

Kia pai ake
te āpōpō

A better
tomorrow

2023 Sustainability Wrap





2023 marks the halfway point for the Woolworths Group Sustainability Plan 2025, and I'm immensely proud of the progress we've made across our three pillars - People, Planet and Product here in New Zealand. As we transform and become Woolworths New Zealand, our focus is on delivering New Zealand's best supermarket experiences and that includes furthering our sustainability leadership.

Since we launched our Plan in 2020, we've seen sustained disruption to our business and operating rhythm far beyond what could have been imagined. Much of 2023 was a return to relative normalcy but it had its own challenges with a cost of living crisis and high inflation, along with devastating weather events in the North Island, all having a resounding impact on Aotearoa.

Our steady progress in the face of these challenges is a testament to the unwavering dedication and commitment of our 22,000 strong team at Woolworths New Zealand, and the support of our colleagues in the broader Woolworths Group.

We also believe deeply in the value of partnership and collective action. We extend our thanks to all of our customers, suppliers and partners for their support and commitment to working together for a better tomorrow in 2023.

In the aftermath of Cyclone Gabrielle and the Auckland Anniversary weekend flooding events, we donated more than \$450,000 in food and funds to our partners on the ground and government organisations to support those affected. With our customers' support, we also raised over \$252,000 for the Mayoral Relief Funds, New Zealand Red Cross, and local community partners. It is truly humbling to reflect on the generous spirit of our customers in times of need.

We recognise the role that climate change is playing to increase the frequency and severity of extreme weather events and take our commitments seriously. We remain on track to achieve 63% scope 1 and 2 emissions reductions by 2030, and saw a 47.6% decrease this year from our 2015 baseline. We are also focussed on working in partnership with our growers, producers, and manufacturers to understand our supply chain (scope 3) emissions - both risks and opportunities, and how we can achieve progress together.

A particular highlight of 2023 has been the continued uplift in our Voice of Team results, a pleasing recovery after what's been an incredibly tough couple of years for our team. We will continue to build on these results in F24.

We are keenly aware of the challenges ahead as we deliver our Sustainability Plan 2025 and continue to meet our customers' needs as we all navigate through the ongoing cost of living crisis. We're looking forward to another fulfilling and busy year as we work to deliver a better tomorrow for everyone.

Ngā mihi nui,



Spencer Sonn
Managing Director
Woolworths New Zealand

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People

People are the backbone of our business and at the heart of everything we do. Our 22,000 strong team reflects the diverse communities we serve, and we aspire to create a place for them to be their best selves, supporting their wellbeing, and paving their way to a brighter future.

As one of New Zealand's largest retailers, we have the privilege of serving almost every community. We have a meaningful opportunity to positively impact our communities by improving their resilience and investing in diverse experiences.



Woolworths Group ranked as the first company globally in the KnowTheChain Food and Beverage Benchmark



Won the 2023 Safeguard New Zealand Workplace Health and Safety Award for Wellbeing

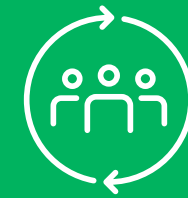
\$12M

Over \$12M food and funds donated to communities

Creating an inclusive workplace for our team

 **38.7%**
women in senior leadership

 **8%**
of leadership roles held by Māori and Pasifika team

 **688**
SEEDS students

We believe in creating a workplace where every person can thrive and diversity is valued. To do this, we're committed to developing a safe, inclusive culture and delivering policies and programmes that make us a place where everyone feels they belong.

Closing the gap

In 2023 our Gender Pay Gap (GPG), calculated according to the Stats NZ methodology, was 1.41% compared to the NZ National GPG of 9.2% - it means that for every \$1 men earn, women earn 99c. This is a reduction from a 3.6% gap the previous year, and demonstrates the positive impact our wage increases have had.

Our Māori and Pasifika leadership pipeline

Building on the F22 establishment of our Māori and Pasifika Talanoa (Committee), in 2023 we delivered our first Māori and Pasifika mentorship programme, supporting 20 mentees. Our Māori and Pasifika inclusion action plan will be endorsed in F24 with the aim of supporting a leadership pipeline

with 20% Māori and Pasifika representation by 2025. As we conclude 2023, our leadership pipeline in New Zealand sits at 8% Māori and Pasifika representation. This has dropped from 10% in F22. We are committed to analysing the drivers of this and taking further action to reach our target.



Pride at Woolworths New Zealand

Maintained our Rainbow Tick accreditation for the fifth year in a row

Reinvigorated our internal Proud network

Celebrated key Pride events including the Auckland Rainbow Parade

Changed our logo at Countdown Ponsonby - turning it into a rainbow celebrating the diversity of people that walk through our doors every day

Fundraised \$108,000 for RainbowYOUTH and made our own \$20,000 contribution, to bolster their strategic plan



Holistic wellbeing of our team

Whether working in our stores, support offices or distribution centres (DCs), all of our team deserve a safe place to work where their health and wellbeing is a priority. We are committed to investing in our team's holistic wellbeing, and caring for our customers, visitors and contractors too.



In 2023, we took time out to celebrate different cultural events as a team and reconnect, learn and reflect.

Mental health and wellbeing for us all

The Mental Health Foundation describes the state of mental health in Aotearoa New Zealand as a crisis. We know we have a critical role in ensuring our team can access support and have healthy workplace experiences.

In 2023, we rolled out a new team support partnership with Sonder, which more than 30% of our team have joined. Sonder gives our team and their whānau access to free, 24/7 medical, safety, mental health and wellbeing care and support. We also grew our mental health first aider community to give support to those struggling with mental health and we continue to provide high level psychological support for team with complex needs.

Improving physical health & safety

Along with our focus on customer and community safety, keeping our teams and contractors safe when they come to work is our absolute priority. In F23, we had a focus on reporting, recording and investigation. This has seen a 20% year on year increase in reported events including incidents and proactive behavioural safety conversations (iLEADs), hazards and actions, providing us with more data for detailed analytics.

Creating meaningful retail careers



In 2023 we announced the appointment of AMP as our KiwiSaver 'Preferred Provider' and have rolled out a programme that includes 1:1 financial advisor sessions for our team to learn more about saving and investing.

We're privileged to employ over 22,000 New Zealanders and we want to give each and every one of them a fantastic experience with us.

Our SEEDS (Students Entering Employment Developing Skills) programme has been a key part of our talent pipeline for five years. SEEDS helps young people gain meaningful work experience and in 2023 we had 688 students in our stores as part of the 10 week programme.

In F23, we reviewed our safety, health and wellbeing material risks and implemented risk control improvements, including:

- Adding security measures to combat increasing acts of violence against our frontline team
- Upgrading our rear store pallet racking
- Resetting our traffic management plans
- Launching golden rules in our rear store loading areas
- Conducting a deep dive into pallet falls from height across our DCs



Ethical value chain

As part of Woolworths Group, our retail supply chain is one of the largest and most complex in New Zealand. We want to ensure that people throughout our supply chain are treated well, and are valued and respected for their work.

We do this by working directly with our trade and non-trade suppliers to embed respect for human rights into everyday decisions, and aim to build an approach where modern slavery risks are identified, managed and mitigated.

We are proud that this year, Woolworths Group was ranked as the first company globally in the KnowTheChain Food

and Beverage Benchmark, a global benchmark that focuses specifically on forced labour, and assesses company responses to identifying, addressing, and remediating modern slavery risks in their supply chains. Woolworths Group had an increase of 4 points since the previous 2020 benchmark, bringing our overall score to 56/100. In addition, we were ranked as the top retailer

globally and the third company overall in the 2023 Corporate Human Rights Benchmark (CHRB), with a score of 42.1/100. CHRB similarly assesses companies on their approach to human rights and worker exploitation.

Fair outcomes for our cleaners and trolley collector contractors

In New Zealand, work continued to have all cleaner and trolley collector contractors at trading sites complete a social practice audit by Building Service Contractors of New Zealand. In 2023, four of these contractors received critical non-conformances in their audits, including potential underpayments for Kiwisaver, and incorrect payment for holiday pay. Three contractors are under a Woolworths NZ monitored management action plan, which requires contractors to review their employment agreement templates and update all employment agreements as necessary, conduct a wage assessment and address any underpayments. We expect to conclude remediation activity for three of the contractors and conclude our investigation of the fourth contractor in early F24.

Positive impact on our customers and communities



Growing for Good

2023 marked the fifth round of our Growing for Good grants with nine successful schools having spent the year implementing projects to help tackle climate change in their local communities. The \$50,000 grant pool has funded projects from wetland and river restoration, to native gardens, and diversion of fish carcasses to be used for fertiliser.



Supporting natural disaster relief and recovery

In the first half of 2023, we donated more than \$450,000 in food and funds to support those affected by devastating natural disasters in the North Island. With our customers' generous support, Countdown raised over \$252,000 for community partners. We also donated more than 80 tonnes of water, meat, fruit, vegetables and other essentials to evacuation centres and supported our local growers recover from the impact with \$700,000 in cash grants, a \$50,000 donation to Rural Support and other in-kind assistance.



Helping those most in need

We've been a proud supporter of The Salvation Army for over ten years, and in 2023 we again held our Winter Appeal and Christmas Appeal to help fill their food banks. Our Appeals saw customer donations of \$400,000 to the Foodbank Project. Woolworths New Zealand donated an additional \$400,000 to match customers' donations, helping provide thousands more meals and other essentials to those most in need.

Modern slavery statement

The [Woolworths Group 2023 Modern Slavery Statement](#) delivers a detailed report on the progress of our human rights programme.



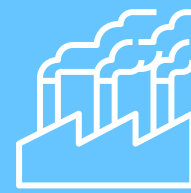
Click here
to download

Planet

The challenge ahead of us with climate change has never been more apparent in Aotearoa New Zealand with extreme weather events in early 2023 destroying homes and livelihoods. Science tells us that we need to limit global warming to 1.5°C, yet based on current global policies, we could see a warming of 2.7°C by 2100.

Woolworths New Zealand feeds a significant proportion of Aotearoa through our network of stores. We are also a significant consumer of electricity and have an extensive supply chain footprint which presents an opportunity to drive decarbonisation whilst protecting nature and the availability and quality of the products we sell.

The health of our climate and nature is essential for us to meet our customers' needs, and we are determined to drive positive change. We are partnering with our suppliers to reduce emissions and protect and regenerate nature. We aim to go beyond just limiting our negative impacts, and instead aspire to become a net positive business.



47.6%
reduction in scope
1 and 2 emissions
v 2015 baseline



13
New Zealand trade partners
participated in supply chain
emissions programme



Powered by
green electricity

Reducing hunger
and food waste

\$ More than
\$300,00 of funding
awarded to food
rescue partners

✓ All stores participating
in food waste diversion
data enhancement
programme

41.7 tonnes of
food waste saved by
The Odd Bunch
programme since F20

Woolworths New Zealand is one of the largest electricity users in New Zealand, and we believe we have a responsibility to lead the way in a 100% renewable electricity future, and are proud of the steps we're taking to get there.

Working together towards renewables

In 2023 we joined a renewable energy buyers group made up of other major New Zealand energy users. We are actively looking for new renewable energy projects

that we can play a role in funding through contracts for supply. A key focus for us in F24 will be continuing market engagement to understand the best transition pathway to renewable energy for our own operations and the Aotearoa energy market in general.

Each year, Aotearoa New Zealand produces enough food to feed 40 million people and yet 1 in 5 New Zealanders are living in food insecure households. We want to contribute to a more resilient and equitable food system, free of hunger and waste, that advances sustainability, food access and affordability. We recognise that to continue our progress towards zero food waste requires innovation, investment and ongoing collaboration with partners, industry and government.

Zeroing in on our food waste

We aim to have all food waste diverted from landfill from our operations. This is a highly ambitious goal and is dependent on each and every team member playing their part.

To support this, in 2023 we implemented a food waste diversion data enhancement programme across all 195 stores. The programme has resulted in significantly improved data capture and reporting capability, helping our team select diversion pathways for food waste. We are now reporting more accurately on our performance and monitoring progress towards our 2025 goal.



Collective action to reduce food waste across the value chain

In 2023, we were proud to be a founding signatory of the Kai Commitment – New Zealand's first voluntary agreement bringing leading food businesses together in a shared mission to reduce food waste and contribute to a more sustainable food system in Aotearoa.



In 2023, we provided funding for our Wellington food rescue partner, Kaibosh to employ a Supermarket & Food Donor Liaison.

Rebecca Silver, Supermarket and Food Donor Liaison

Rebecca started working for Kaibosh as a driver, collecting food from Countdown supermarkets and delivering it back to the Paraparaumu site; where volunteers sort and box up for recipient charities and community groups. Interacting with teams during collections gave Rebecca a great insight into the stock control and crediting procedures; knowledge which she's applied during her transition to the role of Supermarket and Food Donor Liaison.

Rebecca's day to day looks like:

- Building new and existing relationships with supermarket teams at all levels to ensure the integration of Kaibosh procedures into store processes.
- Working with all supermarket team staff, especially department leaders and associates to assess, develop and ensure best practice in store, thereby maximising food recovery.
- Identifying, negotiating and engaging new Donors.



Net positive carbon emissions



47.6% reduction in scope 1 and 2 emissions v 2015 baseline



10 lower carbon emissions refrigeration installations or retrofits

New Zealand is far from immune to climate change, and as we experience extreme weather events and natural disasters, our business is feeling the impacts of this first-hand. We support the Paris Agreement and its efforts to mitigate the impacts of climate change by limiting global temperature rise to 1.5°C if possible.

We aspire to reduce our emissions in line with the Science Based Target Initiative (SBTi) and be a net positive business by 2050 – partnering to remove more carbon than we emit.



Continued focus on scope 1 and 2 emissions reduction

Scope 1 and 2 emissions are those directly within our operational control, and in 2023 we continued our focus on reducing the impact of our own operations with a reduction of 47.6% compared to our 2015 baseline. This reduction continues to be driven by retrofitting and replacing our refrigeration systems where we ensure we are using less energy to keep products cool.

Transport has to date represented just 6% of our scope 1 and scope 2 emissions, and has been a lower priority than refrigeration. Given our significant reduction of refrigeration emissions, we are moving our focus more onto transport decarbonisation. In 2023 we launched Woolworths Group's transport decarbonisation strategy. This strategy is anchored in our commitment that by 2030, we aim to convert our Australian and New Zealand home delivery fleet to zero-emissions vehicles. Transport decarbonisation will be a key F24 focus for us.

This year, we also deepened our engagement with the strategic risks and opportunities of climate change through the The Retail Sector Shared Scenarios Project. The project brought together eight major Aotearoa New Zealand-based retailers and KPMG New Zealand to produce three future climate scenarios for New Zealand retailers. The scenarios will be used as a key input by Woolworths New Zealand, but can also be used by any retail business, large or small, to start transition planning for a low-carbon and resilient future.

Scope 3 emissions - a shared opportunity and challenge

Scope 3 emissions are those within our entire value chain and the nature of our large supply chain means that scope 3 makes up most of our emissions footprint. We are at the beginning of our journey on scope 3 emissions and know this is an emerging area for many New Zealand businesses. Achieving reductions in this space is a challenge that we must solve in partnership with our suppliers.

Our current aim under the SBTi, ratified in 2020, is to reduce scope 3 emissions by 19% by 2030, which we acknowledge is not aligned with a 1.5°C pathway.

As emissions reduction opportunities continue to evolve and our own maturity increases, we recognise that neither our footprint nor our reduction targets are static. In F24, we will seek to update our SBTi target to reflect emissions related to Forestry, Land and Agriculture (FLAG) Guidance.

In June 2022, we invited 55 suppliers (across Australia and New Zealand) to trial a new programme in partnership with The Sustainability Consortium providing them with insights to prioritise their own emissions work and giving us visibility to determine key focus areas. We piloted a science-based decision tool, THESIS on SupplyShift, to capture emissions intensity data

and, over time, its trajectory through the value chain.

The pilot provided an encouraging start with:

- 79% of participants working towards their own scope 1 and 2 goals
- 87% of participants were able to provide information on climate-specific KPIs
- 56% of participants have scope 3 emissions goals in place.

Our value chain emissions programme will continue expanding, with all suppliers now welcome to participate.



Practise responsible stewardship of natural resources



We're proud of our strong relationships with growers and producers, and know that we must work together to ensure that we not only have a resilient food supply for now, but for generations to come. That means we need to grow and farm in a way that restores and regenerates the land.

Regenerative agriculture - a driver for change

Much of our carbon footprint relates to land use, agriculture and the adoption of sustainable and regenerative agriculture practices, as part of implementing broader nature-based solutions, will be crucial to our scope 3 decarbonisation journey.

In 2023, we progressed our Regenerative Management Systems for New Zealand Vegetable Production project co-funded by the Ministry of Primary Industries' Sustainable Food and Fibres Futures Fund and in partnership with LeaderBrand

Produce and Crown Research Institute, Plant and Food Research. The project includes building an understanding of compost as a nutrient source to improve soil health, the use of cover crops to improve soil health, perennial plantings to facilitate ecosystem restoration, and community and iwi engagement. Project highlights this year included:

- hosting our first field day at the LeaderBrand site in Gisborne,
- completing a literature review and report on wetland native plantings which can support beneficial species at the LeaderBrand site,

- completion of a workforce survey, which aimed at understanding the LeaderBrand workforces' perceptions of regenerative agriculture and how this may be reflected in opinions about the workplace environment,
- establishing and monitoring our field trial sites which has included collecting baseline soil samples.

Product

We serve over three million New Zealanders a week, with our own brand products providing choice without compromising on quality. We want to make it easier for customers to choose products that are affordable, healthier and sustainably produced.



117
stores collecting
soft plastics
for recycling



80%
of own brand packaging
carries the Australasian
Recycling Label

100%
sustainably sourced
single product tea,
coffee, cocoa and sugar



Make health easier for all New Zealanders



In 2023, we added 28.8 tonnes of wholegrains to own brand products

Moving to more sustainable packaging



Removed 114 tonnes of virgin plastic from own brand milk range

Health is a priority for New Zealanders, and at Woolworths New Zealand we aspire to make healthier easier for everyone. We want to inspire, educate and support our customers to live healthier lives while also leading the way with own brand products that are affordable and healthier.

Packaging is one of our customer's top sustainability concerns. We are continuing to increase the recyclability and use of recycled content in our own brand products, and partner with stakeholders - including as members of the Soft Plastics Recycling Scheme committee and the Plastic Packaging Product Stewardship Scheme Steering Group - to influence positive wider change.

Own brands - healthy and affordable

We've been working to meet the New Zealand Heart Foundation's HeartSAFE nutrition targets with 66% of our own brand products meeting the targets, an increase from 65% in F22. The goal of the programme is to reduce the sodium and sugar content of high-volume, low-cost foods like bread, sausages, sauces and ready meals.

MyMahi

In F23, we collaborated with MyMahi to develop healthy eating lesson series for rangatahi across Aotearoa. The Hauora Kai/ Healthy Eating series is tailored for secondary students in whānau groups or health classes and covers the fundamentals of nutrition. Given that nutrition is so important to learning and development, we were pleased to play a small part in this by sponsoring the lessons.

Since the release of the healthy eating lessons over 600 teachers and mentors have accessed them, reaching more than 10,000 students.



Farewell to single-use plastic produce bags

In 2023, we were proud to remove single-use plastic produce bags from our stores in line with government regulation, accounting for 50 million bags (85 tonnes) used in our stores annually.

To prepare, we launched a pilot in July 2022 to test and learn solutions with customers and used their feedback to shape our approach to the full phase-out. Our focus was on encouraging customers to use reusable produce bags, just like they do for their checkout bags and we've invested in offering customers a low cost, lightweight reusable mesh bag made of 80% recycled plastic.

A lighter impact with milk bottles

In 2023 we were able to convert our 1 and 3L milk bottle ranges to be made of 30% recycled plastic. This transition which required navigating significant material supply challenges has ultimately removed 114 tonnes of virgin plastic from our own brand milk range.

Sourcing our products sustainably



100% sustainably sourced single product tea, coffee, cocoa and sugar

Leading the future of protein



100% cage-free own brand shell eggs

Responsible retailing

Giving our customers confidence in the products we sell goes beyond ensuring they are safe and tasty to eat, but also means making sure they are being grown and produced sustainably.

In F23, we continued to focus on making it easier for customers to choose sustainable products through the use of third party certification or verification, and, in instances where certification is infeasible, book and claim credits (such as Roundtable on Sustainable Palm Oil (RSPO) credits for palm oil).

Commodity	Source	2023 (% by volume)
 Palm oil (food)	100% of the palm oil in our own brand food products supports sustainable palm oil production through Roundtable on Sustainable Palm Oil certification and, where certification has been deemed infeasible, book and claim credits.	100
 Cocoa (total)	100% of single-product cocoa, tea and coffee are sourced from independently certified sources such as The Rainforest Alliance®, and we have transitioned all our coffee and tea ingredients to 100% responsible sources. We are working towards sourcing all ingredient cocoa in our own brand products to independently certified sources.	63
 Tea (total)		100
 Coffee (total)		100
 Soy (products)	To support responsible soy production, we purchase Roundtable on Responsible Soy credits to offset non-certified soy in our own brand food supply chain. These credits fund the sustainable production of an equivalent volume of soy for future procurement.	100
 Pulp, Paper and Timber products	For our pulp, paper and timber products, 100% are either FSC® or PEFC® certified or comprise at least 95% recycled content.	100

New Zealand is known for producing some of the best animal protein in the world with the market size of the sheep and beef cattle farming industry alone worth approximately \$4.3 billion. While this means the sector is critical for New Zealand's economy, it is also coming under scrutiny for environmental and animal welfare impacts. We are committed to working with our farmers and suppliers to promote high animal welfare practices in the industry.

Moving to cage-free: challenges and opportunities

In 2023, we experienced an industry-wide egg shortage. The legislated battery-cage egg ban combined with other factors made it challenging for farmers to transition to alternative farming systems and limited supply. In response, we took a number of actions including implementing long-term contracts with key suppliers to secure supply and allow our partners to invest with confidence; and simplifying our egg supply chain systems. Despite supply challenges, 100% of our own brand shell eggs, and 6.7% of own brand egg as

an ingredient (by volume) are cage-free. We will continue to focus on transitioning eggs as an ingredient to cage-free sources through F24.

Continuous improvement in the sourcing of sustainable seafood

In F23 we updated the Woolworths Group Seafood Sourcing Policy to improve traceability and human rights, strengthening social and environmental sustainability interconnection. 100% of our own brand behind the counter, fresh packaged, frozen, and canned seafood is from ecologically responsible sources which meet this Policy.

Cigarette sales across New Zealand are declining due to healthier customer choices, excise taxes and government regulation. We will continue to work with the New Zealand government to implement tobacco and nicotine control and preventative health policies. As part of the New Zealand Government's Smokefree Aotearoa 2025 Action Plan, our Countdown/Woolworths supermarkets will not apply for licences to sell cigarettes and we are readying to cease retailing these products from 1 July 2024.

"We aim to lead the industry with the highest standards of responsible alcohol and tobacco retailing."

To encourage responsible drinking, we strive to be a market leader in stocking low and zero alcohol beverages. We prominently promote our 88 zero alcohol options with overall category sales of low and zero alcohol beverages up by 10.6% on F22. In F24, we will continue to implement proactive measures to enable the responsible sale of alcohol through controls such as training of Age Restricted Goods team, and mystery shopper testing.

