



## Endeavour Group Submission

### *How the corporate sector establishes models of best practice to foster better engagement with Aboriginal and Torres Strait Islander consumers*

#### 1.0 Executive Summary

Endeavour Group ("Endeavour") welcomes the opportunity to contribute to and learn from the Standing Committee's inquiry into *How the corporate sector establishes models of best practice to foster better engagement with Aboriginal and Torres Strait Islander consumers*.

Endeavour is Australia's largest retail liquor and hotels group, made up of a number of component businesses that were formerly under the Woolworths Group of companies. These businesses include BWS, Dan Murphy's, ALH Hotels and Langton's, among others. Endeavour separated from Woolworths and became a newly listed company in June 2021.

The Endeavour Group of companies have been leaders in responsible service of alcohol and gambling for many years, which has involved our teams working closely with community groups, police, regulators and other local stakeholders, including through the 177 local Liquor Accords in which the business participates.

Since separation, Endeavour has taken the opportunity to reflect on past issues, to listen and engage more closely with the community and other key stakeholders to ensure they guide our approach to sustainability, responsibility and community, in particular how we engage with First Nations people.

A key reflection has been that looking forward, we need to amplify our existing work in leading in responsible service by even greater collaboration with the community, in order to further reduce harm.

This engagement and reflection has informed the development of Endeavour's first Sustainability Strategy, which was launched in October 2021, and the launch of a new executive remuneration framework that includes both long and short term incentives linked to our leadership in responsibility.

Woolworths and Endeavour's decision earlier this year not to proceed with a proposed Dan Murphy's store in Darwin was an important demonstration of the understanding that many First Nations people felt their voices were not heard. We have drawn on that experience and implemented changes to how we operate and engage with the community. This includes conducting Environmental Social and Governance ("ESG") analyses for all developments (both retail and hotels) and acquisitions, to more carefully consider the potential impact of a new store on the community.

As a direct result of the introduction of the new ESG analysis process, Endeavour made the decision in September 2021 to abandon plans for a new BWS in Mount Isa. The analysis and relevant engagement related to this proposed development revealed that the issues of alcohol misuse among Aboriginal and Torres Strait Islander people visiting and living in the area were so significant that a new store was not what the community wanted or needed at this time. We have now created an open line of communication with local groups and will play a more active role in the Mount Isa Liquor Accord through our existing footprint.



Endeavour is also in the process of establishing a Community Advisory Committee based in Darwin as a test model for a new way to consider alcohol harm minimisation and prevention initiatives. The Committee will be made up of Northern Territory-based experts in health, law enforcement and Indigenous affairs, and will advise Endeavour's executive team on actions that can be taken to support communities, seek to reduce harm from the misuse of alcohol in the community, deepen relationships, develop partnerships, and directly invest in causes that are important to the community.

As a newly independent organisation, Endeavour has commenced engagement with Reconciliation Australia, to guide and assist us to develop a Reconciliation Action Plan (RAP) at the Reflect level which will be launched within our first year as a separately listed entity. Utilising the RAP framework, we will be thoughtful and considered in how we develop and embed Endeavour's vision for contributing to reconciliation.

We appreciate that the inquiry is concerned with the need for corporate Australia to 'walk the walk and talk the talk'. Endeavour has only started its reconciliation journey and therefore regards this inquiry as an opportunity to listen, learn and improve.

## **2.0 Background on Endeavour Group**

Endeavour Group is Australia's largest retail liquor and hotels business, employing 28,000 people across more than 1,650 retail outlets (including BWS and Dan Murphy's), 335 hotels and through online retailers such as Langton's, Jimmy Brings and Shorty's. Endeavour also operates Pinnacle Drinks, which is our consumer brand and manufacturing business (which includes direct and contract manufacturing and bottling).

In many ways, Endeavour is a new business comprising various brands that were consolidated by Woolworths over many years, summarised below:

- 1998: Woolworths purchased Dan Murphy's, which at the time operated five stores in Victoria
- 2004: Woolworths acquired a 75% stake in Australian Leisure and Hospitality Ltd
- 2009: Woolworths purchased Langton's
- 2011: Woolworths purchased Cellarmasters
- 2012: Woolworths Liquor rebranded as BWS
- 2021: On June 24, Endeavour became a stand-alone business, consolidating liquor retail, hotels, drinks (Pinnacle: wineries, packaging and vineyards) and EndeavourX (ecommerce, data, technology and innovation).

Our separation from Woolworths in June 2021 and bringing all the liquor and hotels brands under Endeavour Group has effectively created a new business, enabling us to define who we want to be and how we want to operate. We have taken the positive practices of the business under Woolworths and learned from the mistakes that were made, to reflect, listen and chart a new course. Our positive historic practices can be found in section 2, and in section 3 we outline our new approach.



## **2.1 Leading in responsibility**

Endeavour's purpose is 'Creating a more sociable future together'. Underpinning this purpose is our commitment to leave a positive imprint on people and communities by taking steps to improve outcomes and reduce harm.

This positive imprint requires constructive engagement, partnerships, initiatives and processes that promote responsible practices.

Endeavour strives to exceed legal and regulatory compliance via a range of voluntary initiatives which are designed to reduce harm and lift the overall industry standard.

Many of the voluntary initiatives and practices Endeavour created, all of which exceed legal compliance, are considered best practice and have led to an improved industry standard. This includes ID25 (asking for identification of any customer that looks under 25 years of age), online alcohol sale and delivery codes, secondary supply (sly grogging and/or adults purchasing for minors) reduction campaigns and product restrictions. More on our approach to leading in responsibility can be found at <https://www.endeavourgroup.com.au/sustainability>.

These initiatives only make a meaningful difference in communities if Endeavour is able to partner with other groups. This is why Endeavour is committed to working with communities and partnerships via Liquor Accords, which bring together a range of stakeholders including community members, local businesses, local councils, police, government departments and other community groups who work together to develop practical solutions to alcohol-related issues. Through these partnerships we listen, understand the unique circumstances and challenges faced by each community, and take meaningful action.

## **2.2 Community commitment**

Endeavour is a significant operator of licences nationally and we are committed to operating our stores and venues to the highest standards of responsible service. These standards are evolving and are informed by the views of local leaders in the communities in which we operate. Endeavour believes in local solutions to local issues because those communities are likely to have a unique perspective on the challenges they face and the role that businesses such as ours can play in introducing positive change.

Some examples of positive change as a result of constructive local community engagement include:

- Acting on feedback from local leaders and the broader Northern Territory community in 2010, Woolworths Liquor was the first liquor retailer to remove all large casks from all stores, it removed 2 litre fortified wine casks and all low-priced 750ml fortified wines. Its Alice Springs, Katherine and Nhulunbuy stores stopped selling 750ml wines below \$8.00 and all cask wine was removed from the Alice Springs and Katherine stores.
- Through working with Queensland Police's Far North District Liquor Unit, our BWS teams in two stores in Cairns were able to identify and then report suspicious transactions in September 2020. The information our team provided allowed Police to apprehend sly grog runners possessing 79 wine casks, 20 bottles of spirits, 11 cartons



of RTDs and other mixed liquor that was destined for Alcohol Management Plan areas. The seizure and arrest has become an example for Endeavour as to the benefits of local community engagement and partnership to address common issues and concerns.

### 2.3 Community listening through Liquor Accords

Endeavour believes Liquor Accords are one of the most effective forums for discussing and addressing community concerns in a holistic way. We also believe there is a clear opportunity and need for greater Indigenous representation in Liquor Accords.

Liquor Accords are agreements between members of a local area who cooperate to develop safe and well-managed environments in and around licensed premises. Liquor licensees, police, local councils, community groups and other stakeholders all work together through the Accord to develop local solutions to local issues. Accords can be initiated in a number of ways, but are most commonly set up and managed by local councils and police, with licensees invited to attend.

In some states it can be a licence condition for a licensee to be an active member of a Liquor Accord (NSW), or there are licence fee discounts associated with Liquor Accord membership (NT).

Where there is an active Accord in an area, we aim to attend and develop relationships within the local liquor industry and the community. Currently we are members of 177 active and seasonal Liquor Accords throughout Australia.

Below are some examples of the work Endeavour is doing with local Liquor Accords of which it is a member:

- **Broome, Port Hedland and Derby Liquor Accords in WA:** these Accords have been working constructively with the WA Government to introduce a Banned Drinkers Register (BDR) across the Pilbara and Kimberley regions. The BDR - which is legislated in the Northern Territory - is currently being trialled in the Pilbara and Kimberley and requires all customers to have their ID scanned at the point of sale. Customers are refused service if they are on a Government-run list (usually people who have committed alcohol-related crimes).
- **Carnarvon Liquor Accord (WA):** BWS Carnarvon has worked with local police to restart a lapsed Accord. Police, the local council, Indigenous community groups and the health department have subsequently agreed to a new Accord which now meets monthly, is chaired by police, and seeks to ensure all participants work together to support and promote responsible service and consumption of alcohol in the community.
- **Northern Territory:** Endeavour operates 16 BWS stores and 4 Hotels in the Northern Territory and participates in every applicable Liquor Accord. The voluntary measures in our stores vary by location, but cover restrictions on the sale of certain products; pricing; marketing and promotional activities; liquor tastings; and trading hours. Feedback from local police, regulators, council and community groups suggests we lead the industry in our participation and advancement of these local restrictions - demonstrated by the number of our voluntary restrictions which have now been adopted by other licensees in the relevant areas. Some examples of steps taken through Northern Territory Liquor Accords include:



- **Central Australian Liquor Accord:** Endeavour has been part of the Central Australian Liquor Accord for many years through its BWS Alice Springs store, and has played an active role in developing and implementing a Code of Conduct for Takeaway Premises, the introduction of a Suspicious Transaction Reporting Program (requiring licencees to report on transactions over certain limits) and changes to trading hours at the request of local groups when Sorry Business is taking place.
- **Darwin Northern Suburbs Liquor Accord:** Following the launch of this Accord in 2017, BWS imposed restrictions on all Darwin premises including limiting the sale of cask wine to between 12pm and 6pm, limiting purchases to one per person per day, and restricting single bottle wine purchases below \$8.00.

Endeavour is committed to continuing to work with local Liquor Accords to reduce alcohol-related harm in the communities in which it operates.

## 2.4 Endeavour partnership with Jawun

Established in 2001, Jawun is an organisation that connects Australian corporates and Governments with Indigenous communities. Corporate and government employees are seconded into Indigenous organisations and communities around the country to apply their skills and knowledge, gaining personal and professional development in return.

Endeavour commenced its relationship with Jawun in 2013, and since that time, has sent 25 employees on six-week secondments and 16 senior leaders to work with Indigenous community organisations in regions including North-East Arnhem Land, Goulburn-Murray, NSW Central Coast, and Inner City Sydney. Our partnership with Jawun has helped build capability and created opportunities and meaningful outcomes for Indigenous enterprises, health, housing and aged care organisations within these regions. It has also increased our understanding of Aboriginal and Torres Strait Islander cultures, histories and rights. We have pledged an ongoing commitment to this partnership to continue our efforts in establishing and strengthening mutually beneficial relationships with First Nations peoples.

## 3.0 Endeavour's separation from Woolworths and new approach

In December 2020, the Northern Territory Government approved a licence transfer for a Dan Murphy's to be built in Darwin. This application took several years to complete, and was contested by a number of Aboriginal and Torres Strait Islander leaders and organisations in Darwin. Given the concerns that were raised, Woolworths and Endeavour decided to commission an independent review into the application, which would consider the engagement with local stakeholders in the years preceding the approval process, and make recommendations. The report - known as the Independent Panel Review (IPR) report and which is publicly available - recommended the Dan Murphy's store should not be built. As a result, the CEOs of Woolworths and Endeavour made the joint decision to abandon plans for the development and the licence was handed back to the NT Government.

Endeavour's separation from Woolworths - which occurred shortly after the IPR report was published and the licence handed back - has presented a unique opportunity for Endeavour to



reflect on lessons learned from Darwin to inform how it engages with Aboriginal and Torres Strait Islander groups and organisations, not only in Darwin but around the country.

For example, from the outset of the application process in Darwin, our engagement with First Nations people involved writing to groups within the vicinity of the proposed store and seeking formal comment. This approach demonstrated a lack of understanding of culturally appropriate engagement and the complex interpersonal relationships across various Elders and leaders in Darwin. We did not fully understand who should be engaged and by what method. Nor did we understand that support from the Elders did not mean we had achieved sufficient support, or that 'one-on-one' engagement could be perceived as culturally insensitive and is not the preferred approach.

As a stand-alone business, our engagement with Indigenous groups and organisations has helped us to better understand the unique challenges of each local community and has improved the way we engage. We are now more focused on listening, building trust, and working in partnership - each of which we know needs to occur "in place" and relevant to the unique context of each community.

### **3.1 Indigenous Health**

Endeavour recognises that there is a disparity in Indigenous health outcomes compared with the rest of the Australian population, and that alcohol misuse is having a detrimental effect on Indigenous communities in particular. We also recognise that First Nations people need to be heard and understood on these issues. We believe it is critical, as part of our social licence to operate, that we partner with Indigenous groups where possible and maintain mutually beneficial relationships.

A key initiative we are implementing in this area is the Community Advisory Committee we are establishing in Darwin which is addressed in more detail in section [3.3.2]. Another key initiative will be the first Endeavour Group Reconciliation Action Plan (RAP).

### **3.2 Endeavour Group RAP**

Shortly after listing on the ASX as a stand-alone company, Endeavour met with Reconciliation Australia to seek guidance on developing its first RAP. In that meeting, we explored the challenges of operating in our sector and developing meaningful and appropriate relationships and reconciliation goals. It was agreed that because Endeavour is at the very start of its reconciliation journey, that a Reflect RAP was the most appropriate and would give us the time we need to increase our understanding of Aboriginal and Torres Strait Islander people and their cultures so that we can better reflect this in our policies, processes and approach.

Although organisations, including Endeavour, are often driven towards action at pace and scale, it was through the advice of Reconciliation Australia that we understood the importance of listening and reflection, before devising actions. In this way, we could have a greater chance of developing meaningful relationships (which take time) and therefore have true impact.

Endeavour has started to form a RAP working group, drawing on both Indigenous and non-Indigenous members of our team who work with our First Nations suppliers and partners. This working group will formulate and recommend to the Endeavour Board the components and





plan for the Reflect RAP, which we hope to launch before the end of our first year as a listed company.

### **3.3 Endeavour approach to sustainability**

Our past experiences and work in other communities around the country have shaped what type of business Endeavour wants to be. We want to ensure that sustainability is incorporated at all levels into our decision making and is not an 'add-on' to the business.

In order to live our purpose of 'Creating a more sociable future together', we advocate for responsible choices that support positive change in communities we are part of and recognise our role as an industry leader.

We also recognise the importance of embedding the prioritisation of leading in responsibility in our team culture, which is why we have launched a new senior executive and leadership remuneration framework that includes both long and short term incentives linked to our responsibility commitments.

#### **3.3.1 Sustainability strategy**

Endeavour worked with its investors, team and the wider community to conduct a materiality assessment to identify our key ESG issues. These ESG issues have been evaluated against our Group purpose to shape our key priorities, as well as the broader Sustainability Strategy which was published in October 2021.

Endeavour's Sustainability Strategy is built around three core principles - Responsibility & Community, People and Planet and is underpinned by a series of goals and commitments that will guide our work over the coming years.

Under the Responsibility & Community principle, Endeavour pledges to amplify its recognised leadership in the responsible service of alcohol and conduct of gambling, by partnering with health experts, regulators, government and industry to invest in research and projects that aim to reduce alcohol and gambling related harm in the community.

#### **3.3.2 Community Advisory Committee**

Endeavour has a unique opportunity to invest more in the Northern Territory to support the communities it serves, and to help address some of the issues being experienced.

This is why we have resolved to establish a Community Advisory Committee ("**Committee**") in Darwin, as a test model for community engagement in relation to harm minimisation and prevention. The Committee will be made up of a variety of Northern Territory-based experts in alcohol regulation, health, Indigenous issues, and business and community groups, and will make recommendations for consideration by the Endeavour Executive Committee.

Endeavour has hired a Senior Advisor in Community Engagement and Sustainability based in Darwin, to support the work of the Committee and to act as the key liaison between Endeavour and the Northern Territory Government, community groups, Liquor Accords, licensees and other relevant stakeholders.



The full scope of the Committee is yet to be finalised but will include the following:

- (a) create a forum to explore and propose new models, innovations or initiatives that consider harm prevention and minimisation within Darwin;
- (b) measure the effectiveness of any initiatives or programs through independent third parties and then share data, progress and learnings;
- (c) connect with Darwin Liquor Accords to implement learnings or findings of the Committee;
- (d) fund the implementation of priority measures identified by the Committee for Endeavour operations;
- (e) co-fund (and determine appropriate co-funders) to implement broader industry or community-related harm minimisation and management measures; and
- (f) support the development and implementation of evidence-based alcohol-related harm measures.

We are currently engaging relevant individuals and groups to determine their interest in participating as Committee members.

Endeavour would welcome the opportunity to provide further background on the progress of the Committee to the Standing Committee over time, to highlight the progress being made.

### **3.3.3 ESG assessments**

Since becoming a stand-alone company, Endeavour conducts ESG assessments on all new developments (both retail and hotels) and acquisitions, before a commercial decision is made to proceed. The assessment is undertaken to determine what material issues are present in the community and are of particular concern.

The outcome of the ESG assessment is shared with relevant senior management to guide the consultation and engagement process, consideration of risks and risk mitigation.

The ESG assessment is a live document that exists from the moment a development is first considered, through to a final decision on whether to proceed.

The assessments consider census and demographic data, crime statistics, licence density and concerns expressed by community, local groups, council and government stakeholders. The assessment also considers Indigenous population and key Aboriginal and/or Torres Strait Islander stakeholders within the geographical area including health groups or Land Councils or Corporations.

The ESG assessments recommend whether or not to proceed with an application or whether further community engagement is needed.

If the application proceeds, the assessment can be revised based on feedback from the community or other key stakeholders to determine next steps in respect of the application and whether we need to engage in further consultation.





### 3.3.4 Community engagement case study: Mount Isa

When Endeavour first implemented ESG assessments, the business had to review applications that were already in progress.

One of these applications was for a new BWS in Mount Isa, which was opposed by Mount Isa City Council, a State Member, local community leaders and the Mount Isa Police. As a result of the ESG assessment, Endeavour decided to withdraw its application, and has commenced the process of engaging with stakeholders who objected, to better understand the challenges facing the community.

Through this feedback we were informed that a number of members of the Indigenous community have travelled to the region from the Northern Territory - where they face tougher regulations around the purchase of alcohol - solely to purchase alcohol.

This situation also highlights the importance of working collectively across jurisdictions, given that migration of problem drinkers from a highly regulated environment to a lower one does not demonstrate 'success' in regulation, but is simply moving the problem to other areas.

Endeavour has a licence in Mount Isa, and will continue to play an active role in the Mount Isa Liquor Accord, engage locally with interested groups, listen to the challenges being faced and work with partners on implementing solutions that may go some way to address these issues.

### 3.3.5 National Roadmap for Indigenous Skills, Jobs and Wealth Creation

Endeavour welcomes the National Roadmap for Indigenous Skills, Jobs and Wealth Creation launched in August by the Minister for Indigenous Australians, the Hon. Ken Wyatt AM, which is designed to better connect Indigenous Australians to economic opportunity.

We have received feedback from community groups that Indigenous team members may face challenges operating in the liquor retailing or hotel sectors. Feedback also suggests deep relationships with Indigenous communities are needed to support both the employee and their community, to ensure employment opportunities are positive and safe.

Endeavour believes stores and hotels that serve the community should be operated by those that represent the community, and on that basis we are committed to examining and improving employment opportunities for First Nations peoples throughout Endeavour.

Endeavour also supports creating avenues for economic development and growth. Much of our work to date in this regard has focused on supporting and promoting Indigenous suppliers through our business network, including:

- **Seven Seasons:** Founded by Daniel Motlop in 2017 and produces Green Ant Gin, Bush Apple Gin and Native Yam Vodka. These drinks are available through Dan Murphy's and 100 BWS stores.
- **Territory Jerky:** Established in Alice Springs in 1983. Two products (Original and Hot) are sold through 1,150 BWS stores and all 254 Dan Murphy's nationally. Endeavour was recently approached to support Indigenous acquisition of the business, off the back of financing through Indigenous business support. To assist with the securing of financing,



Endeavour has committed to continue to offer the products through our national network and will work with the new owners to promote its Indigenous ownership.

- **Sobah Beverages:** Lemon Aspen Pilsner, Finger Lime Cerveza and Pepperberry products (all non-alcoholic) are in 34 BWS stores and 55 Dan Murphy's stores. Endeavour's Sustainability Strategy includes a commitment to research and promote low and non-alcoholic products, and as part of a trial to see how they can be ranged more effectively to promote moderation, Sobah's products have been included in a specialist range across 20 Dan Murphy's stores.
- **Indi Brew:** Based in Cape York. Endeavour sells four of its products online, including O'Brien Brown Ale, Pale Ale, Lager and Stout.
- **Taka Gin:** Endeavour stocks its range of Native Lemongrass & Lemon Scented Gum Leaf Gin online.

All of these businesses have been supported with shorter payment terms.

Endeavour's work supporting Indigenous businesses is in its infancy and something we would like to progress and further develop in the future.

## 4.0 Conclusion

Endeavour appreciates the opportunity to have input into this inquiry.

Our experiences under Woolworths' ownership and as a newly independent company are helping shape who we want to be as a business and the direction we want to take.

We are at the start of our journey and have an opportunity and desire to to develop a meaningful RAP.

We believe that meaningful progress with First Nations people - including addressing alcohol-related harm - cannot be done in isolation but requires partnerships and collaboration with like-minded stakeholders.

We will continue to evolve our engagement and collaboration with communities in pursuit of our sustainability ambition to leave a positive imprint.