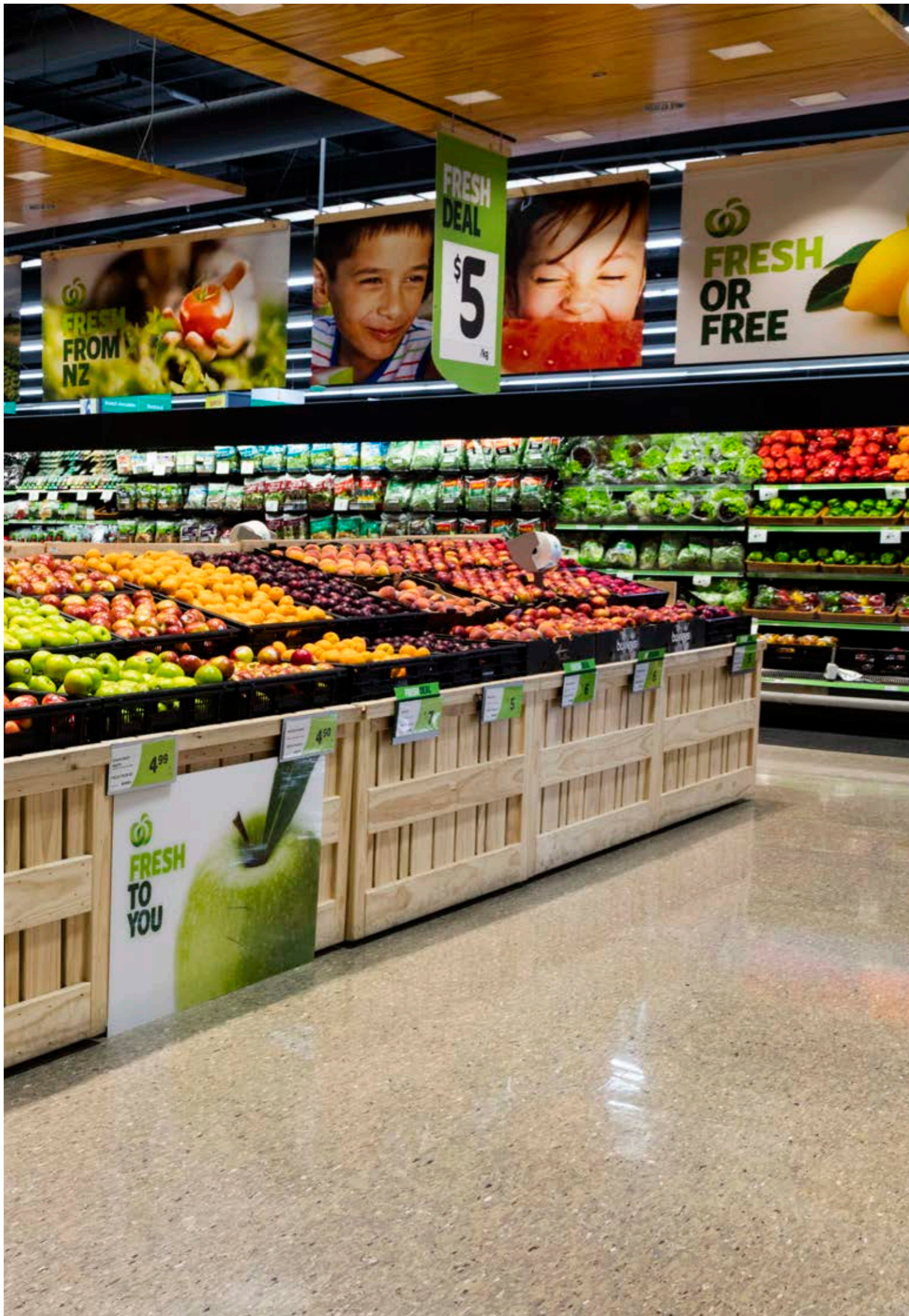


People
Planet
Prosperity

Corporate Responsibility Strategy 2020



Foreword

Countdown is New Zealand's largest supermarket brand with 184 stores nationwide and almost three million customers every week. We are also one of the largest employers in New Zealand with 18,000 team.

We know that with our size comes responsibility. As such, we take every opportunity to show leadership, do the right thing and take a positive and active part in our society.

We are really proud of the value we bring, not only as a significant contributor to the economy but also as a business that cares about our team, the communities we operate in and New Zealand's unique environment.

The following pages set out our 20 new corporate responsibility goals and commitments which we aim to implement by 2020. These goals fall under three focus areas People, Planet and Prosperity and cover all aspects of our business.

Like the Woolworths Group, our goals align with the Sustainable Development Goals the United Nations set in September 2015. These 17 goals outline a universal agenda to achieve global sustainable development by 2030 and apply to 190 countries, including New Zealand. These goals provide us with a strong framework to implement our environmental and social strategy and realise the values and aspirations of our team to make a difference to Kiwi lives every day.

We are delighted to play our role in creating a more sustainable world. Our new goals are deliberately ambitious and designed to challenge the way we operate.

Dave Chambers
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.



Ensuring Gender Equity

1

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

Countdown is committed to supporting gender equality in our business. We have female leadership programmes in place and are building a culture that includes flexible working arrangements and targets to encourage more women to be represented in senior management. Currently 35 per cent of Countdown's executive and senior management are 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.

Countdown is committed to having no salary wage gap between male and female employees of equivalent positions. In 2016 and 2017 we completed a comprehensive gender pay equity review of our salaried team members which resulted in a number of roles adjusted. We will monitor this yearly to ensure we are meeting this goal.



Embracing Our Diversity

3

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

Countdown is proud of its diverse team and is committed to an inclusive and welcoming work environment. Unconscious bias training for hiring managers will begin to be rolled out during the 2018 financial year.

4

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

Countdown employs over 18,000 people across New Zealand. We want a business that fairly represents gender and the different ethnicities and cultures represented in our communities. As part of our work to grow a culture of inclusion we are working to better understand the diversity of each of the communities our stores operate in so we can recruit accordingly.



A Focus On Growing Our Team

5

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

Countdown is proud to give many Kiwis their first job. We have around 5000 team members under the age of 25 and a number of targeted programmes that focus on youth including internships, graduate programmes, gateway programmes for school students, formal retail qualifications that are NZQA approved and ESOL support. The aim of these programmes is to grow and support our team and provide opportunities for them to build a great career in the food and grocery industry.

6

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

Countdown strives to be a leading employer in New Zealand. We have a strong set of policies that underpin a supportive and progressive work environment. In November 2016 we introduced a Family Violence Policy and in May 2017 we were the first major company in New Zealand to introduce a Transgender Transitioning Policy. We are also committed to our team's wellbeing by providing support initiatives like our comprehensive Employee Assistance programme. We will continue to introduce new employment initiatives to provide a supportive and inclusive work environment that our team feel proud to be part of.



Creating Opportunities For All

7

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

The health and safety of our team and customers is a key priority for Countdown. Although we see year on year improvements to injury rates across our business, our aim is to be a completely injury free workplace and destination. As part of a raft of activations working towards this goal, we are currently rolling out an extensive health and safety programme across our logistics and distributions centres aimed at fostering a culture where safety is the number one priority.

8

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

In May 2017 Countdown introduced a Transgender Transitioning Policy which we will regularly monitor to ensure it is providing the right sort of support to our transitioning team members. We will begin the process to achieve the Rainbow Tick certification in the 2018 financial year.



Moving To A Circular Economy

9

Towards zero food waste going to landfill.

There are both strong social and environmental benefits for preventing food waste going to landfill. Countdown runs New Zealand's largest food rescue programme with each of our stores involved at a local level with a food rescue partner. We also run an annual \$100,000 contestable fund to help our food rescue partners build their capacity. In 2017, Countdown was awarded the Ministry for the Environment's Green Ribbon Award for Business Leadership for our food rescue work. We are continually evolving our waste management practices and looking for new innovations to advance our commitment to zero waste.

10

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

Countdown continues to look for opportunities to reduce waste and support recycling initiatives. We are a founding member of the Soft Plastics Recycling Scheme which we have implemented in all stores included in the scheme's scope (currently 115 stores). Our customers have recycled 59 tonnes of soft plastics since the programme began.



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.

Countdown is committed to sourcing quality and ethical food from New Zealand and overseas. Wherever we can we try to buy New Zealand made products, particularly for fresh meat, dairy and produce. This not only supports local suppliers and our local economy but also reduces food miles. We are continuing to work with suppliers to move our own brand coffee, tea, chocolate and sugar towards independently certified sources. We are on track to have Bonsucro certification for all of Countdown's own brand sugar by early 2018. Currently 23 per cent of Countdown's own brand coffee, tea and chocolate blocks are sourced from independently certified, sustainable sources such as FairtradeTM, Rainforest Alliance or UTZ certification.

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.

We are a member of the Roundtable on Sustainable Palm Oil (RSPO) which is a multi stakeholder organisation made up of retailers, manufacturers, palm oil producers, traders and non government organisations. The Roundtable sets global standards for palm oil production and manages a robust certification scheme. In FY17 our own brand food products only used RSPO certified sustainable palm oil.



Responding To Climate Change

13

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

Countdown takes its environmental responsibilities seriously and we have seen a nine per cent decrease in carbon emissions compared from 2016 to 2017 despite growing significantly as a business over this time. In 2016, Countdown was awarded the Ministry for the Environment's Green Ribbon Award for Resilience to Climate Change. Over the next year, Countdown will start a hydrofluorocarbon (HFC) phase out programme which will see a significant reduction in our carbon emissions.

14

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

We expect to exceed our target of reducing refrigerant leakage through the introduction of a new refrigerant with a significantly lower Global Warming Potential (GWP) factor, along with integrating new transcritical refrigeration in a number of our stores.



Working With Our Business Partners

15

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

Countdown is committed to working with its suppliers fairly, honestly and transparently. Good working relationships with suppliers are a fundamental part of what we do and how we operate. Building on this commitment, Countdown launched a new Supplier Charter in March 2017. The Charter outlines the principles of how we conduct our supplier relationships. It's also really important to us that suppliers have a clear way to raise concerns. The Supplier Charter puts in place a fair disputes process which we monitor and review as part of this goal.

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.

While Countdown's preference is to buy from local suppliers, we do source some food, drinks and general merchandise from around the world. We have an ethical sourcing policy which we expect all our suppliers to adhere to. Alongside Woolworths in Australia, we audit own brand factories based on considerations such as human rights and labour practices. We will build on our audit and compliance practice to ensure our supply chain accords with global best practice.



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.

We're proud to be part of communities right around New Zealand and work hard to be a good employer and a good neighbour wherever we are. Around the country Countdown stores support their local community, whether that's by donating food to The Salvation Army and other local foodbanks through Countdown Food Rescue, or through our Countdown Kids Hospital Appeal, Free Fruit for Kids programme in every store, charity initiatives or local sponsorships to name just a few. We are committed to using our Food for Good.

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.

Countdown supports New Zealand communities in a number of ways. We also work with a number of partners to support emergency relief work including the Red Cross, Oxfam and The Salvation Army. We will manage and report on our social impact under a social accounting framework to ensure we meet the targets we set. Reporting on our social impact is an important way to demonstrate to our team and customers that Countdown is positively contributing to New Zealand communities.



Creating Shared Value With Our Customers

19

We will achieve leading customer satisfaction scores.

Our purpose is to make Kiwi's lives a little better every day. This means delivering a great range of quality products at low prices to our customers. It also means providing great service through our online offering, and listening to customers about issues that matter to them. Earlier in 2017, we made an announcement that we would go 100 per cent cage free in retail eggs targeting the end of 2024 in the North Island and the end of 2025 in the South Island. Then in October 2017, we announced we would phase out single use plastic bags by the end of 2018.

20

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

New Zealanders are becoming increasingly health conscious in their shopping and in response we continue to introduce new products, larger health food sections and initiatives such as introducing Health Star Ratings to our own brand range. We have increased our engagement with public health officials and researchers as we look for ways to support and promote healthy choices in our business. In October 2016, we launched a set of Health and Nutrition targets which will be reviewed and updated each year. These targets set out a number of initiatives Countdown is committed to undertaking to promote and encourage healthy choices.

Our 2020 commitments and the United Nations sustainable development goals.

United Nations Sustainable Development Goals



End Poverty in all its forms everywhere

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Ensure healthy lives and promote well-being for all at all ages

Ensure inclusive and quality education for all and promote lifelong learning

Ensure access to affordable, reliable, sustainable and modern energy for all

Promote inclusive and sustainable economic growth, employment and decent work for all

Reduce inequality within and among countries

Ensure sustainable consumption and production patterns

Take urgent action to combat climate change and its impacts

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

Revitalize the global partnership for sustainable development

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.	9 Towards zero food waste going to landfill.	20 We will support and inform our customers to help them to make healthier choices.	1 At least 40 per cent of executive and senior manager positions to be held by women.	13 Reduce Countdown's carbon emissions to 10 per cent below 2015 levels.	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.	5 We will develop the careers of the Countdown team with a focus on youth.	9 Towards zero food waste going to landfill.	13 Reduce Countdown's carbon emissions to 10 per cent below 2015 levels.	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.	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.
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Countdown's 2020 Commitments

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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.	11 Source key raw materials and commodities sustainably to an independent standard by 2020. We will raise awareness of sustainably sourced products.					
19 We will achieve leading customer satisfaction scores.							

Countdown's corporate responsibility strategy is aligned to the United Nations 2030 sustainable development goals. These goals call for global action among governments, business and communities to end poverty and create a life of dignity and opportunity for all.