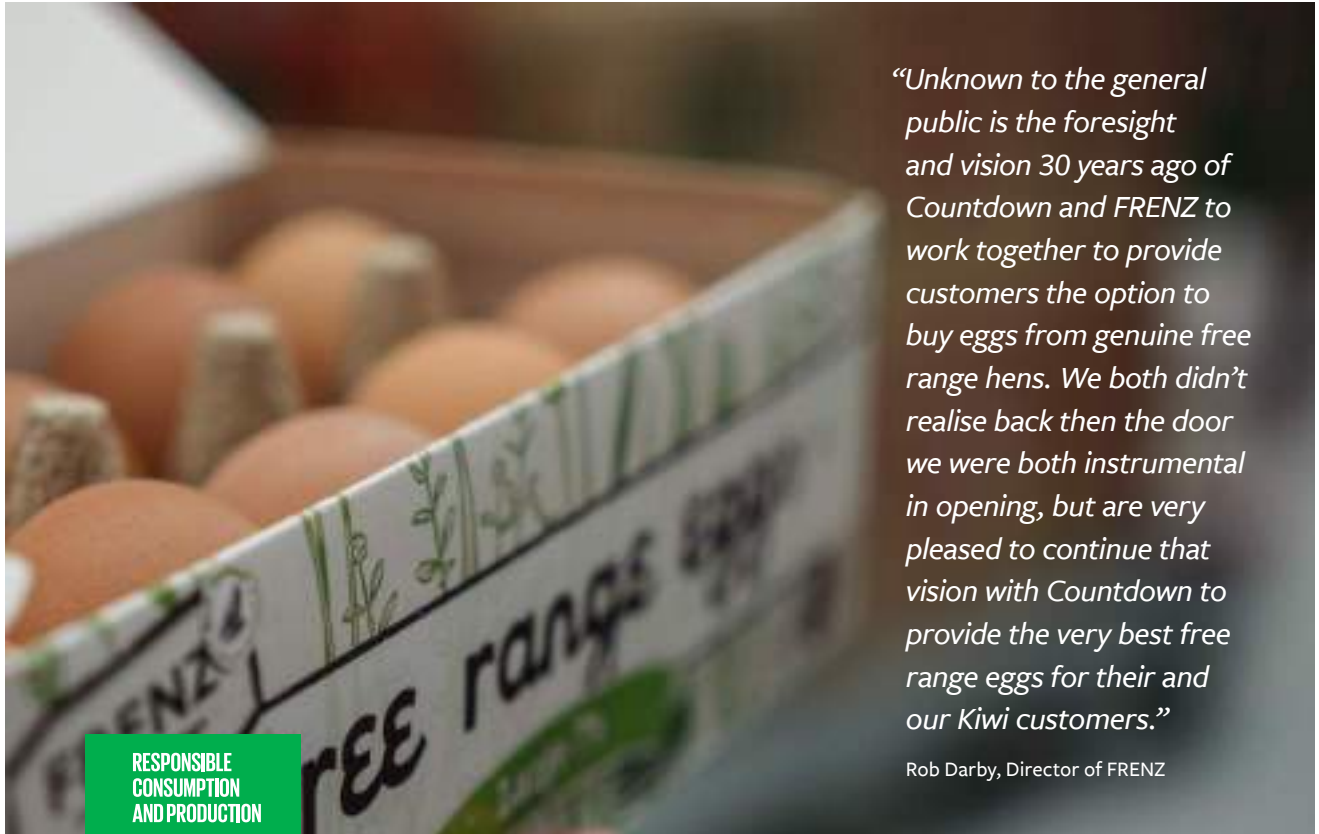
New Zealand owned and operated, Flight Plastics has invested significantly in producing innovative packaging solutions that are better for the environment and help create a circular economy. They are the only facility in the country that is able to process locally sourced waste plastic, which is then recycled and used again in their packaging products. This move means 177 less tonnes of virgin plastic being imported into New Zealand each year to service our business

“We’re delighted that Countdown will now be using New Zealand recycled plastic in its bakeries. These products made at Flight Plastics won’t need disposal after use – they can be recycled again and again as customers return them via their recycle bin.”

CEO of Flight Plastics, Keith Smith



Source environmentally



“Unknown to the general public is the foresight and vision 30 years ago of Countdown and FRENZ to work together to provide customers the option to buy eggs from genuine free range hens. We both didn’t realise back then the door we were both instrumental in opening, but are very pleased to continue that vision with Countdown to provide the very best free range eggs for their and our Kiwi customers.”

Rob Darby, Director of FRENZ

RESPONSIBLE
CONSUMPTION
AND PRODUCTION



COMMITMENT 11

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

Sustainable Commodities

Over the past year, we are proud to have worked with 1,253 local Kiwi farmers to stock our supermarkets with 100 per cent of our fresh chicken, lamb and pork and 97 per cent of our beef. Currently 96 per cent of our seafood is also sourced in New Zealand.

We are continuing to work with suppliers to ensure our own brand coffee, tea, chocolate and sugar comes from sustainable sources and that these products are independently certified. In early 2018, we achieved Bonsucro Certification for 100 per cent of our own brand sugar range. Currently, 46 per cent of all our coffee, tea, chocolate is sourced from independently certified, sustainable sources including Fairtrade, Rainforest Alliance and UTZ certification - this is a 100 per cent increase on the previous year.

Cage-free eggs

More and more often, Kiwi consumers want to better understand where their food was farmed and how animals are cared for so they can make informed decisions about what they buy. The growing demand for free range and farmed eggs, chicken and pork is testament to this.

We’ve committed to phasing out cage-eggs by 2024 in our North Island stores, and by 2025 in the South Island. Things are heading in the right direction and we are increasing the volume of free range eggs all the time.

While we would love to meet these commitments earlier, there aren’t currently enough eggs to meet that demand - whether that’s for our own brands of eggs or other brands.

To ensure we have a long-term supply of these eggs in our stores, farmers need certainty to be able to invest in free range farming. That's why we are continuing to collaborate with farmers through our Countdown Egg Producer programme, to give them the confidence that we will buy what they can supply. This will allow us to meet the growing customer demand for free range and barn eggs and meet our commitments.

Free range fresh pork and chicken

We know our customers want products sourced from farms that meet high animal welfare standards. Twenty-one of our Countdown pork products and all of our own brand Macro Free Range chicken products are SPCA Blue Tick accredited. The SPCA Blue Tick is the only 100 per cent independent animal accreditation in New Zealand, independent from the food and farming industries and is run by SPCA New Zealand.

Currently, 80 per cent of our Countdown fresh pork is free farmed and we are working to increase this in 2018.

Paper, pulp and timber

To ensure our own brand products and raw materials are independently certified and sustainable, we work with the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification systems. In the past year, the number of Countdown own brand products containing certified timber, pulp or paper has increased by 22 per cent from the previous year to 77 per cent in FY18. Countdown's own brand tissues, toilet paper and kitchen towel products are all certified.



Palm Oil

100 per cent of Countdown's own brand food products use only RSPO certified sustainable palm oil and we are continuing to work towards achieving the same for our own brand non-food products. We remain a member of the Roundtable on Sustainable Palm Oil (RSPO), which sets global standards for palm oil production and manages the robust certification scheme.

LIFE ON LAND



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.

Responding to climate change



CLIMATE
ACTION



COMMITMENT 13

Reduce Countdown's carbon emissions to 10 per cent below 2015 levels

Leaders in Climate Change

To create a positive future for New Zealanders, business and the economy, all Kiwi businesses need to help transition to a low emissions economy. In July, Countdown signed up to the 2017 Climate Change Statement, which outlines collective commitments to reducing greenhouse gas emissions and publicly reporting on them, supporting the Paris Agreement and New Zealand's commitment to it, and setting a public emissions reduction target.

Countdown signed the statement to encourage more Kiwi companies to see climate change as a critical business issue. Signatories to the statement come from a range of industries and make up almost 50 per cent of New Zealand's emissions.

Reducing our carbon emissions is an important focus for our business and we have measured and reported on these for a number of years. We are continuing to work

towards reducing our carbon emissions to 10 per cent below our 2015 levels, and over the past financial year, we have seen an 8.8 per cent decrease in carbon emissions as compared to FY17.

LED lighting

We are continuing to roll out LED lighting in our new stores and as we refurbish our existing network. The introduction of this lighting has led to around 40 per cent energy savings, and around 80 per cent of our stores now have new LED lighting in the retail areas, with the remaining stores planned as they undergo refurbishments. Fifteen stores are expected to be completed in FY19.



Logistics efficiencies

Moving food and other products around New Zealand more efficiently is always a focus for our business. We have two dedicated logistics networks, for temperature-controlled freight and for ambient goods, allowing us to focus on maintaining temperature integrity and creating less waste in our network.

We are continuing working with our carrier partners to introduce new initiatives to reduce our impact on the New Zealand environment. Over the past year, our fuel usage efficiency has improved by 4 per cent. We have also launched new transport contracts which stipulate EURO 5 or 6 engine specifications, which produce low carbon emissions.

We are focused on reducing the number of direct to store deliveries. Consolidated loads from our Distribution Centres will significantly reduce the overall network emissions.

Electric

Refrigerants are a significant contributor to Countdown's carbon emissions - making up 43 per cent of our total emissions. To help us exceed our target to reduce refrigerant leakage, we have introduced a new refrigerant with a significantly lower Global Warming Potential (GWP) factor and have been integrating new hybrid and transcritical refrigeration in a number of stores.

Currently 50 per cent (91 stores) of our stores use the refrigerant gas 404a, which has an operating charge of 100 tonnes and a leak rate of 14 tonnes per year. We are continuing to work on retrofitting our stores with R449, which has a much lower GWP factor. All new stores will have transcritical refrigeration systems using natural refrigerants. We currently have 59 hybrid and four transcritical refrigeration systems successfully operating and another three in construction. As we begin to retrofit our stores, in FY18 we have seen an 8.8 per cent reduction in HFC refrigerant levels on FY17.

CLIMATE ACTION



COMMITMENT 14

Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15% of CO2 equivalent below 2015 levels



Prosperity – building strong and trusting relationships

Relationships are the foundation of our business. We know that by giving back to the communities we operate in, and supporting and engaging positively with our suppliers, we are not only doing right by our people and the environment - we are also honouring the trust our customers have in us to make their lives a little easier every day.

Pieces of free fruit for kids

5M

Donated to kids hospitals across NZ

\$1.26M

Dedicated health food aisles

140

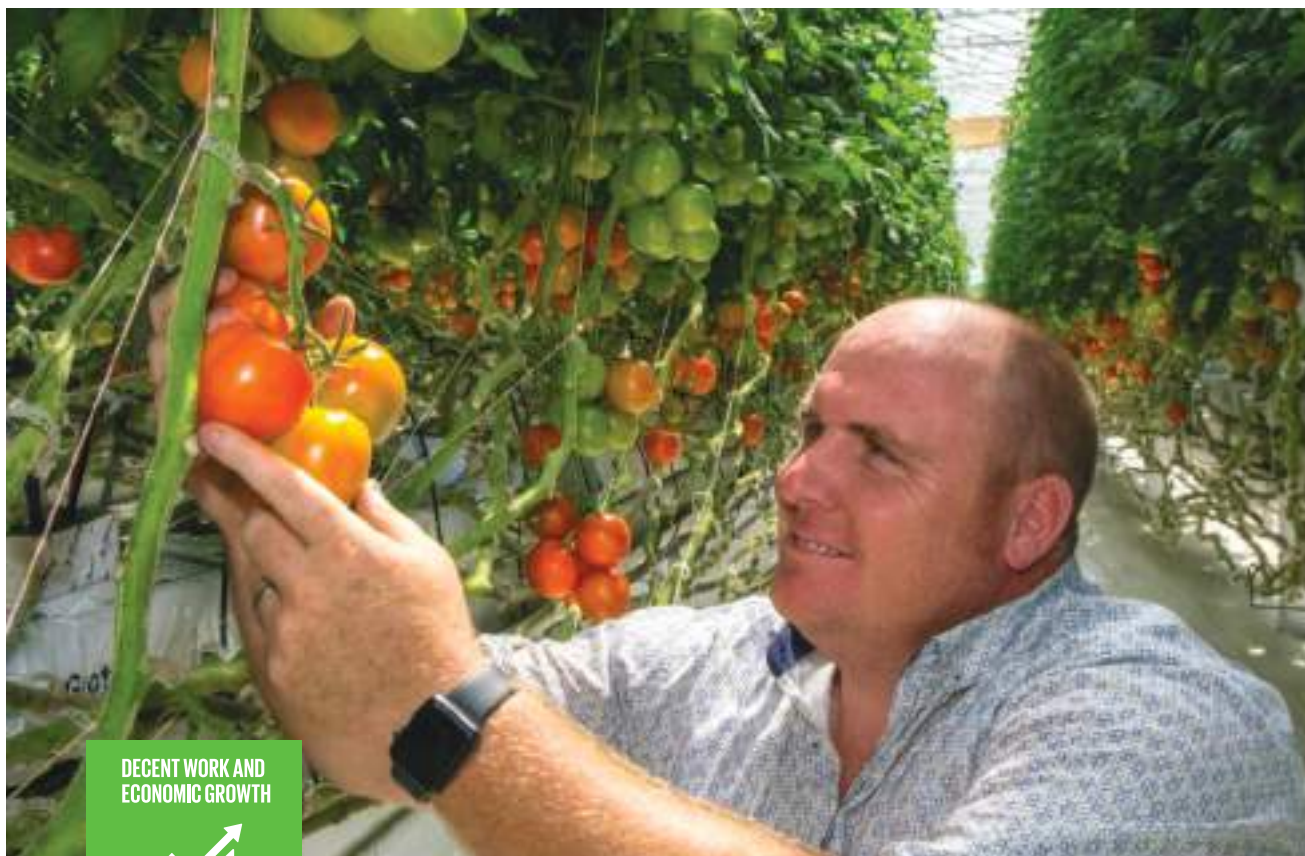
Own brand products with health star ratings

82%





Working with our Business partners



DECENT WORK AND
ECONOMIC GROWTH



COMMITMENT 15

We will engage fairly and equitably with our suppliers, making fact-based decisions and seeking regular feedback directly and through independent supplier surveys.

Responsible Sourcing

We have an obligation and responsibility to ensure that when we are sourcing products, whether they are locally or internationally produced, they are coming from supply chains where the human rights of workers are upheld.

Identifying human rights impacts in our supply chain, and then carrying out work to prevent and mitigate those impacts, is a focus for our business and our suppliers.

Recently, the Woolworths Group introduced a new Responsible Sourcing Policy. The policy is consistent with the principles of the International Labour Organisation Declaration on the Fundamental Principles and Rights at Work and the United Nations Universal Declaration on Human Rights.

The new policy replaces the Ethical Sourcing Policy and outlines our commitment to upholding the human rights of workers throughout our supply chain. It also shows the ethical business conduct we expect of our suppliers when they do business with us. We are committed to supporting our suppliers towards meeting this common goal.



Partnering with our South American Suppliers

Bananas are the top-selling product in our stores every year, so ensuring we have a ready supply of them is an important focus for our business. We are continuing to look at how we can support workers in our supply chain and we work directly with our banana suppliers in Mexico and Ecuador, including regularly visiting their farms to understand their needs and the needs of their employees.

In Mexico, employees wanted more social events where they could spend time with their families and team, so Countdown has put funding towards social soccer matches and lunches. In Ecuador, there is a need for better dental support and we are looking at options to help fund this for workers.

Being able to better understand where are products are grown and sourced, and the conditions workers are operating in, is just one of the benefits of working directly with our suppliers.

DECENT WORK AND ECONOMIC GROWTH



COMMITMENT 16

We will focus on a best practice compliance system according to the Global Compliance Program. We will collaborate with peak organisations to improve workers lives.



Giving back to our Communities



PARTNERSHIPS FOR THE GOALS



COMMITMENT 17

We will invest the equivalent of 1 percent of a three year rolling average of total Countdown Earnings Before Interest and Tax (EBIT) into community partnerships and programmes.

Our community partners

Together with our team throughout New Zealand, we partner with a range of charities and community organisations to support our local communities.

Our main community investment activity is the Countdown Food Rescue Programme and our wider work to support the food rescue network in New Zealand. The Salvation Army is Countdown's biggest charity partner, which continues to report increasing demand for its support services throughout the country - food parcels are no exception. Demand for food parcels from The Salvation Army has grown from around 34,000 parcels in 2008 to almost 63,000 in 2017. An estimated 20 per cent of New Zealand children are now living below the poverty line.

As well as food rescue donations and Countdown's annual Winter and Christmas food rescue appeals for The Salvation Army, this year we also contributed \$25,000 to upgrade The Salvation Army foodbanks' network of chillers and freezers.

"The purchase of efficient new equipment has helped increase the quality and scale of the foodbanks' perishable donation stream, delivering consequent benefits in nutrition and food support to the families and individuals we help. We are also incredibly appreciative of the product donation support you provide over and above your regular Food Rescue store donations, which over recent months have boosted our critically low nappy supplies in Christchurch and in Hamilton." Tim Hamilton, The Salvation Army.

Our partnership with The Salvation Army also extends to collaborating on New Zealand's only online foodbank, The Foodbank Project. In the past financial year, this platform has attracted \$335,874 in public donations, including a record \$92,000 during Countdown's Christmas Food Rescue Appeal. In addition to free online delivery of all donations, Countdown provides products at cost.

We also have ongoing partnerships with The Salvation Army, KidsCan, Alzheimers New Zealand and Dementia NZ. In the past financial year, we have donated over \$6.3 million in food rescue and over \$1.48 million in community donations.

Five million ways to avoid supermarket meltdowns

Helping our customers make healthy choices in our stores goes beyond putting good information on our packaging - it's also about inspiring a love for great, fresh produce at any age.

For two years now, Countdown has been helping Kiwi kids make healthy choices through our Free fruit for Kids programme, which provides 50,000 pieces of free fruit to children in our stores each week.

Since starting in October 2015, over five million pieces of free fruit have been given out in our stores - making trips to the supermarket far easier for parents. The two-year milestone was marked with Countdown team members visiting parks, playgrounds and malls to hand out free fruit.

The Free Fruit for Kids initiative is one of Countdown's Health and Nutrition targets.

Just Cook

Over the past year, Countdown has provided the New Zealand Nutrition Foundation with \$6,000 of vouchers, which are used on a range of community-led cooking and nutrition programmes. The Just Cook programmes are held



throughout the country for people who are in need of extra support, including the elderly and families who have recently been housed at a Women's Refuge.

Currently, around 35 - 50 per cent of elderly people in New Zealand are at risk of malnutrition. The NZ Nutrition Foundation's Just Cook - Healthy Ageing programme is a four-session course that helps to teach basic cooking skills and a range of recipes to older people who may have poor cooking skills, have lost the motivation or are socially isolated. Countdown vouchers go towards purchasing supplies for the classes, which have been running since 2016.

The vouchers are also used in the recipe packs the Foundation sends to families, which help around 4000 Kiwis throughout New Zealand every year.

PARTNERSHIPS FOR THE GOALS



COMMITMENT 18

We will publicly report social impact to quantify the positive change we are creating with a focus on health, economic development and emergency relief.

“Thanks to the introduction of this small device women can instantly see the harm their foetus is experiencing when smoking and they are making positive changes as a result. In fact, it has been so successful that the DHB is purchasing an additional 17 Maternity Smokerlyzers for use by our community midwives.”

Clare Caddie, Hawkes Bay District Health Board



Help get more Kiwi kids home for dinner



Support the Countdown Kids Hospital Appeal at checkout to help fund much needed medical equipment.

Food for good.

countdown
kids hospital
appeal

Countdown Kids Hospital Appeal

The eleventh year of the Countdown Kids Hospital Appeal raised an impressive and unprecedented \$1.26 million for 13 children's wards nationwide. The appeal, which ran from 1 August - 29 October 2017, saw Countdown stores across the country organise local events to bring the community together and help raise funds. To date the Appeal has raised more than \$11.6 million since it started.

Even before babies are born in Hawke's Bay they are benefitting from the Countdown Kids Hospital Appeal.

The Appeal provided Hawke's Bay District Health Board with four Maternity Smokerlyzers – two of which were placed with community partners, Te Taiwhenua o Heretaunga and Te Kupenga Hauora Ahuriri to support wāhine hapū (pregnant women).

A Maternity Smokerlyzer reads the amount of carbon monoxide within the pregnant mother's bloodstream and can also give a carbon monoxide reading of the foetus - showing the oxygen-depriving effect smoking has on a growing baby in the womb.

The DHB's Deputy Executive Director Provider Services, Claire Caddie, said the introduction of the smokerlyzers had been a "game changer" to help curb Māori smoking rates in pregnancy, which were double that of non-Maori at 36%.

“Specialist stop smoking practitioners work with and support pregnant woman to stop smoking for their own health, and the health of their baby.”

Creating shared value with our customers



Listen and learn

Every week, an estimated three million customers shop with us. Ensuring that their experience with our team, our offer and our store environment is positive, is vitally important to our business. Customers are at the heart of what we do, which is why we use our Voice of Customer survey to track our performance.

This lets our customers tell us what we're doing well and where we need to improve. Pleasingly, over the last financial year we have continued to see solid improvements in our performance, especially in how customers see our fruit and vegetable offer.

We have also made it easier for our customers to share their feedback with us, with surveys being now being sent by email. This is in addition to the survey link, which is found at the bottom of our receipts.

Contact Centre second to none

Our interactions with customers don't just end in store. Each week, our Countdown Customer Contact Centre also answers around 15,000 inbound calls, 6000 outbound calls, and 6000 emails. In late 2017, our team took out the 2017 Retail Support Services category at the annual CRM Awards, which is attended by top businesses from around New Zealand. CRM is New Zealand's Contact Centre industry body, which measures the quality of service delivered by contact centres around the country.

DECENT WORK AND
ECONOMIC GROWTH



COMMITMENT 19

We will achieve leading customer satisfaction scores.



“There’s a big opportunity for us to have a real impact on the health and well-being of our customers, so it’s great to be part of that.”

Deb Sue, Nutritionist and Quality Specialist



A focus on health

Kiwis are increasingly health conscious and want to make good decisions for themselves and their families when they shop with us. We are committed to ensuring the products we stock in our stores empower our customers to make healthy and informed decisions. To help with this we have a cross-functional team driving Countdown’s health focus and are beginning to see some great results including increasing the number of dedicated health food aisles we have to 140 stores as of June 2018.

To align with the broader retail industry’s ‘Reducing Child Obesity’ pledges, we updated our health and nutrition targets in November 2017. We’ll review these again at

the end of the year with future targets to be established for 2019 and beyond.

We are also working with the Minister of Health and an industry working group around obesity which is a significant health issue in New Zealand. The Terms of Reference have been agreed to with the Government and a number of areas for action identified.

Countdown was a gold sponsor for the 2018 New Zealand Organics Market Report to be launched at Parliament at the end of June. We also continue to participate in the Heart Foundation’s Heart SAFE reformulation programme, and as a result has removed over three tonnes of salt from our own brand potato chips annually.

Nutritional advice

In January 2018, Countdown welcomed our first nutritionist, Deb Sue, to the team to focus on improving the nutritional value of own brand products and get involved in health and nutrition initiatives across the business.

As well as providing nutrition expertise, Deb is also working with our own brand team to set strong nutrition targets including sodium, saturated fat and sugar (where relevant) and ensure the Health Star Rating is visible on product packaging.



Helping Kiwis make better choices

Currently, 82 per cent of all Countdown's own brand products have a Health Star Rating on pack and we are continuing to review these where appropriate. Our aim is to have a Health Star Rating on 100 per cent of all eligible own brand products by 2019.

"In the short time I've been at Countdown it's been amazing to see the amount of work happening to reformulate our products, remove artificial flavours and colours, and get the Health Star Rating on packaging. There's a big opportunity for us to have a real impact on the health and well-being on our customers, so it's great to be part of that." – Deb Sue, Nutritionist and Quality Specialist.

We are continuing to encourage Kiwi families to cook nutritious recipes at home, with our seasonal recipe cards now including dietary information. The addition of this information makes it easier for customers to identify if a recipe is dairy or gluten free, low in sugar, and suitable for vegetarians. To make it even easier for Kiwis to make healthier choices, we are now looking to include nutrition information (Energy, Total fat, Sugar, Sodium) on our recipe cards by the end of 2018.

GOOD HEALTH
AND WELL-BEING



COMMITMENT 20

We will support and inform our customers to help them make healthier choices.



Alcohol - doing the right thing

Countdown aims to be New Zealand's most responsible retailer of alcohol. We continue to improve our systems, staff training and policies to achieve this and are exploring partnership opportunities to promote responsible consumption messages.

We are the only supermarket brand in New Zealand to have an Alcohol Responsibility Manager. This gives regulators and local communities a single point of contact to help address any issues or concerns around the sale of alcohol. For our stores, this also ensures operational questions can be resolved in a timely manner, and that our

teams are aware of their responsibilities under the Act.

In the past year, we had one breach of the Act recorded against us for a failed Controlled Purchase Operation, which led to a five-day licence suspension. Following this suspension, we undertook a review of how team are trained in the sale of alcohol and looked at our point of sale systems in order to help mitigate future breaches.

Countdown's team training is focused on responsible service of alcohol, the regulations around selling alcohol, and training in conflict resolution.

As well as undergoing the initial training, our team must also complete an annual refresher course. Last year more than 4,300 of our team attend these training and refresher courses.

"Countdown recognises that selling alcohol is a privilege and not a right. We also acknowledge alcohol consumption can cause harm. As such we take our responsibilities around the sale of alcohol very seriously and have a range of policies in place to ensure we do the right thing", Brett Ashley, General Manager Operations.





