

WOOLWORTHS

WOOLWORTHS DEFORESTATION POSITION STATEMENT

BACKGROUND

Deforestation and forest degradation is driven primarily by the increasing global demand for agricultural commodities such as wood products, palm oil, soy and leather, used to make a wide range of food, clothing and other everyday products. The increase in demand for these commodities is what drives the conversion of forests to agricultural commodity plantations. In some cases, ancient and endangered forests are logged to provide pulp for paper and clothing. Temperate, Tropical Rainforests and Boreal Forests are some of the largest sourcing regions globally for packaging, tissue, and dissolving pulp for clothing.

Deforestation and forest degradation has led to the destruction of habitat for over half of the world's terrestrial plant and animal species, and contributes to an estimated 15% of the global greenhouse emissions. Furthermore, the destruction of these valuable habitats threatens the livelihoods of over 1.6 billion people that depend on forests for fuel, materials, nutrition and income generation.

OUR COMMITMENT

Woolworths Holdings (Woolworths) recognises the environmental and social importance of safeguarding the world's last remaining ancient and endangered forests¹, as well as the role of reducing deforestation and forest degradation in mitigating climate change.

As part of our Good Business Journey, Woolworths is dedicated to selling products that cause minimum harm to the natural environment, help maintain biodiversity and help improve the lives of workers in the supply chain.

As part of this commitment, Woolworths is working to gain a better understanding of where commodities (such as wood products, palm oil, soy and leather) sourced for our products or used in our business come from, and how we can work together with our suppliers and NGO partners (e.g. the World Wide Fund for Nature South Africa (WWF-SA), Canopy, the Roundtable on Sustainable Palm Oil, etc.) to ensure that they are sustainably sourced.

Woolworths is committed to reducing and eventually, removing deforestation and forest degradation from our direct operations and supply chain.

¹ Ancient and Endangered Forest Ancient and endangered forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the protection of biological diversity. Ecological components of endangered forests are: Intact forest landscapes; Remnant forests and restoration cores; Landscape connectivity; Rare forest types; Forests of high species richness; Forests containing high concentrations of rare and endangered species; Forests of high endemism; Core habitat for focal species; Forests exhibiting rare ecological and evolutionary phenomena. Key ancient and endangered forests globally are the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests of British Columbia, Alaska and Chile; Tropical forests and peat lands of Indonesia, the Amazon and West Africa. (Source: Canopy).



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This commitment includes systematically removing commodities from our supply chain that cannot be traced from a sustainable source. Through this, our goal is to avoid the use of any forest commodities illegally harvested; from ancient and endangered forests; from an area of high conservation value; endangered species habitat; that have contributed to the conversion of forest into non-forest use or plantations established after 1994; obtained in violation of traditional, civil and indigenous rights; or from other controversial sources.

Through engagement with customers, suppliers, NGO partners and certification bodies we aim to increase both awareness around, and demand for, sustainably sourced forest products and innovative alternatives (e.g. agricultural residues² and recycled plastics), within our operations and thereby support an increase in the market share of sustainably sourced products at a local and global level.

We also support, and encourage our suppliers and key stakeholders to support, collaborative and visionary solutions that protect remaining ancient and endangered forests. Should we find that any of our fibres are being sourced from areas listed above, we will engage our suppliers to change practices and/or re-evaluate our relationship with them.

Wood Products

Woolworths is working towards a goal of using only sustainably sourced or recycled wood products throughout our operations. We will endeavour to ensure that we use timber and paper which is certified by the Forest Stewardship Council (FSCTM) with a chain of custody (CoC) indicating that the product originates from certified, well managed forests and/ or other controlled sources³.

i) Timbers

Woolworths aims only to source wood for its private label homeware products that is recycled or CoC FSCTM certified to ensure that the timber is from certified, well managed forests and/ or other controlled sources.

ii) Construction Materials and Furniture

We aim to use only responsibly sourced timber, this would be achieved via recycled wood, verified sustainable local sourcing programmes or CoC FSCTM. Where possible we aim to ensure that all wood removed from stores and WCafés is recycled. It is our policy that no species featuring on the CITES or IUCN Red List will be used in store fit-outs.

² Agricultural Residues are residues left over from food production or other processes and using them maximizes the lifecycle of the fibre.

³ We will use a hierarchy approach to decision making which preferences minimisation, followed by use of recycled materials, followed by use of FSCTM CoC Virgin and finally FSCTM CoC Mix products.



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iii) Paper

Woolworths is committed to monitoring and managing paper usage, reducing the wasteful consumption of paper, increasing efficiency in paper use, maximising the use of recycled paper and other environmentally responsible paper options, and encouraging recycling within our operations.

Woolworths has an on-going commitment that 100% of marketing material, including our in-house magazines and visual merchandising materials must be printed on recycled or CoC FSCTM certified paper. We also aim to ensure that the paper we use in our operations contains a minimum 50% post-consumer recycled content (including straw residues), with the remainder CoC FSCTM certified.

In addition to this, we will support increased transparency among manufacturers of pulp and paper products by choosing suppliers that are able to show demonstrable improvements in their forest, climate and water footprint through participating in schemes such as the WWF Environmental Paper Company Index.

iv) Packaging

Woolworths is committed to making packaging improvements each year. Improvements include packaging reductions, designing for recyclability and substituting virgin material with recycled material. We endeavour to ensure that paper and board used in packaging must contain recycled content or be FSCTM certified with a chain of custody.

Woolworths was also the first SA retailer to introduce on-pack recycling labels intended to support the recycling industry in South Africa by making it easier for customers to recycle correctly.

Fabric

Woolworths is committed to working with industry and NGO partner, Canopy, to shift the man-made cellulosic fabric supply chain towards practices that protect the world's remaining ancient and endangered forests and endangered species habitat. Woolworths is working to eliminate fabrics made of dissolved pulp (e.g. TENCEL[®], rayon, viscose and modal) which may have contributed to deforestation or forest degradation through procurement of more responsibly sourced fabrics. Woolworths commitment is consistent with, and builds on the efforts of other brands, designers and retailers are collectively working as part of the CanopyStyle initiative to ensure that their supply chains are free of ancient and endangered forests by end 2017.

As such Woolworths may look to setting targets to use fabrics made from tree-fibres that come from more sustainable sources such as FSCTM certified tree-fibre fabrics. We will work with suppliers to drive sourcing of fabrics from responsibly managed forests. We will also recognise suppliers who have wood sourcing policies in place to avoid ancient and endangered forests that have been independently third party audited for verification.



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Woolworths has already begun exploring and using more sustainable fibres such as organic and Better Cotton Initiative (BCI) cotton and polyester made from recycled plastic bottles. We will continue to encourage research, and collaborate with Canopy and other innovative companies and suppliers to develop new and innovative alternative fibres from sources that reduce environmental and social impacts such as agricultural residues, recycled fabrics and ocean derived plastic waste.

Palm oil

It is Woolworths policy to avoid the use of unsustainable and untraceable palm oil. Woolworths has set a target is to only source certified sustainable palm oil (CSPO) in our products by 2020. We always declare the type of palm oil used in our products in the ingredients panel of our packaging.

Woolworths is a member of the global Roundtable on Sustainable Palm Oil (RSPO) and has been purchasing GreenPalm certificates since 2011 to offset the palm oil we use in Woolworths' private label food and beauty products, and to promote and encourage more sustainable palm oil production.

Woolworths is actively working with suppliers to agree on time-bound plans for conversion to a physical supply of RSPO certified sustainable palm oil using the 'mass balance' supply chain system. Woolworths is also engaging with local oil refineries and encouraging them to commit to importing traceable and certified sustainable palm oil and to become chain of custody certified.

Ultimately our goal is to see all Woolworths suppliers converting to a physical supply of RSPO-certified sustainable palm oil on the 'segregated' supply chain system. This will only be possible when the demand for certified sustainable palm oil in South Africa grows to a scale where it is viable to transport fully segregated palm oil from origin through transport, storage and refining to end product.

Soy

Woolworths acknowledges the significant deforestation risks associated with the clearing of ancient and endangered rainforests or areas of high conservation importance for the production of soy.

We have completed a soy footprint assessment, and have identified that 99% is consumed within the animal feed associated with the production of our fish, dairy, pork and poultry. We have identified numerous challenges in the traceability of soy and have joined the Round Table on Responsible Soy (RTRS) to begin to address these risks.

Leather

Leather is commonly used across our clothing and homeware ranges. To Woolworths, the use of leather poses challenges in terms of ensuring the welfare of animals and the



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environmental impact of producing animal hides. Woolworths' code of conduct already includes standards around the use of hazardous and toxic chemicals for processing leather. We are also working towards developing better traceability within our supply chain to ensure that the leather we use on our products does not contribute towards deforestation or forest degradation, and is not against our animal welfare policies.

TRANSPARENCY AND REPORTING

We will remain transparent and publicly report our progress towards eliminating deforestation. We will provide information on our progress in our annual Good Business Journey Report, available on [Woolworths Holdings Limited](#) website.

We support the activities of the [CDP Forests](#) disclosure, which encourages greater transparency from the corporate sector in how it is dealing with deforestation and voluntarily participate in its annual assessment on an on-going basis.

