2017 Corporate Responsibility Report
About this report:
This is Countdown’s third New Zealand Corporate Responsibility Report. Statistics are for the year ended 30 June 2017 (FY17), unless otherwise specified.
Countdown has had a strong sustainability plan in place since 2007, and this year we have launched our new Corporate Responsibility Strategy 2020. Each year, we submit our community and sustainability data to Woolworths Limited for inclusion in the Woolworths Corporate Responsibility Report, which is internally and independently audited.
This is the third 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 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 third Corporate Responsibility Report.

Our purpose is very simple - to make Kiwis’ lives a little better every day. That not only means delivering a fantastic range of quality products at a low price and with great service, but also that we make a positive difference to the communities we are part of.

At the end of June 2017 we had 184 Countdown supermarkets nationwide. We are one of the largest employers in New Zealand, and serve almost three million customers every week. As New Zealand’s largest supermarket brand, we have the opportunity to show leadership, do the right thing and be an active part of the communities in which we operate.

This year we have introduced 20 new corporate responsibility commitments, which we aim to achieve by 2020. These fall under three focus areas and cover all aspects of our business: People, Planet and Prosperity. Countdown’s commitments are aligned with the Sustainable Development Goals set by the United Nations in September 2015.

This report details how Countdown progressed under each of our new commitments for the 2017 financial year.

We include a number of goals to protect our planet. Countdown’s October announcement to phase-out single use plastic carrier bags is a key demonstration of our sustainable leadership and is further underpinned by our desire to be one of New Zealand’s leading sustainable businesses.

We will continue to be active locally across New Zealand communities, through initiatives like Food for Good, which includes New Zealand’s largest food rescue programme. Each of our stores has a food rescue partner to take surplus food that can’t be sold but can still be safely eaten, helping thousands of Kiwis every day.

As the impact of issues like climate change, and a consumer focus on provenance become ever more apparent across the world, we continue to focus on reducing our carbon footprint and supporting sustainable and ethical supply chain management.

Dave Chambers
MANAGING DIRECTOR
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.

**Countdown’s 2020 Commitments**

**PEOPLE: Encouraging Diversity**

1. **ENSURING GENDER EQUITY**
   - At least 40 per cent of executive and senior manager positions to be held by women.

2. **EMBRACING OUR DIVERSITY**
   - 100 per cent of those responsible for hiring new team members to have completed unconscious bias training.
   - Continue the focus on driving cultural diversity, with a commitment that by 2020 the Countdown team will truly reflect the communities we serve.

3. **A FOCUS ON GROWING OUR TEAM**
   - We will develop the careers of the Countdown team with a focus on youth.
   - We will continue to develop employment policies appropriate to our New Zealand team to provide a supportive work environment.

4. **CREATING OPPORTUNITIES FOR ALL**
   - We are committed to maintaining a workplace that safeguards the health and wellbeing of our people, customers and visitors.
   - Achieve Rainbow Tick certification in New Zealand, demonstrating our commitment to LGBTI inclusion.

**PLANET: For a healthy Aotearoa New Zealand**

5. **MOVING TO A CIRCULAR ECONOMY**
   - Towards zero food waste going to landfill.

6. **SOURCE ENVIRONMENTALLY SUSTAINABLE COMMODITIES**
   - Source key raw materials and commodities sustainably to an independent standard by 2020. We will raise awareness of sustainably sourced products.
   - 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.

7. **RESPONDING TO CLIMATE CHANGE**
   - Reduce Countdown’s carbon emissions to 10 percent below 2015 levels.
   - 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**

8. **WORKING WITH OUR BUSINESS PARTNERS**
   - We will achieve a top quartile favourability ranking with our suppliers as measured by independent supplier surveys.

9. **GIVING BACK TO THE COMMUNITIES IN WHICH WE OPERATE**
   - 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.

10. **CREATING SHARED VALUE WITH OUR CUSTOMERS**
    - We will achieve leading customer satisfaction scores.

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

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

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

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

15. **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.**

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19. **We will achieve leading customer satisfaction scores.**

20. **We will support and inform our customers to help them to make healthier choices.**
$6.8 MILLION DONATED TO COMMUNITY PARTNERSHIPS AND PROGRAMMES

AROUND 50,000 PIECES OF FRUIT ARE GIVEN AWAY EACH WEEK THROUGH OUR FREE FRUIT FOR KIDS PROGRAMME

TOTAL FOOD DONATED THROUGH FOOD RESCUE $5.8 MILLION
- FOOD DONATED TO THE SALVATION ARMY $1.9 MILLION
- FOOD DONATED TO OTHER CHARITIES $1.8 MILLION
- FOOD DONATED TO FARMERS $2.1 MILLION

INTRODUCED NEW POLICIES:
- Family Violence Policy
- Transgender Transitioning Policy
- Responsible Advertising Policy
- Supplier Charter

NEW RECYCLABLE MEAT TRAYS STOPPED 500 TONNES OF BLACK FOAM FROM ENDING UP IN LANDFILL

18,000+ TEAM MEMBERS

33% OF TEAM ARE UNDER 25

Countdown customers dropped off 59 TONNES OF SOFT PLASTIC TO BE RECYCLED through the Soft Plastic Recycling Programme

1,600KG OF SALT REMOVED FROM OWN BRAND POTATO CHIPS EACH YEAR

We work with 991 local farmers
NZ locally sourced

FRESH CHICKEN 100%
FRESH PORK 100%
FRESH LAMB 100%
FRESH SEAFOOD 99%
FRESH BEEF 97%

94% OF OUR STORES HAVE AT LEAST ONE CONFECTIONERY FREE CHECKOUT
Our Business

Countdown prices this year vs last year

Our priority is to deliver low prices every day to customers. This has faced some challenges over the past year: the country experienced the worst summer and winter weather patterns for some time, making growing conditions difficult. This inevitably led to fluctuations in the availability and price of fresh fruit and vegetables.

In the year to the June 2017 quarter, the Statistics NZ Food Price Index increased 3.0 per cent. Grocery food prices increased 2.1 percent, with fruit and vegetables up 9.3 per cent.

In comparison, Countdown’s food price index showed a modest increase of just 0.4 per cent across all products over the FY17 year (in the previous two years the index has been in deflation largely due to Countdown’s focus on affordable food for customers). More than 3,600 products are now at low prices every day as part of the Price Down programme.

Last year, we opened five new Countdown stores and refurbished eight. We plan to refurbish even more stores in the year ahead, with an investment of around $500 million over the next three years to grow and refresh our network of stores throughout New Zealand, including our online store.
Our people are a key part of who we are and they reflect the diversity we celebrate across New Zealand. We are committed to embedding that diversity in our business, supporting the 18,000 people we employ across our stores, distribution centres, meat and seafood plants.
Women in leadership

Increasing female representation across our team provides good role models, attracts great talent and adds to our ability to retain high-performing women.

Currently, 35 per cent of manager, senior management and executive level roles at Countdown are held by women. We are committed to building a culture that encourages more women to be represented in senior positions across our business.

“I am proud to be part of a leadership team that strives to do the right thing, which is the key driver behind our commitment to gender equality. To reach this commitment by 2020 we need to remain focused on building a culture that not only attracts great female talent to our business but also extends every opportunity to women across our business to become leaders. If a recruitment shortlist comes to me with only one gender represented, I’ll ask our people leaders to have another go.”

BRIDGET LAMONT, GENERAL MANAGER MARKETING

Closing the gap

In 2016 and 2017 we completed a comprehensive gender pay equity review of our salaried team members to identify any pay inequality between men and women in like-for-like roles. Salaries of more than 700 people were reviewed and, where gender-based pay gaps were identified, salary increases were provided.

We are now moving into a further phase of our review, where we look at more senior positions and roles in which there were fewer people to compare. We will continue to review our people strategies and commitments to ensure our team enjoys the same rewards and opportunities regardless of gender.
EMBRACING our diversity

Having a team that understands our customers is critical to providing the best possible shopping experience. Not only this, but our customers should see a reflection of themselves in Countdown’s team.

Unconscious bias training
Countdown is proud of our diverse team and we are committed to an inclusive and welcoming work environment. Unconscious bias can affect the decisions that we make, which is why we will be introducing a new training programme for hiring managers during the 2018 financial year.

Equal opportunities
Countdown employs more than 18,000 team across New Zealand. We want a business that fairly represents gender and the different ethnicities and cultures that make up our communities. We are also working to better understand the diversity of each of the communities in which our stores operate, so we can recruit accordingly.

Countdown’s Literacy Project is designed to help strengthen English language, literacy and numeracy. The lack of these communication skills is often a significant, but hidden, problem and while our people may have a strong work ethic, language can be a barrier to their success. Countdown’s training focuses on language-related tasks which team with limited literacy find a challenging aspect of their roles. The Literacy Project aims to provide more than 4,000 learning hours for our team each year, focusing on people in our distribution centres, meat plants, and stores.
Developing our youth

Countdown employs 18,000 Kiwis, making us one of the largest employers in the country. We also give many people their first job. At the end of June 2017, 33 per cent (or 5000) of our workforce were under 25. We provide a range of opportunities for our team to grow their careers with us, including educational, apprenticeship and development opportunities. More than 600 of our team have signed up to complete a Certificate in Retail Level II, with further levels to be offered. Countdown also runs a comprehensive development programme for people who wish to step up to Department or Store Manager level, as well as an Aspiring Leaders programme and a dedicated Female Leadership and Development programme. In 2017, we began our third annual ‘Dare to Lead’ Graduate Programme with six graduates. In 2018, we have 11 new graduates joining the business.

Tessa Ross, Graduate

The Countdown ‘Dare to Lead’ Graduate Programme gives graduates a 12-month opportunity to develop expertise in an area related to their career goals. During the programme they rotate to new departments and projects, gaining exposure to the wider Countdown business.

Tessa Ross joined Countdown’s graduate programme in 2017. Tessa has welcomed the development support as part of the programme and is currently completing ‘People Skills for Leadership’ training.

“Bringing young graduates into Countdown adds important diversity to the business. In each rotation we are asked for ideas, which is both challenging and rewarding. It’s fantastic that Countdown recognises that young people bring with them fresh ideas that can add real value to an ever-evolving business environment. I’m also particularly proud to be associated with a business that puts in place progressive policies like their Family Violence policy. These highlight the importance Countdown place on the health, safety and wellbeing of its team, which make it a truly great place to work. I strongly believe this will only serve our people and our customers better in the long-run.” TESSA ROSS - LEADERSHIP GRADUATE
A FOCUS ON developing our team

Workplace by Facebook
Workplace by Facebook, gave our team the chance to connect with each other, ask questions, share ideas and find out what’s going on across the business. To date more than 10,000 team members are using the platform, with the next phase of the rollout including our logistics teams in distribution centres and processing plants. Countdown was awarded an Innovation Award at Facebook’s Workplace Australia and New Zealand Transform Conference.

“I want to thank you and your team for your support so far. All of us in the worldwide Workplace team know about Countdown and the way you’re connecting and engaging with your store employees and driving business agility. Our team are totally committed to supporting you. I hope we can help you move fast, derive value and celebrate the impact together”.

JULIEN CODORNIOU, GLOBAL VP, WORKPLACE BY FACEBOOK

Family Violence Policy
In November 2016 we introduced the Countdown Family Violence Policy across all Countdown supermarkets, distribution centres, processing plants and support offices. Under this policy, any of our team directly affected by family violence are entitled to up to 10 days paid leave for full time team (35 hours or more), and five days paid leave for part time team, in any calendar year. This can be used to attend legal proceedings, meet with support services, relocate, attend health appointments, or attend other activities relating to family violence. The policy contains other practical measures of support, including access to free employee counselling services.

“Family violence isn’t confined to the home - many victims and perpetrators are in work and, as a result, businesses and workplaces have a huge role to play in the elimination of violence. Countdown, as one of New Zealand’s largest employers, have taken an important step by adopting a family violence policy. They have sent a clear message to their team that should they experience family violence, or be dealing with the effects of it, they will be supported. That kind of support is invaluable and potentially lifesaving.”

DR JACKIE BLUE, NEW ZEALAND EQUAL EMPLOYMENT OPPORTUNITIES COMMISSIONER, HUMAN RIGHTS COMMISSION

Team engagement
Countdown continues to invest in the tools our people need to do their job. One area where we listened was around the need for improved communication across the business, both engaging and better informing our team. In 2017, our Internal Communications team won a Public Relations Institute of New Zealand award for introducing a world first new communications platform – Workplace by Facebook. This year we've continued the trend of our sustainable engagement score increasing year-on-year. Countdown had an engagement score of 84 per cent, compared to the global retail average of 82 per cent.

2020 commitment
We will continue to develop employment policies appropriate to our New Zealand team to provide a supportive work environment.
A SAFE PLACE to work

Health and safety a key priority
The health and safety of our team, customers and visitors is a priority for Countdown. We aim to set the standard for best practice in delivering health and safety outcomes in New Zealand.

Although we see year-on-year improvements in reducing injury rates across our business, our aim is to be an injury-free workplace and destination. We are currently rolling out an extensive health and safety programme across our logistics and distribution centres, to help foster a culture where safety is the number one priority for all team members. The first stage of this programme uses a combination of social media, workshops, and poster and video campaigns.

LGBTQI+ support
We want all our team to feel valued and respected at work, regardless of their gender, age, ethnicity, beliefs, sexual orientation or gender identity. Achieving the Rainbow Tick certification for a commitment to LGBTQI+ inclusion is part of this and we are progressing this in the 2018 financial year.

Transgender Transitioning Policy
In May 2017 Countdown introduced a policy for members of our team who are transitioning gender. This outlines Countdown’s responsibilities as an employer and reinforces our commitment to providing an inclusive environment, as well as the practical assistance available to support team members. The policy is designed to ensure transitioning team members feel comfortable, can be themselves and perform at their best while at work.

“Countdown is definitely on the right track with the implementation of this policy and we can only hope that other companies see the importance and follow suit. We at Agender NZ support Countdown and are happy to be involved with such a forward thinking company.” TRACEE NELLEY, PRESIDENT OF AGENDER NZ

Supporting Pride
At the beginning of 2017, our new store in Auckland’s Ponsonby partnered with OUTLineNZ in their work to organise the Pride Parade. As well as supporting OUTLineNZ, Countdown Ponsonby took part in the February Pride Parade. This support will be ongoing.

2020 commitment
We are committed to maintaining a workplace that safeguards the health and wellbeing of our people, customers and visitors.

Achieve Rainbow Tick certification in New Zealand, demonstrating our commitment to LGBTI inclusion.
We know how important it is to innovate for a healthy planet, which is why we’re currently working to use less, waste less and pollute less. As well as using sustainable products and materials, we are committed to reducing our carbon emissions.
Moving to a CIRCULAR ECONOMY

We’re aiming for year-on-year reductions in the amount of food waste going to landfill, by reducing stock loss, improving store waste management and increasing the effectiveness and reach of our food rescue and farmers programme.

Reducing food waste

Our business sees strong social and environmental benefits from preventing food waste going to landfill. We now run New Zealand’s largest food rescue programme with 100 per cent of our 184 stores donating surplus food to food rescue partners and farmers. As thought leaders in this area, we bring all our partners together for an annual Food Rescue Summit where we share ideas and best practice. Last year we awarded $127,500 in a new Countdown Food Rescue Partners Contestable Fund, to support the sector’s growth.

We have also seen an increase in donations both in-store and online, boosted by the launch of new purple customer donation bins. For the 2017 financial year, we estimate $5.8 million dollars worth of food was donated to our food rescue partners and farmers across New Zealand.

In 2017, Countdown was awarded the Ministry for the Environment’s Green Ribbon Award for Business Leadership for our food rescue programme.

“The Odd Bunch

This year, Countdown got creative and found a way to give ‘ugly’ produce a second chance. Part of our commitment towards zero food waste is to lead the market with innovations that reduce waste. The Odd Bunch challenged perceptions of perfect produce and at the same time, cut food waste, took more produce from growers, and made healthy food more affordable for customers.

The Odd Bunch has been a hit with consumers and growers alike, with the programme seeing some great sales results so far, and saving around 500 tonnes of produce from the waste stream.

“In a year when the kumara industry’s 2017 crop is expected to be down as much as 35 per cent on 2016 because of the cool, late spring/early summer, coupled with the heavy rainfall over harvest time, The Odd Bunch enabled growers to maximise the crop they did have.”

ANTHONY BLUNDELL, KAIPARA KUMARA MANAGING DIRECTOR

Ian Myhill from Fair Food receiving food from Countdown

TOTAL FOOD DONATED THROUGH FOOD RESCUE
$5.8 MILLION

FOOD DONATED TO THE SALVATION ARMY
$1.9 MILLION

FOOD DONATED TO OTHER CHARITIES
$1.8 MILLION

FOOD DONATED TO FARMERS
$2.1 MILLION
Moving to a CIRCULAR ECONOMY

Meat Trays
Countdown’s meat departments across the country have moved away from non-recyclable expanded polystyrene packaging to clear, recyclable RPET trays. Not only are these trays made using 50-95 per cent recycled PET (typically 95 per cent, depending on availability), they can also be recycled kerbside with just a little rinsing. This change may seem small on the surface, but will stop at least 500 tonnes of the old black foam trays from ending up in landfill each year.

Microbeads
By October 2017 Countdown had removed all products with plastic micro-beads from our shelves. We were the first supermarket in New Zealand to phase out the use of plastic micro-beads in all of our own brand skin care and body wash products by the end of 2015, and now no longer stock any own brand or branded products containing plastic micro-beads.

Soft Plastics Recycling Scheme
Countdown is a founding member of the Soft Plastics Recycling Scheme, which enables customers to drop off a range of soft plastic packaging for recycling at their local supermarket. This includes empty bread and frozen food bags and plastic shopping bags, which have previously gone to landfill. As yet, this government scheme is not available across the entire country but all of Countdown’s 115 stores within the scheme’s scope are part of the programme, including all of our South Island stores. In the past year, Countdown customers have recycled 59 tonnes of soft plastics through our stores.

2020 commitment
Improve the recyclability of our own brand packaging and contribute to the circular economy
Environmentally responsible sourcing

Our first preference is to buy New Zealand-made food and other products, particularly for fresh meat, dairy and produce. This not only supports local suppliers and the New Zealand 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, and 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 Fairtrade, Rainforest Alliance or UTZ certification. As the remainder of these private label products come up for review we will ensure that they come from sustainable sources.
The path to cage-free eggs
Customer demand for free range and barn eggs has increased by 50 per cent in the last two years. The animal rights organisation, SAFE, had been asking New Zealand retailers to “name the date” by when they would phase out cage eggs in New Zealand. Throughout 2016 we engaged with our egg suppliers to determine whether it was achievable to phase-out caged eggs, and what would be a realistic time frame.

In March 2017, Countdown became the first national retailer in New Zealand to announce it was going 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.

Over the past year we have continued to see growing customer demand for free range and barn eggs, with double digit sales growth. Around 50 per cent of our egg shelf space is now dedicated to cage-free eggs.

To achieve our goal, we have been working closely with our egg farmers to ensure that we are building up supply over time. In 2016 we launched the Countdown Egg Producer Programme for Free Range and Barn to provide certainty to suppliers that if they invest in free range and barn egg farming, we will buy those eggs. By working together with our egg producers, we are confident we can source the 150 million free range and barn eggs we require each year to meet the needs of our customers by the 2024/2025 target dates.

“Countdown’s Egg Producer Programme for Free Range and Barn has enabled us to invest in further developing our business in the knowledge that we would have a market for our eggs. This point was, and still is, extremely crucial for both ourselves and our bankers in order to expand. Without this assurance there would be no doubt that we could not continue to grow as a business.”
IAN HIGGINS, WHOLESOME NEW ZEALAND

Responsible and ethical fish and seafood
We ensure that our seafood comes from responsible and ethical sources. All our in-store NZ fresh fish is either caught or farmed via our supply partners through the New Zealand Government Quota Management System (QMA), Best Aquaculture Practice (BAP), or under the Aquaculture Stewardship Programme (ASP). These programmes, along with our own independent audits, ensure sustainable use of fisheries resources.

Bananas
The majority of our bananas are sourced from Ecuador and Mexico with some pre-packaged bananas from the Philippines. Our banana suppliers are audited and comply with our strict ethical standards.

SPCA Blue Tick
New Zealand’s SPCA Blue Tick programme is an accreditation scheme focused on high animal welfare standards. At Countdown we currently have 51 chicken, pork, and egg products with the SPCA Blue Tick, including all of our own brand Macro free range chicken and our free farmed pork.
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.

**Paper, pulp and timber**

Countdown works with the Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) certification systems to ensure our own brand products and raw materials are independently certified and sustainable. All of Countdown’s own brand tissues, toilet paper and kitchen towel products are certified. Currently, 63 per cent of our own brand products containing timber, pulp or paper are certified and we are on track to increase this to 75 per cent by early 2018. We are continuing to work with our manufacturers to meet our targets for sustainable certification for raw materials.

**Palm oil**

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. We are now working towards this for own brand non-food products.
Our aim is to reduce our carbon emissions to 10 per cent below our 2015 levels. While we still have work to do to bring our carbon emission levels down by 2020, we have seen a nine per cent decrease in carbon emissions compared to FY16 despite growing as a business over this time with five new stores.

Over the next year, Countdown will start a hydrofluorocarbon (HFC) phase-out programme in our refrigeration units in stores which will see a significant reduction in our carbon emissions.

**Saving power with LED lighting**
Following the success of introducing LED lighting in our stores, which saw energy savings of around 40 per cent, we have continued to roll this lighting out in new stores and as we refurbish our existing network. More than 170 of our stores now have new LED lighting in the retail areas, with the remaining stores planned as they undergo refurbishments.

**Logistics efficiencies**
As a business we are always looking for new ways to become more efficient in how we operate. This is the same with our logistics network, where we have two dedicated networks, for temperature controlled freight and ambient goods. This allows us to put particular focus on maintaining temperature integrity and creates less waste in our network.

We are also working with our carrier partners to introduce new initiatives to reduce our impact on the New Zealand environment. Our partners are currently in the process of introducing new trailers which will maximise the new regulations around larger transport trailers. We anticipate we will gain between five to 10 per cent more capacity, which will mean fewer trucks on the road.
Responding to CLIMATE CHANGE

Reducing refrigerant leakage
Refrigerants currently make up 46 per cent of Countdown’s carbon emissions. 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.

We currently have 116 stores which use the refrigerant gas 404a, which has an operating charge of 120 tonnes and a leak rate of 18 tonnes per year. We are currently working on retrofitting our stores with R449, which has a much lower GWP factor.

Additionally, we continue to roll out hybrid and transcritical refrigeration systems across our stores. All new stores will have transcritical refrigeration systems using natural refrigerants. We currently have 56 hybrid and four transcritical refrigeration systems successfully operating.

COUNTDOWN’S REFRIGERANT LEAKAGE

- Actual CO2-e leaked
- Predicted CO2-e leakage
- 2020 refrigerant target

2020 commitment 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

Good relationships are the key to Countdown’s business. We will continue to engage positively with suppliers, give back to communities across New Zealand and honour the trust our customers have in us to deliver great products every day while doing the right thing by our people and the planet.
Working with our BUSINESS PARTNERS

Countdown is committed to working with our suppliers fairly, honestly and transparently. Good working relationships with suppliers are a fundamental part of what we do and how we operate.

Supplier Charter
Countdown launched a new Supplier Charter in March 2017, which outlines the principles of how we conduct our supplier relationships, as well as our commitment to be open, transparent and data-based in our buying decisions. The Charter puts in place a fair disputes process, which we monitor and review. There have been no complaints made under the Charter since it was launched in March 2017.

We also measure how we are doing with our suppliers through the Advantage Group Mirror Report, and are consistently seeing improvements in a number of areas such as retail execution, new product development, performance and supply chain management.

Improving working conditions
Countdown’s preference is to buy from local suppliers, however we do source some food, drinks and general merchandise from around the world to meet the needs of our customers. We have an ethical sourcing policy, which we expect all our suppliers to adhere to. The human rights of both our team and the people working along our supply chains is very important to us. 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 programme to ensure our supply chain accords with global best practice.
MAKING AN IMPACT

We’re part of communities right across New Zealand, and play an active role in helping support a number of charitable organisations. Here are a range of donations Countdown made in the past financial year.

- **CHRISTMAS FOOD RESCUE APPEAL**
  - $91,500 food donation
- **FOODBANK PROJECT**
  - $46,626 gross profit donation
- **THE FOODBANK PROJECT - FEMALE SANITARY APPEAL**
  - $5,000 sanitary product donation
- **RED CROSS NEW ZEALAND**
  - $35,000 donation for Kaikoura earthquake and Edgcumbe flood appeals
- **WELLINGTON ALCOHOL FREE SAFE ZONE**
  - $10,000 donation
- **EARTHQUAKE SUPPORT**
  - $400,000 food donation
- **RED CROSS KAIKOURA AND EDGEcumbe**
  - $38,142 for Red Cross Kaikoura and Edgcumbe
- **RSA CHRISTMAS GIFT BOXES**
  - $95,596 for Kidscan
- **EARTHQUAKE SUPPORT**
  - $400,000 food donation
- **THE FOODBANK PROJECT - FEMALE SANITARY APPEAL**
  - $5,000 sanitary product donation
- **NZ NUTRITION FOUNDATION - JUST COOK**
  - $6,120 gift cards for community kits
- **COUNTDOWN’S CONTESTABLE FUND**
  - $127,500 funding for food rescue partners
- **COUNTDOWN FOOD RESCUE PROGRAMME**
  - $5.8 million food donation
- **LOCAL COMMUNITY SPONSORSHIP THROUGH OUR STORES**
  - $247,509 donated
- **WINTER FOOD RESCUE APPEAL**
  - $7,000 food donation
- **WINTER FOOD RESCUE APPEAL**
  - $7,000 food donation
- **FOOD DONATION**
  - $1.1 million for Countdown Kids Hospital Appeal
- **Countdown customers helped raise:**
  - $20,000 for Alzheimer’s NZ
  - $134,000* for Dementia Auckland
  - $38,000 for Red Cross Kaikoura and Edgcumbe
- **FOOD DONATION**
  - $95,596 for Kidscan
- **FOOD DONATION**
  - $48,857 for the Salvation Army

*Supplier Golf Day fundraising
Food for Good
Countdown supports New Zealand communities in a number of ways. Over the past few years we have reviewed our community investment to make sure it’s right for our business, and importantly, is making a positive impact for New Zealanders.

Food for Good ties our business and community activities together. In the 2017 financial year we donated 2.2 per cent of our EBIT through community partnerships and programmes, the equivalent of $6.8 million.

Supporting The Salvation Army
Countdown has a strong relationship with The Salvation Army through the Countdown Food Rescue Programme, our partnership with The Foodbank Project, and annual food rescue appeals.

The Countdown Christmas Food Rescue Appeal donates $500 worth of groceries from every store ($91,500 in total), to kick start the donations. During the 2016 appeal Countdown customers also donated 673 trolleys full of food to The Salvation Army, along with more than $23,000 of cash donations.

In June 2017 Countdown held the first annual Winter Appeal encouraging customers to make food donations in-store in the designated purple food rescue bins or online via The Foodbank Project. The Winter Appeal saw a significant increase in food donations both in-store and online, along with more than $25,000 of cash donations.
Giving back to our COMMUNITIES

Countdown Kids Hospital Appeal

The 2016 Countdown Kids Hospital Appeal raised a massive $1.1 million for 11 children's hospitals nationwide, with fundraising efforts spanning the country from Kerikeri to Invercargill. The 11-week appeal, from 1 August until 23 October, brought the total amount raised during the appeal’s 10-year history to more than $10.4 million. The appeal aims to contribute to the growth and development of New Zealand by supporting the health of its future – Kiwi kids.

Supporting the Red Cross - Kaikoura Earthquake

The Kaikoura earthquake on 14 November 2016 had a significant local and national impact. Our response as a business was focused on doing the right thing both for our team and our customers. This meant checking the welfare of all our team immediately; donating $400,000 worth of food and groceries which ended up stranded on a train near Kaikoura, bussing Wainuiomata shoppers to their nearest supermarket while their local store was closed, and our senior leaders travelling straight away to our affected stores and distribution centres.

We also supported those directly impacted by the earthquake through the Red Cross Kaikoura Earthquake appeal. We donated $25,000, with our customers also donating a further $19,633.47 during this appeal.

Flooding in Edgecumbe April 2017

Countdown supported the NZ Red Cross Bay of Plenty Floods Appeal in April 2017, to help communities affected by the terrible floods. Countdown stores started our fundraising effort by donating $10,000 to the appeal, with total funds raised of $18,509.15. Countdown Whakatane also donated food to Edgecumbe’s fire station to help support the local volunteers assisting with the clean-up. Countdown also donated food packs to the local Edgecumbe Primary School with food for lunches.
Creating shared value with our customers

Our purpose is to make Kiwis’ lives a little better every day, whether that’s our customers or our team.

Voice of Customer
As a retail business, customers are at the heart of what we do. That’s why we use Voice of Customer surveys to track our performance. The survey is found at the bottom of our receipts and helps us understand what we are doing well, and what areas we need to focus on improving. In the past financial year we achieved new highs in our customer satisfaction scores.

Making a difference with online shopping
Our purpose is to make Kiwis’ lives a little better every day. More and more Kiwis are choosing the convenience of shopping online. We know it’s particularly useful for families with newborn babies or small children and for those who find a trip to the supermarket difficult, including our customers with a disability or injury.

“I think the thing I like most about Countdown is their delivery option. Going to the supermarket requires time (especially if you don’t have a car), and physical/emotional energy. These things are often in short supply when you have a chronic illness (even more so when you’re in pain). Being able to easily access food – groceries – makes life less stressful and means I have more energy for other life admin things.” LAURA, WELLINGTON CUSTOMER

NZ Post Parcel Collection
In conjunction with NZ Post we introduced the option for customers to have their packages redirected to one of 38 Countdown supermarkets around the country for pick-up. With most of our stores open until 10pm seven days a week, customers have the flexibility to collect their parcels when they want and combine it with a trip to the supermarket, so it’s all in one place.

Safety tool for victims of family violence
We are also beginning to understand that our online offering can be a great tool for social good. For example, this year Countdown was proud to support a Women’s Refuge idea that allows visitors to Countdown’s site to reach the Women’s Refuge via ‘The Shielded Site’. This portal enables victims of family violence to seek help safely and access critical information without fear of being detected by leaving a browser trail. As one of New Zealand’s largest online retailers, with over 100,000 regular shoppers, we felt it was important to support this initiative.
MAKING IT EASIER to choose healthier options

When the New Zealand Government launched the Obesity Action Plan in 2016, Countdown committed to its own health and nutrition targets. We have made some strong progress over the past year.

Health and nutrition targets
New Zealanders are becoming increasingly health conscious in their shopping. We continue to introduce new products, larger health food sections and initiatives such as the Health Star Ratings to our own brand range. We are also continuing our Free Fruit for Kids initiative, improving the nutritional profile of our own brand products, committing to health and nutrition targets and educating our team to become advocates for healthy options.

94% OF OUR STORES HAVE AT LEAST ONE CONFECTIONERY-FREE CHECKOUT

57% of eligible own brand grocery products have undergone a NUTRITIONAL REVIEW, including saturated fat, sugar, sodium

648 OWN BRAND PRODUCTS NOW HAVE THE HEALTH STAR RATING ON PACK

181 STORES NOW HAVE DEDICATED HEALTH FOODS SECTIONS, OF WHICH 130 STORES HAVE THE FULL HEALTH FOODS OFFER WITH AT LEAST FIVE BAYS OF PRODUCT

4.5% SALES INCREASE OF FRUIT AND VEGETABLES

WE TRACKED OUR WEEKLY MAILER TO ENSURE WE HAVE A FRESH PRODUCT ON THE FRONT OR BACK PAGE EACH WEEK. FROM 31 OCTOBER 2016 TO END OF 30 JUNE 2017 THERE WAS ONLY ONE MAILER WHERE THIS DIDN’T HAPPEN

MORE THAN 10,000 PRODUCTS ON OUR ONLINE SHOPPING SITE HAVE NUTRITIONAL PRODUCT INFORMATION TO HELP CUSTOMERS MAKE MORE INFORMED CHOICES

148 NEW RECIPE CARDS INTRODUCED IN STORE AND ONLINE

50,000 PIECES OF FRUIT GIVEN AWAY EACH WEEK AS PART OF OUR FREE FRUIT FOR KIDS PROGRAMME

1,600 KG OF SALT REMOVED from own brand potato chips each year

95 KG LESS SALT each year in own brand corn chips. We have also removed MSG and other flavour enhancers - now using only natural flavours and colours

50,000 PIECES OF FRUIT GIVEN AWAY EACH WEEK AS PART OF OUR FREE FRUIT FOR KIDS PROGRAMME

2020 commitment 20

We will support and inform our customers to help them to make healthier choices.
PROSPERITY: Founded on trusted relationships

Alcohol - doing the right thing
Countdown is focused on being the most responsible retailer of alcohol in New Zealand. A key step in the past year was to appoint an Alcohol Responsibility Manager, who provides Countdown with a unique point of difference in how we manage our social responsibilities and compliance. Countdown is the only supermarket in New Zealand to have this role.

A single point of contact for regulators and the community has ensured that Countdown addresses issues or concerns as they arise. Across our stores, the Alcohol Responsibility Manager ensures that operational questions can be resolved in a timely manner, and that our stores are aware of their responsibilities under the Act.

In the past year we have had one breach of the Act recorded against us for a failed Controlled Purchase Operation, compared to the previous year when we had eight. The breach was at Countdown Hawera, which lead to a licence suspension of five days. Following this suspension we reviewed and refined both our internal testing programme and our team training.

Countdown's team training is focused on responsible service of alcohol, the regulations around selling alcohol, and provides the team with valuable training in conflict resolution. Once the team undergo the initial training, they must also complete a refresher course annually. Last year we had more than 3000 of our team attend these training and refresher courses.

Countdown donated $10,000 to the Vulnerable Support Charitable Trust to set up an alcohol free safe zone in Wellington central, which supports people who are intoxicated to make sure they are safe and can get home safely.

Advertising Policy
In June 2017 we introduced the Countdown Responsible Advertising Policy, which is our way of ensuring that all advertising of food and groceries is of a high ethical standard, supports the Ministry of Health Nutritional Guidelines, and complies with the Advertising Standard Authority codes. Our Responsible Advertising Policy also clearly outlines our responsibilities around advertising to children.
We hope you have enjoyed this report and welcome your feedback. Please email feedback@countdown.co.nz with any comments or questions.