

Sustainable Cotton Policy

We create better experiences together
for a better tomorrow.

Sustainable Cotton Policy

Objective

The Woolworths Group Sustainable Cotton Policy seeks to address the social and environmental impacts incurred in the cultivation of cotton and deliver on the Group's commitment for cotton in our Own Brand products and select non-trade products to be more sustainably sourced. Additionally, it aims to drive transparency of the cotton used in our products to the raw material origin.

By enhancing the minimum sourcing standards for cotton related products, the key objectives of this Policy are to:

1. Establish our commitment to more sustainably sourced cotton and set our expectations of supply partners
2. Support our existing Responsible Sourcing Policy and Responsible Sourcing Standards and Trading Terms framework
3. Improve transparency of the cotton supply chain
4. Establish a framework for verifying sourcing claims Woolworths Group acknowledges social and environmental impacts can also occur during the production and processing stages of the cotton supply chain which we similarly seek to minimise.

Scope

This Policy applies to suppliers of:

- Woolworths Group Own Brand Products, including own brand products supplied to BIG W, Australian Food Group and Woolworths New Zealand.
- Selected non-trade (goods not for retail sale) products

All direct suppliers, including agents, of in-scope cotton products are required to cascade this Policy, including the minimum sourcing requirements and obligations expressed herein, to their own supply chain, including input and raw materials suppliers, to ensure full compliance with this and all other related Woolworths Group policies. This Policy applies to cotton, including fabric blends, used in own-brand products and packaging including but not limited to apparel and consumer goods.

1 International Institute for Sustainable Development (IISD), Global Market Report: Cotton, 2019
<https://www.iisd.org/system/files/publications/ssi-global-market-report-cotton.pdf>

Background

The cotton sector supports the livelihood of up to 1 billion people across the world, of which 250 million work in cotton processing and approximately 100 million are farmers.¹ Cotton cultivation and production is associated with known negative environmental impacts. Additionally, human rights violations, including child and forced labour, have been linked to the sector. Cotton is one of the most common fibres used across Woolworths Group Own Brand products, utilised in consumer goods including apparel, home and beauty products. Accordingly, this Policy aims to ensure cotton fibres sourced for Woolworths Group products reflect our Responsible Sourcing Standards and our commitment to more sustainably sourced cotton.

Minimum sourcing requirements

Aligned with our 2025 Sustainability Plan goals, we are committed to using cotton that has been produced sustainably and responsibly and encourage the use of recycled and reclaimed cotton where possible. To achieve this, we will adopt the following approach:

Accepted Standards and programmes:

We are committed to standards that achieve continuous sustainable improvements in the production and processing of cotton. For the purposes of this Policy, more sustainably sourced cotton is defined as:

- Organic;
- Recycled; or
- Sourced through Better Cotton, Fairtrade International, Australian Cotton, Cotton made in Africa (CmiA) We understand this is a rapidly evolving space and industry solutions continue to emerge and evolve. We will take a continuous improvement approach and regularly review the suitability of these and emerging standards and programs. We will advise suppliers when additional standards, sourcing programs and material innovations are adopted.

Supply Chain Transparency:

We continue to move towards full supply chain transparency. In order to obtain increased visibility of where our cotton is grown as we transition towards more sustainable sources, co-operation from our supply partners is essential.

¹ International Institute for Sustainable Development (IISD), Global Market Report: Cotton, 2019
<https://www.iisd.org/system/files/publications/ssi-global-market-report-cotton.pdf>

All suppliers are required to:

- Cascade this Policy to their own supply chain, including the minimum sourcing requirements expressed herein, to ensure full compliance with this and all other related Woolworths Group policies
- Provide full material disclosure of all products including the raw material origin of each component by country and region
- Disclose full product supply chains including supplier details of all stages of production including raw material supply and processing
- Comply with the technical specifications, minimum content, verification and claims requirements of accepted standards and programmes
- Notify Woolworths Group prior to any compositional or raw material origin changes in the products it supplies to Woolworths Group. Woolworths Group reserves the right to accept, or not, origin changes
- In order to verify compliance with this Policy, Woolworths Group, from time to time, may work with expert third parties to undertake random product testing of materials. Suppliers are expected to cooperate with tracing efforts by declaring their suppliers and partnering with traceability solution providers where requested.

Responsible Sourcing

Our Responsible Sourcing Policy and Responsible Sourcing Standards and associated Addendums establish our minimum expectations for all Woolworths Group Suppliers in their own business and underlying supply base. The requirements in this Policy do not replace the Responsible Sourcing Policy, Standards or Addendums. Rather, they provide further detail on Woolworths' specific expectations relating to cotton sourcing.

As set out in the Policy, Standards and Addendums, these requirements include, but are not limited to, ensuring:

- Compliance with all national and local labour laws and employment regulations
- That the Woolworths supply chain is free from all forms of child or forced labour, including but not limited to bonded, indentured, or involuntary labour
- Adopting the Employer Pays Principle and adhering to a clear policy with any labour hiring/recruitment agencies that no recruitment fees or other forms of payment are to be levied on workers.

Environmental Management

All relevant environmental provisions outlined in the Responsible Sourcing Standards Article 16 on Environmental Standards apply.

Non-Compliance

Compliance with this Policy and all related Woolworths Policies, Standards and Addendums is mandatory. Woolworths Group reserves the right to cancel purchase orders in accordance with our trading terms for any breaches of this Policy. Breaches can also lead to suspension or termination of the business relationship.

Internationally Recognised Standards

Better Cotton

Better Cotton is the world's largest sustainable cotton initiative with a mission to help cotton communities survive and thrive, while protecting and restoring the environment. Almost a quarter of the world's cotton is produced under the Better Cotton Standard, and 2.2 million cotton farmers have been trained in sustainable farming practices and are licensed to grow Better Cotton.

In late 2023, Better Cotton launched a pathway to achieve traceable cotton and, in doing so, created more options for how buyers and suppliers can use Better Cotton. There are three Chain of Custody models for sourcing Traceable Better Cotton, also known as Physical Better Cotton, these are: Segregation Single Country, Segregation Multi-Country and Controlled Blending. These traceable options are available in addition to the long established mass balance model. These models are outlined in Better Cotton's new [Chain of Custody Standard v1.0](#). Our internal businesses can consider options for Better Cotton, with a vision to transition to traceable Better Cotton as this becomes available.

<https://bettercotton.org/>

Fairtrade International

Fairtrade is a global system that connects farmers and workers, businesses and consumers to ensure fair terms of trade and deliver positive results for small-scale farmers and producers. As part of the global system, Fairtrade Australia and New Zealand is responsible for licensing the Fairtrade Mark in both countries, growing demand for Fairtrade products and providing direct support to farmers and workers in the Pacific.

Fairtrade ingredients in a product have been produced in accordance with Fairtrade’s social, economic and environmental standards where Fairtrade farmers or workers receive the Fairtrade Minimum Price and Premium. Fairtrade is 50 percent owned by farmers and workers themselves, giving them an equal say in the system’s decision-making. <https://www.fairtrade.net/>

Australian Cotton

Australian cotton is grown by approximately 1500 farmers in more than 150 regional communities across NSW and Queensland, with emerging industries in WA and the Northern Territory. With a focus on continuous environmental and social improvement, quality and yield is maximised with fewer natural resources and increased efficiencies, whilst using fewer natural resources. Significant practice changes and industry wide impact data shows significant reductions in water and insecticide usage, and an increase in land use efficiency over the past two decades. Additionally, the industry’s voluntary cotton certification programme, myBMP (Best Management Practices) provides a framework and the practical tools required to continually improve environmental performance with over 80% of farmers participating in the programme and 27% fully certified. <https://australiancotton.com.au/>

Cotton made in Africa (CmiA)

The Cotton made in Africa (CmiA) standard, an initiative developed by the Aid by Trade Foundation, is designed to improve the living conditions of Sub-Saharan African smallholder farmers and working conditions in ginning factories as well as promote responsible agricultural practices aimed at improving soil fertility and biodiversity. Central to the standard is predetermined social, economic and ecological indicators and criteria. The standard also supports smallholders with agricultural and business management training to increase productivity and improve resilience. <https://cottonmadeinafrica.org/en>

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Accountable:	Chief Sustainability Officer
Contact:	Responsible Sourcing team via email: responsiblesourcing@woolworths.com.au
Related documents:	Woolworths Responsible Sourcing Policy, Standards & associated Addendums