



WOOLWORTHS LIMITED

ABN 88 000 014 675

CORPORATE RESPONSIBILITY REPORT 2008

08

DOING THE RIGHT THING.

At Woolworths we are conscious of our responsibilities as a major retailer – serving millions of customers each and every day in communities across Australia and New Zealand.

With that profile comes not only a responsibility to understand and manage our impacts, but also an opportunity to achieve lasting and beneficial change that extends beyond our own operations.

Our operations impact on our own people, our customers, the communities in which we operate, our shareholders, our supply chain and the environment. This report aims to give the reader an insight into how we are performing in all of these areas against our commitments and targets. Simply put, we aim to make sure Woolworths remains a company that people want to invest in, work for, and do business with well into the future.

Scope of this report

This report covers all of our operations in Australia and New Zealand for the 2007–08 financial year (unless otherwise stated).

All our environmental targets are based on projected growth through development of new stores within current business divisions, however these projections do not account for the impacts of any future acquisitions. Should we acquire new businesses the baseline data will need to be adjusted accordingly.

The environmental performance data in this report does not cover our joint venture in India or our Hong Kong and Shanghai buying offices as these are only small offices and therefore not material in the overall context.

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Auditor's opinion:

B+

GRI Report

As part of an external GRI Application Level Check, Net Balance confirms that the GRI "B+ application level" has been met by this report. See full statement on www.woolworthslimited.com.au.



AT A GLANCE

23% ↓
in Lost Time
Injury Frequency
Rate

19.8% ↑

EBIT rose to
\$2,528.8m, an
increase of 19.8%



2 green
stores
opened in
Australia, and
another 21 to
open next year

696,000
estimated full time
equivalent employment
generated from
Woolworths' business
activity in Australia



8 weeks
paid maternity
leave now
available



25% ↑
in spending on
training our staff
to a total of \$63m



\$17.5m
in community
contributions



20m
litres ↓
less water used
in our stores



KEY CHALLENGES

Green Marketing

Rising food and fuel prices

Food and fuel prices are rising around the world, mainly due to increased global prices of key commodities like grain, oil and metals combined with the effects of drought and severe weather events increasing demand for food products from the growing economies of China and India and diversion of food to fuel production. These factors affect food prices in Australia because we operate in a global market.

We are trying to make it easier for our customers to make informed decisions about the groceries they buy so they can get the best value for money. That's why we now publish our weekly store catalogues online at www.woolworths.com.au. This way our customers can access pricing information at home and then decide where they will shop with us and what they will buy.

We have invested significantly in efficiency measures in order to reduce costs associated with transport, energy and water.

We have also been working towards introducing unit pricing so that customers can easily compare value for money between different packaging sizes. For each item on sale, the shelf label will state the price of the item as well as the cost per unit.

We have had limited unit pricing in New Zealand for some time now and are currently trialling unit pricing in our Baulkham Hills store in New South Wales. Our plan is to have the scheme rolled out nationally and aligned with any national framework subsequently set by the federal government.

In 2007, concerns were raised regarding substantiation of environmental claims on Select Tissue products. The packaging carried a logo with the statement "sustainable forest fibre", which was questioned by various interest groups.

Following our response to ACCC information requests, the ACCC concluded that no further action would be taken. Global and local forestry management and certification methodology for claim substantiation were considered complex. Woolworths voluntarily removed the environmental claims.

Truth in advertising has always formed a core principle in our Code of Conduct but with an increasing number of suppliers wanting to market their products as green and with numerous environmental certification programs, our buying staff needed to have a set of clear guidelines to help them make decisions about environmental claims displayed on our Private Label products.

In line with our commitment to continuous improvement, we have reviewed our buying practices, and the methodology and information required from suppliers making environmental claims on their products. We have now implemented system improvements where claims are referred by the buyer to a "subject matter expert" for verification to close the gap and lessen the chance of confusing claims making it to our shelves.





In our Sustainability Strategy 2007–15 we committed to meeting sustainable design guidelines in all new stores opening after September 2008.

These guidelines include the estimated greenhouse gas savings based on installation of carbon dioxide (CO₂) cascade refrigeration systems. However, with around 25 new supermarkets opening each year, the local maintenance industry does not yet have sufficient capacity to maintain this number of CO₂ cascade units, particularly in regional areas.

In response to this we have started to use a hybrid system that is more energy efficient and can be more readily sourced and maintained, however it uses synthetic refrigerants. We have commenced discussions with TAFE NSW to investigate ways of addressing the skills shortage and increasing availability of training on CO₂ cascade systems for service providers. We will also continue to research, investigate and pilot new refrigeration technologies in our stores to minimise the emissions and maximise the energy efficiency.

New refrigeration technologies

Meeting our transport target

The public debate about biofuels and food security has intensified in the past year as global warming and escalating oil prices have created an urgent need to find alternative solutions to the fuel problem.

Biofuels such as ethanol from maize and sugarcane have been put forward as a solution to our fuel problems, however recent years have seen growing local and international concerns over the impact of biofuel production on food security.

In our Sustainability Strategy 2007–15 we committed to a reduction of 25% of CO₂-e emissions per carton delivered associated with trucks owned by Woolworths through a number of measures, including the use of alternative fuels such as biofuel (with 10% of this reduction from use of biofuels). In light of concerns over food security, we have reconsidered our adoption of biofuels and hope to achieve the reductions through conversion to compressed natural gas and greater efficiencies from transport planning, vehicle design and driver behaviour.

We are supportive of second generation biofuels (produced from materials other than food crops) that have the potential to contribute significantly in reducing our dependency on fossil fuels. We are concerned about promotion of biofuels that are generated from food crops, divert arable land from food crops to fuel crops or result in other adverse ecological impacts.



A white handwritten signature of Michael Luscombe on a red background.

MICHAEL LUSCOMBE
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

One of the most significant achievements for the year was the introduction of eight weeks paid maternity leave, demonstrating our commitment to supporting new parents.

Welcome to Woolworths Limited's Corporate Responsibility Report 2007–08.

This is our first integrated Corporate Responsibility Report. It describes the work we are doing, and the results we've achieved in the last year, on a wide range of topics within corporate responsibility. It's about giving life to our philosophy of "Doing the right thing" whilst increasing transparency around our business operations and performance.

Over the past twelve months we have achieved some strong results; however, there is still much work to be done to improve our performance and manage the internal and external factors that shape this.

A number of global issues are impacting significantly on our business. Rising oil prices, the impact of climate change and drought, and higher food prices driven by the growing biofuels market have put upward pressure on food affordability and long term security of food supply.

The current global economic crisis will present additional challenges for Woolworths and our stakeholders over the coming months and years. As the economy slows, we will face a delicate balancing act to remain a profitable business whilst continuing to make a positive impact on the communities and environments in which we operate.

One of the most significant achievements for the year was the introduction of eight weeks paid maternity leave, demonstrating our commitment to supporting new parents.

Our economic performance during the reporting period was strong in terms of our overall impact on the Australian economy and the value we have delivered back to shareholders. The indirect effect of overall economic output and employment generated in Australia resulting from Woolworths retailing activity was estimated to be over \$90 billion and just under 696,000 full time equivalent jobs. Our earnings before interest and tax (EBIT) rose by 19.8% to \$2,528.8 million and earnings per share (EPS) increased by 24.0% to 134.9 cents.

We continue to support the communities in which we operate, through a range of local programs and national partnerships. During 2007–08 we made community contributions worth \$17.5 million through a combination of cash, time, fundraising, in-kind donations and management costs.

In our Sustainability Strategy 2007–15 we analysed the aspects of our business that impact most significantly on the environment, and we set ourselves a tough challenge to better manage and minimise these impacts. Our targets, particularly those aimed at reducing our CO₂-e emissions and water use, are ambitious but necessary to ensure that we can minimise our environmental footprint whilst effectively managing the rising costs of doing business.

We have started to implement many of the measures outlined in the Sustainability Strategy, including the use of more energy efficient lighting and refrigeration, alternative refrigerants, and conversion to a more fuel efficient fleet of cars. However, as with any new technology, the results will take some time to flow through to the aggregated data. Although our CO₂-e emissions rose overall in 2007–08, we have laid much of the groundwork to work towards meeting our target in future years.

It is clear that we will face many challenges in meeting our environmental, social and governance responsibilities in the coming years. But with strong leadership and a can-do culture, I firmly believe we are more than up to the task.



James Strong

JAMES STRONG
CHAIRMAN

When making decisions about where to invest, where to shop and even where to work, shareholders, customers and staff look not only at a company's profitability, but also its capacity for ethical decision making, leadership and good corporate governance.

On behalf of the Woolworths Limited Board, I am pleased to present the Company's Corporate Responsibility Report for 2007–08.

Stakeholders are more knowledgeable than ever before about sustainability and corporate responsibility, and consequently they have high expectations of how businesses should manage environmental, social and governance issues.

When making decisions about where to invest, where to shop and even where to work, shareholders, customers and staff look not only at a company's profitability, but also its capacity for ethical decision making, leadership and good corporate governance.

Any business that wants to succeed should take a broader approach to managing and measuring its performance, and ensure that in doing so it responds to the needs and expectations of all stakeholders.

The ability to adapt quickly is essential for a company such as Woolworths. We need to be an agile corporation that can foresee potential challenges and opportunities in our local and global operating environments and respond to minimise risks to our business and maximise opportunities.

In the long term, successful retailers will be those who have robust strategies to deal with the rising cost of oil and commodities, who support suppliers in drought prone and water-scarce areas, and who work to make sustainable products more easily available and affordable to their customers.

Woolworths has a strong track record of approaching its social responsibilities in a holistic manner. We are working hard to meet the expectations of our stakeholders in areas such as the responsible service of alcohol, children's health, nutrition and workplace diversity.

This Corporate Responsibility Report provides a transparent account of our commitments, policies, strategies and performance in the economic, environmental and social aspects of our business. We believe that by being open and honest about our targets, how we are performing, and the challenges we have faced in reaching our goals, we will not only drive better outcomes, but we will be more accountable to all the stakeholders who contribute to Woolworths every day.

MARKETPLACE

BRAND FAMILY – AUSTRALIA



BIGW

Tandy



ABOUT WOOLWORTHS

Woolworths Limited is a retail company made up of a number of businesses that provide our customers with quality, range, value and everyday low prices. We're built on a passion for retail, attention to detail, hard work, a commitment to ensuring the safety of our customers and our people, and supporting our local communities.

Our retailing expertise encompasses food and grocery, liquor, petrol, general merchandise, hotels and consumer electronics. Our Company is made up of some of the most recognisable and trusted brands in retailing, serving 23 million customers every week with great choice, low prices and excellent quality.

Since opening our first store in 1924, Woolworths has changed the face of Australian retailing. Starting with a single basement store in Pitt Street, Sydney, we have grown into a household name with a presence in almost every metropolitan and regional centre in Australia and New Zealand as well as operations in India, Shanghai and Hong Kong.

We have operated fresh food stores for more than 60 years since advances in refrigeration technology revolutionised transport and storage.

In 1993 Woolworths Limited was offered to the public in what was, at the time, the largest share float in Australian history. We are listed on the Australian Securities Exchange (ASX Limited) under the code WOW.

Location

We operate 3,030 stores, petrol sites, support offices and Distribution Centres in Australia and New Zealand and operate hotels in Australia. We are involved in a consumer electronics retail joint venture with the TATA Group in India, Croma. The business venture with TATA in India now provides wholesale services to 22 retail stores operating under the "Croma" brand. We also operate buying offices in Hong Kong and Shanghai.

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BRAND FAMILY – NEW ZEALAND



STORE AND TRADING AREA ANALYSIS

Year Ended 29 June 2008	2008 Full Year	2007 Full Year	2006 Full Year
Stores (number)			
New South Wales & Australian Capital Territory	234	237	238
Queensland	177	168	161
Victoria	187	183	182
South Australia & Northern Territory	72	72	69
Western Australia	81	79	79
Tasmania	29	27	27
Supermarkets in Australia ⁽¹⁾	780	766	756
New Zealand Supermarkets (includes franchise)	201	199	198
Total Supermarkets	981	965	954
Freestanding Liquor (incl. Dan Murphy's)	233	212	204
ALH Retail Liquor Outlets	434	424	432
Caltex/WOW Petrol	133	134	131
Woolworths Petrol – Australia	389	371	360
Woolworths Petrol/Convenience – New Zealand	22	22	22
Total Supermarket Division	2,192	2,128	2,103
BIG W	151	142	129
Dick Smith Electronics	282	254	223
Dick Smith Powerhouse	28	23	20
Tandy	106	123	123
Total General Merchandise Division	567	542	495
Hotels (includes 8 clubs)	271	263	250
Total Group	3,030	2,933	2,848
Trading Area (sqm)			
Supermarkets Division – Australia ⁽²⁾	1,945,641	1,848,792	1,784,279
Supermarkets Division – New Zealand ⁽³⁾	296,549	291,092	291,792
General Merchandise Division ⁽⁴⁾	989,767	930,288	843,316

Notes:

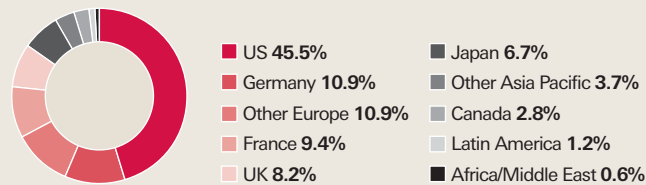
(1)
Supermarket Store Movements
July 07 – June 08
New Stores – incremental 30
Closures – permanent (9)
Closures – for re-development (7)
Net New Stores 14

(2)
Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets and including the Australian Ex-FAL stores) has increased by 5.2% (FY07: 3.6%).

(3)
Excludes Gull and franchise stores.

(4)
Excludes Woolworths India.

SHARE OF TOP 250 SALES BY REGION/COUNTRY 2006



Source: Published company data and Planet Retail.

Shareholders

Woolworths Limited is one of Australia’s largest public companies.

We have approximately 365,000 shareholders including around 40,000 employee shareholders, giving us one of the largest levels of employee ownership for corporations in Australia.

People

We employ almost 190,000 people in Australia, New Zealand, Hong Kong, Shanghai and India, with just over 169,000 in Australia and 19,000 in New Zealand.

We are one of the largest private sector employers in Australia.

Sales

Woolworths Limited had sales of \$47 billion for the 2008 financial year. We serve over 23 million customers per week across all our retail businesses in Australia and New Zealand.

OUR GLOBAL FINANCIAL RANKING

In January 2008 Deloitte Touche Tohmatsu, in conjunction with STORES Magazine, published the 11th annual *Global Powers of Retailing* report. The report identifies the 250 largest retailers around the world based on publicly available company data for the 2006–07 financial year. Woolworths was ranked in 25th position, up from 29th in the previous year, making us the first Australian retailer to break into the top 25. We were also ranked third within the Asia-Pacific region.

To rank among the top 250 globally, each company needed to achieve retail sales of at least \$2.72 billion in 2006–07, up from \$2.5 billion the year before. The average retail sales volume for companies in this group was \$13.0 billion.

THE TOP 25 RETAILERS WERE:

- 1 Wal-Mart Stores, Inc (USA)
- 2 Carrefour S.A. (France)
- 3 The Home Depot Inc (USA)
- 4 Tesco plc (UK)
- 5 Metro AG (Germany)
- 6 The Kroger Co (USA)
- 7 Target Corp (USA)
- 8 Costco Wholesale Corp (USA)
- 9 Sears Holdings Corp (USA)
- 10 Schwarz Unternehmens Treuhand KG (Germany)
- 11 Aldi GmbH & Co. oHG (Germany)
- 12 Walgreen Co (USA)
- 13 Lowe’s Companies Inc (USA)
- 14 Rewe-Zentral AG (Germany)
- 15 Seven & I Holdings Co Ltd (Japan)
- 16 Groupe Auchan SA (France)
- 17 Edeka Zentrale AG & Co KG (Germany)
- 18 CVS Corp (USA)
- 19 Safeway Inc. (USA)
- 20 Centres Distributeurs E Leclerc (France)
- 21 AEON Co Ltd (Japan)
- 22 Koninklijke Anold N.V (Netherlands)
- 23 Best Buy Co., Inc. (USA)
- 24 ITM Développement International (Intermarché) (France)
- 25 Woolworths Limited (Australia)



\$47b

of sales by Woolworths for the 2008 financial year.



TOP 10 ASIA/PACIFIC RETAILERS 2006

Asia/Pacific rank	Top 250 rank	Company	Retail sales (US\$ billion)	Country of origin
1	15	Seven & I Holdings	43.8	Japan
2	21	AEON	38.1	Japan
3	25	Woolworths	32.5	Australia
4	31	Coles Group	25.6	Australia
5	54	AS Watson	12.8	Hong Kong SAR
6	58	Yamada Denki	12.4	Japan
7	75	Uny	10.2	Japan
8	79	Lotte	9.4	South Korea
9	87	The Daiei	8.9	Japan
10	92	Shinsegae	8.5	South Korea

The report ranked corporate responsibility high among the top ten trends in global retailing, noting that some retailers and their suppliers are eager to position themselves to be able to meet more stringent environmental regulations when they come into effect.

The full *Global Powers of Retailing* report can be viewed at www.deloitte.com/consumerbusiness.

KEY FINANCIAL DATA

19.8% ↑

Earnings before interest and tax (EBIT)
\$2,528.8 million

25.7% ↑

Net profit after tax
\$1,626.8 million

24.0% ↑

Earnings per share 134.9 cents

ECONOMIC PERFORMANCE

Woolworths commissioned Concept Economics to calculate total economic output and employment multipliers for Woolworths based on our annual sales revenue. In 2007–08 the indirect economic effect on Australian economic output and employment generated from Woolworths activity, based on our total sales revenue of \$43 billion in Australia, was estimated to be in excess of \$90 billion and just under 696,000 full time equivalent jobs.

We also contributed about \$750,000 to public infrastructure through development contributions from our construction projects.

DIRECT ECONOMIC VALUE

	2008 53 weeks \$'000	2007 52 weeks \$'000	inc %
Direct economic value generated			
(a) Revenues	47,327,311	42,755,127	10.7
Total direct economic value generated	47,327,311	42,755,127	10.7
Economic value distributed			
(b) Operating costs	(38,290,907)	(34,765,124)	10.1
(c) Employee wages and benefits	(5,542,178)	(4,959,840)	11.7
(d) Payments to providers of capital	(1,237,234)	(1,050,873)	17.7
(e) Payments to government	(1,642,229)	(1,460,122)	12.5
(f) Community investments	(17,515)	(12,327)	42.1
Total economic value distributed	(46,730,063)	(42,248,286)	10.6
Economic value retained⁽¹⁾	597,248	506,841	17.8

Note:
(1) Represented by net change in retained earnings of the Woolworths group.

Our indirect contribution to Australia's economic output and employment was an estimated \$90 billion and 696,000 full time equivalent jobs.



Superannuation

Woolworths Limited makes superannuation contributions for permanent salaried employees of the company and its controlled entities to certain company sponsored superannuation funds in accordance with legislative requirements.

Extracts from the Company's 2007–08 Annual Report covering the Plan's financial position are shown in the table below. Further details are available in Notes to the Financial Statements (Note 23) contained in the 2007–08 Annual Report.

ACCRUED LIABILITY FOR DEFINED BENEFIT OBLIGATION IN THE FINANCIAL STATEMENTS OF WOOLWORTHS LIMITED

	As at	
	June 2008	June 2007
	\$m	\$m
Defined benefit obligation ⁽¹⁾	(1,609)	(1,618)
Fair value of assets	1,556	1,586
Liability for defined benefit obligations	(53)	(32)

GOVERNMENT SUBSIDIES⁽²⁾

	2008	2007	
	53 weeks	52 weeks	inc
	\$'000	\$'000	%
Government subsidies received			
Government subsidies	3,131	3,048	2.7
Total Government subsidies received	3,131	3,048	2.7

Notes:

(1) Includes contributions tax.

(2) Subsidies are for training and encouraging employment in regional areas.



THE AUSTRALIAN RETAIL FOOD SECTOR



Source: Pitney Bowes MapInfo based on company reports and ABS sources including Household Expenditure, Australia National Accounts and Australia Retail Trade Services.

THE FOOD RETAIL SECTOR IN AUSTRALIA AND NEW ZEALAND

Woolworths is a strong supporter of competition in the retail market. Competition not only helps to keep prices low for customers, but it also drives retailers to provide better products and services. The food retail sector in Australia and New Zealand is highly competitive, and recent years have seen a number of new market entrants and a growth in the number of independent and specialist retailers.

There is a popular perception that Woolworths dominates the retail food market. However research undertaken for the *Roy Morgan Supermarket Monitor (January to December 2007)* found that, for Woolworths customers, 68% of weekly spending on fruit and vegetables takes place outside of Woolworths – at fruit shops, markets and other supermarkets.

Our share of total domestic production is relatively small. Australian farmers produce food for export to other countries as well as for other Australian retailers, wholesalers, manufacturers and food service businesses. In 2007, 12% of the fruit and vegetables grown in Australia were sold at Woolworths, 6% of Australia’s beef and 15% of Australia’s lamb.

The recent ACCC inquiry into the competitiveness of retail prices for standard groceries investigated a number of issues, including the ability of independent supermarket operators and smaller retailers such as butchers, bakeries and greengrocers to compete with major supermarket chains. We welcomed the inquiry and cooperated fully with its investigations. The inquiry found “viewed overall, supermarket retailing is workably competitive” and noted that the most significant factor in the nature of competition is the high cost of setting up large-format, one-stop-shop supermarkets.

In November 2005 Woolworths purchased Progressive Enterprise Limited (PEL), a key player in the New Zealand retail sector. PEL owns the Foodtown, Woolworths and Countdown supermarket chains. It coordinates the franchises for Fresh Choice, a supermarket chain that operates primarily in the South Island, and SuperValue. Woolworths does not have operational control over the Fresh Choice and SuperValue franchises.

PEL’s market share of food and liquor retailing in New Zealand is estimated at about 28% (estimated by Concept Economics from publicly reported information).

Notes:

- (1) Excludes take-aways outlets and cafes/restaurants but includes fresh food specialties and fresh food markets.
- (2) Mass merchants are department stores and discount department stores.
- (3) Includes smaller foodstores and independent stores supplied by Metcash as well as larger supermarkets (IGA and Foodworks).



In our New Zealand supermarkets 98% of our whole sourced meat, 100% of our fresh chicken and 78% of our whole sourced fruit and vegetables are grown in New Zealand.



Working with our fresh food suppliers

In our Australian Supermarkets business 100% of our fresh meat is sourced from Australian producers and 95% of our fresh fruit and vegetables are grown and farmed in Australia.

In our New Zealand supermarkets 98% of our whole sourced meat, 100% of our fresh chicken and 78% of our whole sourced fruit and vegetables are grown in New Zealand.

Across our business, we abide by voluntary codes of conduct in relation to supplier trading relationships. We were an inaugural member of the Produce and Grocery Industry Code of Conduct, which is a voluntary code aimed at promoting fair trading practices and building better business relationships. The Code also provides access to a simple and accessible dispute resolution procedure for any individuals or groups in the event of a dispute.

Fresh food is our business and we have made it our mission to partner with the very best farmers and growers in Australia. We have hundreds of direct trading relationships with fruit, vegetable and meat suppliers. We are absolutely committed to domestic sourcing and work with over 3,000 suppliers large and small around the country supplying our supermarkets in Australia.

Our preference is to have direct, long term trading relationships. The benefits of working this way are better quality management, improved planning and forecasting, and greater consistency and sustainability of supply.

We are very proud of the relationships we have with our suppliers and many of them have been able to grow their business thanks to the surety of a long term partnership with Woolworths. More than 80% of suppliers have been partners for more than 10 years.

Sometimes we do buy small quantities of produce in the wholesale markets so we can pass on special offers to our customers. By working this way, we can find great specials for customers and help suppliers to clear their stock.

KEY ISSUES OF PUBLIC INTEREST

RISING FOOD AND FUEL PRICES

The cost of living and the rising prices of everyday goods are a concern for all families across Australia and New Zealand. As high commodity prices become the “new normal” rather than a temporary peak, we may see this impacting on the way households purchase retail goods.

This trend is occurring worldwide. Since 2000, the price of staples such as maize and rice has doubled, while the price of wheat has tripled. These increases in the costs of basic commodities and growing nervousness about security of food supply are likely to have profound effects on consumer behaviour, on retailer strategy and on the responses of suppliers and primary producers. It's not only the cost of production inputs that is causing the pressure on prices; there is also the cost of getting products to their destination, the higher energy cost in production, and the increasing cost of operations across stores.

In a competitive market, we recognise that, along with other retailers, we must tackle the sustainable level to which we can absorb these rising costs. At Woolworths, we have invested tens of millions of dollars in order to absorb additional costs associated with transport, energy and water inputs into our business.

Pricing in rural and regional areas

A study undertaken by the Australian Bureau of Infrastructure, Transport and Regional Economics (BITRE) analysed the factors impacting on living costs around Australia, including grocery prices. The study found that, with few exceptions, the level of pricing in major supermarket chains does not appear to be affected by the remoteness of the town or its population. The presence of a major chain store in a town is likely to provide groceries at prices broadly similar to those in similar stores in capital cities.

We have moved to simplify price groups across Australia. There are now only 13 stores that are classified as remote stores with specific pricing policies.

Drought

Australia has experienced the worst drought in 100 years. With over 70% of Australia currently drought declared, the agricultural sector is still feeling the pinch. This leads to failed crops and a reduction of supply.

Source: Bureau of Rural Sciences.

Weather

Other major weather-related events can also have a big impact on prices. Fruit prices rose 64% in the year to June 2006, mainly due to a 330% increase in banana prices following Cyclone Larry, which devastated crops in far north Queensland.

Source: Australian Bureau of Statistics/Woolworths.

Grain

There is a global shortage of grain and its price has increased over the past few years. One reason for the shortage is that many farmers in North America's wheatbelt are diverting grain from food production to biofuel production. Grain is not only the main ingredient in staple foods such as bread, pasta and cereals, it is also the main source of animal feed.

Source: ABARE, Australian Commodities, March 2008.

Transport

High world oil prices affect our transport costs in Australia. As recorded by the CPI, the cost of automotive fuel has risen by more than 60% over the decade, and by more than 40% over the last five years. For such a large, geographically diverse country, road transport is the only way to move food to remote areas and we are heavily reliant on freight and therefore fuel.

Source: Australian Bureau of Statistics.

Export markets

Prices for Australian farm sector products are strongly integrated with global commodity price movements as it is estimated that around two-thirds of Australian farm output is exported each year.

Source: Department of Agriculture, Fisheries and Forestry (2005); Australian Agriculture and Food Sector Stocktake.

Metals

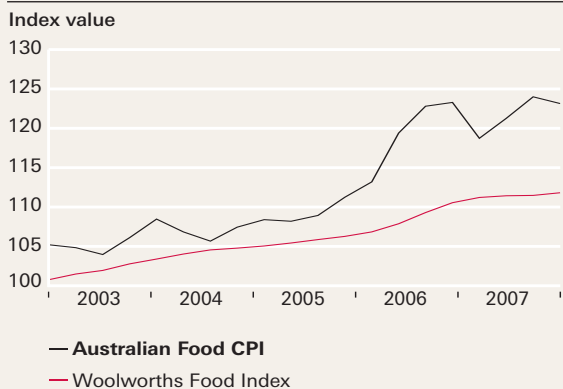
The world price of tin has increased significantly in recent times and has reached a 19 year high. Tin is an essential packaging commodity for many food items.

Source: London Metal Exchange.

Food inflation

Each month, we calculate our inflation rate on a whole supermarket sized basket of goods. This measures the degree to which our customers' shopping basket has increased in price, taking into account the changing mix of goods our customers buy. We provide these figures to the Reserve Bank of Australia.

WOOLWORTHS FOOD INDEX AND FOOD CPI



Source: Australian Bureau of Statistics Data/Concept Economics.

When we compare the Woolworths Food Index to the Consumer Price Index for food, our figures track well below the CPI rate. The reason for this marked difference is that the Woolworths Food Index is expenditure based, reflecting what customers actually buy in our stores at our prices. The CPI measures a fixed basket of goods over time.

ACCC inquiry

During 2008 the ACCC conducted a comprehensive and rigorous inquiry into the competitiveness of retail prices for standard groceries. The inquiry was initiated in response to growing concern over food prices, competitiveness in the retail sector and the perceived widening of the gap between farm gate and check-out prices.

These are all issues that have concerned Woolworths for some time and we acknowledge that there is concern in the community. That's why we supported the inquiry and fully cooperated with the ACCC in its intensive investigations.

Key findings

In conducting the inquiry the ACCC was able to allay the concerns many people had in relation to the retail market. On the key issues of food pricing, competition and supplier management the ACCC found that:

- Grocery retailing is workably competitive.
- The vast majority of grocery price increases in Australia were attributable to factors such as supply and demand changes in international and domestic markets, increases in the costs of production and domestic weather conditions.
- There is nothing fundamentally wrong with the grocery supply chain and there has not been a widening of the gap between farm-gate and retail prices; farmers and suppliers are not getting less while retailers are getting more.

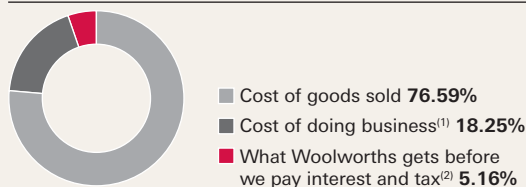
The ACCC did find a number of factors that currently limit the level of price competition in the food retail sector, including:

- High barriers to entry and expansion.
- Limited incentives for major supermarket chains to compete aggressively on price.
- Limited price competition from the independent sector.

Woolworths is a strong supporter of competition. The Australian food retail sector now includes a variety of new market entrants plus a growing independent and specialist food sector. There has never been more choice about where to shop. It is also noteworthy that the independent grocery sector has overall grown at a much faster rate than the major supermarket chains in the past five years. For example, over the past five years, the increase in store numbers for Metcash/IGA (118) and ALDI (95 stores) has been more rapid than the overall store growth for either Woolworths (73 stores) or Coles (59 stores).

For more information on this issue, please refer to *The Facts About Grocery Retailing at Woolworths* at www.woolworthslimited.com.au.

COSTS AND PROFIT



Our supermarkets are high volume, low margin businesses. We make our profits by selling large amounts of grocery items at low prices.

Source: Woolworths Limited Annual Reports (2003-07).

As a listed company we release fully audited and publicly available accounts. Our sales, profit and gross margin can be viewed in our annual and interim reports which are available on our website. Woolworths makes about five cents in the dollar before paying interest and tax. Our net operating profit is about three cents in the dollar.

Notes:

(1) Includes paying staff, running stores, energy, rent, IT etc.

(2) Earnings Before Interest and Tax.

SELLING ALCOHOL RESPONSIBLY

We acknowledge that the sale and consumption of alcoholic beverage products brings with it considerable responsibilities. Many of these obligations are defined by legislation that seeks to protect individuals and society from harm caused by excessive alcohol consumption.

Alcohol consumption is ultimately an issue of individual responsibility. However, as a responsible retailer of alcoholic beverages, we go beyond regulatory compliance and abide by a strict buying charter that governs all aspects of our liquor operations. Any alcoholic or alcohol branded product (such as branded chocolate, chips or soft drinks) submitted for potential sale by any buyer within the Woolworths Liquor Group must first be benchmarked against a checklist, and any product failing to meet these guidelines will be removed. The charter includes nine principles that aim to avoid the sale of any products that appeal to minors, encourage inappropriate drinking practices or make inappropriate associations.

These practices send a strong message to the community and manufacturers that products that target minors and encourage illegal drinking are not welcome in our stores.

Responsibility at our stores

Preventing sale of alcohol to underage customers and to people who are supplying them is one of the challenges facing our 8,000 staff working in licensed premises.

To help our staff make the right decisions we have implemented our ID25 policy, which requires staff to ask for identification when customers appear to be aged 25 or younger. This reduces the guesswork and potential stress for staff while helping to ensure we only sell to customers of legal age.

This policy has been incorporated into our Responsible Service of Alcohol training for all staff. Prominent in-store signage supports the program.

Principle 1

The product should not have the potential to appeal to minors.

Principle 2

The product should not have an appearance that could potentially lead to confusion with confectionary or soft drinks.

Principle 3

The product should not have an appearance which may lead to confusion about its alcoholic nature or strength.

Principle 4

The products should not draw any association with drug culture, narcotics or other illicit drugs or drug paraphernalia.

Principle 5

The product should not encourage illegal or immoderate consumption such as binge drinking, drunkenness or drink-driving.

Principle 6

The product should not suggest any association with dangerous, violent, aggressive, or antisocial behaviour.

Principle 7

The product should not suggest that consumption can lead to social, sporting or sexual success or popularity.

Principle 8

The product should not feature imagery or language that could be deemed offensive on cultural, religious, ethnic or gender grounds.

Principle 9

The product should not suggest that any physical or mental health benefit can be obtained by consumption.

At Woolworths we aim to make fresh food available across Australia and New Zealand through our stores.

Responsible Service of Gaming

The ALH Group is committed to providing responsible gaming in our venues. We acknowledge that problem gambling is a serious community issue and that a small proportion of customers are harmed by their gambling activities.

ALH complies with all applicable responsible gambling legislative requirements in each state. ALH participates in many state and local government gambling working groups to assist in identifying and developing appropriate responsible gambling initiatives.

All ALH gaming staff are trained in the Responsible Service of Gambling. The ALH Group has engaged David Schwarz, a well known former AFL footballer and media identity, as its Responsible Gambling Ambassador to provide employee education and customer awareness about the importance of “being honest with yourself about your gambling”.

David has completed an accredited Responsible Service of Gambling course and will provide additional support to existing state-based initiatives.

Key elements of the program include:

- State venue manager and staff meetings covering David’s personal experiences and learnings with the aim of assisting our staff in interacting with problem gamblers. ALH invites interested community groups, welfare agencies and local government representatives to many of these meetings.
- Venue posters and other material highlighting the importance of “being honest with yourself about your gambling”.
- Working with ALH management to further identify opportunities where we can proactively assist those who have a problem with their gambling.

David’s role includes being available for our staff to discuss any gambling problems they or their families and friends may be experiencing.

Responsibility in the community

Woolworths has always been a willing and conscientious participant in efforts by state and territory police, local councils and community groups to tackle problem drinking. We have voluntarily introduced a range of measures (above the license requirements) to assist local communities to better manage alcohol related issues. These have included removing types of “long-neck” beer and wine casks (especially in the Northern Territory), reducing trading hours, removing of glass products in specific locations, and working with the federal government proactively on the intervention program.

DEVELOPMENT OF NEW STORES

Woolworths stores can be a focal point for the communities in which we operate, both in regional and metropolitan areas. We aim to make fresh food available across Australia and New Zealand through our stores, and with these stores come many community benefits such as new jobs and apprenticeships.

When we choose new sites, we investigate how our store will fit in with state and local government objectives for urban growth and economic development. We also analyse local demographics to make sure that there is a need for the new store, to understand what size of store is most appropriate and how people spend on food, groceries and liquor.

We acknowledge that in some communities people may have concerns about the potential economic impacts a new supermarket may have on local existing businesses. In these cases we would commission additional studies to assess the economic impact. In most instances, our research has shown that when a new Woolworths store comes into an area there is an increase in sales at specialty retailers in the area.

Building a new supermarket is a complex process that can take a number of years from start to finish. The steps can include identifying an appropriate site, negotiating lease or purchase of the site, undertaking environmental assessments, obtaining development approvals through local, and sometimes state, planning authorities, and finally building the store. While we comply with legislative requirements in relation to planning and environmental management, we realise we need to improve the way we engage with local businesses, residents and other stakeholders throughout the development process to try to address their needs and demonstrate that we are genuine about achieving a good outcome for the community.

For one of our current developments at Mullumbimby in New South Wales we have made a number of modifications to the store design to address community concerns, such as moving the loading dock away from the car parking area to improve safety for shoppers and making changes to the façade so that the store will fit in better with the streetscape. Different interest groups have competing concerns and we work to balance these concerns as much as possible.

To help improve this aspect of our business we are developing a program to build capacity in our property division in the area of stakeholder engagement.

GOVERNANCE

BOARD OF DIRECTORS



James Alexander Strong
AO
Chairman since
April 2001.

**Michael Gerard
Luscombe**
Managing Director and
Chief Executive Officer
since October 2006.

John Frederick Astbury
FAICD
Director since
January 2004.

Roderick Sheldon Deane
**PhD, B Com (Hons),
LLD Honorary, FCA,
FCIM, FNZIM**
Director since
April 2000.

Diane Jennifer Grady
BA (Hons), MA, MBA
Director since
July 1996.

Woolworths is committed to business integrity and to ensuring our company policies and practices meet the highest levels of disclosure and compliance.

Under the direction of our highly experienced board, Woolworths Limited has a comprehensive corporate governance framework, particularly in the critical areas of compliance and financial reporting.

Woolworths Limited follows the Australian Securities Exchange (ASX) Principles of Good Corporate Governance and our directors are committed to the ethical pursuit of our shareholders' best interests.

The following documents outline our governance framework and are available at www.woolworthslimited.com.au:

- Code of Conduct.
- Corporate Governance Manual.
- Constitution.
- Risk Management.
- Charter for the Competitive Sale of Independent Supermarkets.
- Options/Shares Trading Policy.

Woolworths is committed to business integrity and to ensuring our company policies and practices meet the highest levels of disclosure and compliance.



Leon Michael L'Huillier
BCom (Hons), MBA,
MPhil
Director since
September 1997.

Ian John Macfarlane
AC, BEc (Hons), MEc
Director since
January 2007.

**Thomas (Tom) William
Pockett**
Finance Director since
November 2006.

Alison Mary Watkins
BComm, CA, FSIA, AICD
Director since
January 2007.

BOARD OF DIRECTORS

The Board of Directors is accountable to shareholders for performance and is responsible for Woolworths' corporate governance practices. The board's principal objective is to maintain and increase shareholder value while ensuring that Woolworths' overall activities are properly managed. In doing so the board supports the highest standards of corporate governance, which it sees as fundamental to its commitment to business integrity and professionalism in all its activities.

As part of its commitment to good corporate governance, the board regularly reviews the practices and standards governing the board's composition, independence and effectiveness and the accountability and compensation of directors and senior executives.

For more information refer to the Annual Report 2007–08.

COMMITTEES OF THE BOARD

The board has established a number of committees to support the board in matters that require more intensive review. These are:

- Audit, risk management and compliance committee.
- Corporate governance committee.
- People policy committee.
- Superannuation.

More information on committees of the board, their roles and responsibilities is contained in the Annual Report 2007–08.

CODE OF CONDUCT

All Woolworths employees, management and the board have a responsibility to maintain the highest legal, moral and ethical standards in our dealings with customers, suppliers, employees, local communities, government and regulatory bodies.

The Code of Conduct outlines our policies and practices relating to:

- How we do business.
- Our customers.
- Woolworths Limited shares.
- Conflict of interest.
- Privacy and confidentiality.
- Gifts and gratuities.
- Property and ownership.
- Health and safety.
- Anti-discrimination and equal employment opportunity.

Every employee is asked to read the Code of Conduct during their induction and then sign and return the enclosed declaration. Copies of the Code of Conduct are readily available to all staff in hard and soft copy and it is also available to the general public on our website at www.woolworthslimited.com.au.

Employees from all supermarkets and our head office have access to a 24 hour hotline where they can anonymously report incidents such as inappropriate behaviour.

RISK MANAGEMENT

Risk management is an essential element of good corporate governance and an integral part of good management practice. It is an iterative process of continual improvement in identifying and managing risks. We place strong emphasis on maintaining a risk-aware culture in decision making and operations and believe it is the responsibility of every Woolworths' employee to appropriately manage risk in their day to day activities.

The Group's Risk Management Framework embodies our overall system for managing material business risks. The Risk Management Framework is applicable to all Woolworths' activities in all jurisdictions and countries in which we operate. Our approach to risk management has regard to relevant regulations, standards and guidelines. These include the Committee of Sponsoring Organisations of the Treadway Commission paper on *Enterprise Risk Management – Integrated Framework* (COSO), the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* and the Joint Australian/New Zealand Standard *Risk management* (AS/NZS 4360:2004).

The Board oversees and reviews the effectiveness of risk management in the organisation and is assisted and advised in this role by Board committees. Management is responsible to the Board for identifying, managing, reporting upon and implementing measures to address risk and compliance and fostering a risk-aware culture. Further, independent audit (both internal and external) and management provide regular assurance and other reports to the Board and its committees.

A summary of the Group's Risk Management Policy is available on our website.

Our Ethical Sourcing Policy will be rolled out in a staged process commencing in February 2009.

POLITICAL DONATIONS

Woolworths aims to keep governments and other important stakeholders abreast of its activities. Woolworths does not make any outright political donations. All political contributions are transparent and made in the spirit of supporting the democratic process and strictly adhere to all relevant laws and regulations.

OUR APPROACH TO CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Our corporate responsibility agenda is simple – doing the right thing – underpinned by policies and strategies on workplace management, corporate governance, environmental sustainability and community investment. While our workplace management and corporate governance strategies are well integrated into our core business strategy and the way we do business, integrating our community investment and sustainability strategies is a work in progress. This report is our first integrated Corporate Responsibility Report.

A number of our senior managers who report directly to our Chief Executive Officer are accountable for delivering our corporate responsibility agenda. Workplace strategies are the responsibility of our Director of Human Resources; Corporate Governance is the responsibility of our Group General Counsel and Company Secretary; community investment and environmental sustainability strategies are the responsibility of our Director of Corporate and Public Affairs.

SOURCING

Ethical Sourcing Policy

There has been much debate and concern about human rights in emerging markets and developing countries, specifically in relation to ethical sourcing of products purchased overseas and sold locally.

We want to ensure we source our products responsibly, encourage our vendors and agents to improve their social and environmental practices, and protect our corporate reputation and that of our individual businesses and brands.

In response to this we have developed an Ethical Sourcing Policy that will be rolled out in a staged process commencing in February 2009. The policy relates to all Woolworths Limited businesses and brands, all imported products sourced directly by Woolworths or through our agents, and incorporates both environmental and socioeconomic criteria.

We have identified four common risk factors across all businesses and all of our brands and product categories: bribery and corruption, labour rights (including OHS), environmental compliance (waste, air and water), and packaging. The policy sets out clear and globally recognised standards for our vendors and agents and we will be continually monitoring our vendors and agents and purchasing practices to ensure they comply. Implementation involves auditing of facilities and strict Terms of Trade agreements to ensure vendors and agents adhere to policy conditions.

Woolworths has identified a number of sustainability issues relating to specific product categories such as paper and tissues, palm oil, fish and seafood. We are continuously investigating these issues and the progress on development of relevant global standards and best practice so that we can set clear guidelines for our business.



Above from left to right:
Ms Sam Mostyn,
Mr Bob Welsh,
Dr Simon Longstaff
Dr Walter Cox
Ms Fiona Wain

EXTERNAL STAKEHOLDER ENGAGEMENT

Partnerships

CSIRO

Woolworths was a sponsor of the CSIRO's Future Fuels Forum, a research program that brought together fuel stakeholders from community, industry and government. The nine month, sectorwide initiative looked at developing and analysing scenarios to address the challenges facing secure and sustainable transport fuel in Australia to 2050. For more information see page 73.

Australian Food and Grocery Council (AFGC)

We have partnered with AFGC to fund a study into ways of measuring the carbon footprint of food, beverage and grocery products – to help industry and government better understand and evaluate the concept of carbon footprinting in the Australian context. For more information see page 74.

Landcare Australia and Country Women's Association

Our National Drought Action Day aims to help Australian farming families affected by drought. By partnering with Landcare and the Country Women's Association we have been able to ensure that the funds raised, through donating all of our profits for one day, go to families most in need and support sustainable farming programs around Australia.

For more information see page 55.

Sustainability Advisory Group

Woolworths is keen to learn and grow in the area of sustainability. In 2007 we established a Sustainability Advisory Group to provide independent strategic advice and a diverse range of views to Woolworths' CEO and senior management group.

The Group brings together leaders in the fields of environment, sustainability and corporate responsibility to guide us on our sustainability strategies and represent the views of the broader community and our diverse range of stakeholders. In this way we are able to gain input from experts, thought leaders and the community as a whole to work towards best practice in sustainability and corporate responsibility in the retail sector.

Since its formation, the Group has met three times and discussed a range of issues such as Select tissue products (mentioned previously in this report), Woolworths' ethical and sustainable sourcing policy, biofuels and food security and forestry certifications. The Group met on 29 November 2007, 1 April 2008 and 31 July 2008.

The members of the Group are:

Mr Greg Bourne

CEO, WWF Australia

Ms Roberta (Bobbie) Brazil

Chair, Australian Landcare Council

Dr Walter Cox

Chairman, Independent Audit Group for water use in the Murray-Darling Basin

Immediate past chairman, WA Environment Protection Authority

Dr Simon Longstaff

Executive Director, St James Ethics Centre

Chairman of Sustainability Advisory Group

Ms Sam Mostyn

Group Executive, Culture and Reputation, IAG

Ms Fiona Wain

CEO, Environment Business Australia

Mr Bob Welsh

Chair, Sustainability Victoria and CEO, VicSuper

Maryanne Macleod

Group Manager – Strategic Direction, Environment

– Bay of Plenty, New Zealand

Ms Macleod resigned from the Advisory Group on 9 June 2008

Members from within Woolworths are:

Michael Luscombe, CEO

Andrew Hall, Director of Corporate and Public Affairs

Armineh Mardrossian, Group Sustainability Manager



We currently have about 530 Eco Ambassadors across all business divisions throughout Australia. The New Zealand program will commence in early 2009.

Stakeholder engagement framework

Since August 2007 we have been working to develop a stakeholder engagement framework that will enable us to better predict and manage emerging stakeholder issues. With expansion plans of around 720 stores over the next five years in Australia and New Zealand, how we manage community concerns around the development of new stores is critical to help deliver the best outcomes for the communities we move into while still meeting our commercial objectives.

We have undertaken research within our property division to understand current stakeholder engagement practices. This information is being used to develop a new approach that will be used to help us understand and respond to the issues faced by local communities where a new Woolworths store is being developed.

Non-government organisations

As part of a comprehensive review of our community investment strategy we held a workshop in June 2008 with key opinion leaders in the not-for-profit sector to gather information on how our community and social programs are perceived, and to provide ideas for future guidance on these issues.

The issues discussed at the workshop included programs addressing obesity, nutrition and labelling, tobacco and alcohol, disadvantaged groups, awareness of existing programs, customer values and drought.

The workshop outcomes will be used in the development of our new community investment strategy (for more information see Community Investment section) and will form the basis for future engagement with these groups.

- Groups that participated in the workshop were:
- Youth off the Streets.
 - Heart Foundation.
 - Country Women's Association.
 - Healthy Kids School Canteen Association.
 - RSPCA.
 - Salvation Army.
 - YWCA.
 - Cancer Council NSW.
 - Parents' Jury.

INTERNAL STAKEHOLDER ENGAGEMENT

Eco Ambassador Program

We have set a number of environmental targets in key areas and are investing in technologies and initiatives to reduce our environmental footprint. But these investments will only take us so far unless we engage our employees in being more efficient in our stores, offices and Distribution Centres.

Through our Eco Ambassador Program we are developing sustainability expertise at the store and Distribution Centre level by raising participants' awareness and empowering them to take action. They will also be equipped with the knowledge to influence their colleagues' behaviour and educate customers about our sustainability initiatives.

We currently have about 530 Eco Ambassadors across all business divisions throughout Australia. The New Zealand program will commence in early 2009.

Our Eco Ambassadors have received training in sustainability and the environmental challenges that are being faced globally, nationally and within the business. They have also been instrumental in identifying sustainability opportunities for their workplace, barriers to change and solutions to those barriers.

Our Eco Ambassadors have taken what they have learned back to their workplaces and are encouraging their co-workers to conserve energy and water, and recycle correctly, both at work and at home.

We support our Eco Ambassadors with ongoing communication and by setting tasks for them to complete in their workplace.

Employee feedback and consultation

We operate a range of formal and informal employee consultation techniques across the business to also inform our people and provide opportunities for them to communicate their views back through the business. These include workshops, focus groups, online surveys, team talks, roadshows and conferences.

“I’ve got an idea” program

Since its inception in 2006, this initiative for all Woolworths and Safeway supermarket staff has seen over 2,600 business improvement ideas submitted.

Communicating with our people

A range of methods is used to facilitate employee communications within Woolworths, from store team talks to regional managers regular videoconferencing, area management meetings and so on. As only a small percentage of our staff have regular access to email and intranet, most employee communication happens face to face or through printed and audiovisual means.

Some of the methods we use to communicate with our people include:

- WoW TV, weekly television programs broadcast to all of our supermarkets.
- *Woolies News*, a quarterly magazine for all Woolworths staff, *Norwest News*, a monthly email for employees at our Norwest support office in Sydney and *WoW Express*, a monthly newsletter for all supermarket staff.
- Divisional magazines and newsletters including *Xpress*, a monthly newsletter for supermarket staff; *Cheers*, a monthly magazine for the BWS team; and *BIG News*, a monthly newsletter for BIG W staff.
- Monthly CEO communications meeting at our Norwest support office.
- Annual four day company conference attended by all store managers and key support staff, plus their partners (approximately 5,000 people in total).
- Company intranet (WOWnet) available to employees working in support areas of our business who have access to a computer.
- An external internet site, the WoW Noticeboard which enables staff to access company news and information via the internet.

PRODUCT RESPONSIBILITY

Private Label

Our most recognised supermarket house brands are Homebrand, Select and Essentials.

The Woolworths Homebrand range has been one of the country’s most popular brands for over 20 years, and now encompasses around 800 products. This value range provides quality products within the budget price category. Homebrand is Australia’s largest selling single brand of groceries.

The Woolworths Select range was introduced in March 2005 to provide customers with over 1,200 premium Private Label products.

Our customers have responded enthusiastically to the quality and value that Woolworths Select offers, with recent research indicating 75% of Woolworths customers who have purchased a Woolworths Select product have become repeat buyers.

As a healthy lifestyle and diet are becoming increasingly important concerns for many Australians, all products in the Woolworths Naytura range have been carefully selected to care for our customer health and wellbeing. Each product is selected to provide the highest quality taste, while being low in salt, sugar, fat and additives.

The Naytura range currently includes nuts, dried fruits, cereals, spreads and biscuits. We are continually looking to expand the range to provide our customers with a wider variety of healthier food options.

Woolworths Organics is a range of organically certified fresh foods and grocery products for customers who prefer organic produce, or who are looking to explore something new. The range currently includes fresh fruit and vegetables, poultry, tinned products, milk, and cheese. We are continually looking to expand this range in line with customer demand.

We remain committed to our long standing policy of giving preference to Australian vendors who can meet our supply requirements.

The Woolworths Homebrand range has been one of the country's most popular brands for over 20 years, and now encompasses around 800 products.

Product information and labelling

We support product labelling that clearly details ingredients, nutritional content and country of origin. Our team of in-house food scientists and nutritionists reviews every specification and ingredient list to ensure that each product meets our high standards. We also aim to minimise the use of artificial colourings, additives and preservatives.

Our Private Label brands aim to exceed regulatory standards and provide as much information as possible. This includes listing ingredients such as trans fat content.

Green claims

The retail market is becoming increasingly saturated with green product claims. Unfortunately some claims can be misleading if they are not supported by evidence or not well explained. This practice of "greenwash" has led to a great deal of consumer confusion when it comes to making decisions about buying environmentally friendly products.

With more and more suppliers wanting to put environmental claims on their products it is becoming increasingly difficult to distinguish between different environmental certification standards, particularly when dealing with international suppliers. There is a demonstrated need for retailers, including Woolworths, to improve environmental labelling and verification processes to build customer trust and make it easier for customers to choose legitimately sustainable products.

Choice Australia recently carried out an investigation into green claims on non-food items from three stores from different chains in Sydney in January and March 2008. Choice looked at 185 items that carried green claims and found a total of 637 claims, an average of over three claims per product. They found that some of the green claims repeated the same or similar claim and were difficult to verify.

We developed an Environmental Claims Policy to help our buying, advertising and marketing staff to make sure that the environmental claims made on Woolworths controlled brands and in our catalogues have been properly verified and described in a way that does not mislead our customers or the general public. The policy was developed with reference to the ACCC guidelines on green marketing.

Sustainable sourcing

Palm oil

Woolworths is working to reduce the use of palm oil in Private Label food products for both nutritional and environmental reasons. Palm oil contains about 50% saturated fats and is inferior in quality to other vegetable oils. Production of palm oil can contribute to destruction of habitat and biodiversity, and some of our customers had contacted us to express their concerns about this issue.

We have been able to exclude direct use of palm oil from our Select brand food products and are in the process of phasing it out from all Homebrand food products and in store baked goods. Our Private Label team implements this requirement through the product development process working with our suppliers.

This is an issue that is very much dependent on the cooperation of the entire supply chain supplying the various ingredients for our Select and Homebrand products.

While all our manufacturers of Select and Homebrand know our policy position on palm oil in our Private Label food products, some of their suppliers may change the source of their ingredients such as an emulsifier or a flavour base which may contain a palm oil derivative. This is not easily identifiable as there are no mandatory labelling or disclosure requirements of palm oil under the current Australian food regulations.

This is presenting a challenge for us in terms of continuous monitoring and enforcement. Our Private Label team is working with our supply chain to understand and overcome these issues.

Fisheries

We have started working with the Marine Stewardship Council to help develop an understanding of the issues relating to sustainable fishery practices and chain of custody certification. Our aim is to use this information to develop a policy on fish sourcing.

Quality assurance

Supermarkets

Our quality assurance (QA) team is made up of 18 qualified technical staff in Australia and four qualified technical staff in New Zealand. These include food technologists, nutritionists, chemists and the QA food laboratory team located in state of the art laboratory facilities at Norwest.

The QA team is responsible for ensuring all products sold to our customers in our Fresh Food Departments and under our Private Label brands are safe and of the highest quality.

All suppliers of fresh food and Private Label in Australia must be certified to the Woolworths Quality Assurance (WQA) standard, and all suppliers are independently audited biannually to demonstrate compliance to the WQA Standard.

WQA certification is under way in New Zealand for suppliers of Private Label products that are procured locally for Homebrand, Signature range and Select. We are currently rolling out WQA certification into the New Zealand fresh food suppliers with full certification expected by 30 September 2009.

A quality manager works with the Private Label business manager to ensure all products are sourced from WQA approved suppliers and developed in accordance with brand guidelines on quality. The quality manager ensures all claims made on products are validated and comply with relevant regulations.

BIG W and General Merchandise

The Quality Assurance Team for BIG W and Woolworths General Merchandise is responsible for improving the quality, safety and functionality of goods for our customers, minimising risk and improving compliance with laws and regulations that protect the Australian consumer. Our team also plays a vital role in establishing and protecting the credibility of the Woolworths and BIG W brand names.

Seventeen technicians based at our Norwest laboratory work in two teams: Hardgoods which tests and monitors the quality of toys, electrical appliances and all general merchandise; and Softgoods which tests and monitors design and textiles for apparel, homewares and shoes. The laboratory, called Qualtest, is an accredited testing laboratory and is National Australian Testing Authority (NATA) accredited for toys.

Our Hong Kong operation has seven technicians who currently concentrate on post production, pre shipment inspections, factory audits in China and influencing the quality of goods sourced internationally. The quality and safety of our goods are also monitored at each Distribution Centre, assisting with our speed to market and acting as an inspection filter before products are made available to customers.

Consumer Electronics

Our consumer electronics QA team manages third party inspection providers, performs incoming QC testing, reviews and analyses product reliability history and determines and implements product improvements. In conjunction with the Engineering and Compliance team, they ensure that our house brand products comply with mandatory safety standards and achieve satisfactory levels of performance and reliability.

CUSTOMER FEEDBACK

Customer research

We conduct regular research on customer needs and wants to help us tailor our services and products to meet customers' expectations.

Customer research comprises two main streams: shopper monitors and specific research studies.

Shopper monitors provide ongoing measurement of customer perceptions and satisfaction and include:

- Brand health trackers: to measure brand health, performance on key customer needs and customer satisfaction.
- Customer satisfaction program: to measure customer satisfaction with their shopping experience, including Woolworths' performance on key customer needs.
- Roy Morgan monitor: to monitor general shopping behaviour and attitudes, including perceptions of Woolworths and key competitors.

On a monthly basis Woolworths receive between 3,500 and 4,500 customer queries. These range from customer complaints, compliments and general enquiries.

Examples of specific research studies include:

- Obtaining customer feedback on shopping experience, particularly around new store design (Supermarkets and BIG W).
- Identifying strengths, weaknesses and areas for improvement in the Woolworths offer/experience (Supermarkets, BIG W, Consumer Electronics, Liquor, ALH).
- New product development (Supermarkets, Group Financial Services).
- New business development (Thomas Dux, Business Development, Customer Engagement).
- Developing customer loyalty programs (Customer Engagement).

All our customer research complies with the Australian Market and Social Research guidelines and codes of conduct. Our research is designed to ensure the results are both reliable and representative of the customer base.

Tools used to seek customer feedback include:

- Face-to-face interviews and accompanied shopping trips.
- Focus groups or workshops in a central location.
- Focus groups held in store.
- Telephone and online surveys.
- Mystery shopping.

CUSTOMER RESEARCH RESULTS 2007–08

Sample size (among Woolworths customers)	5,670
% Customers who associate Woolworths with	
You can buy everything there	56.0%
They have friendly and helpful staff	50.1%
They are clean and tidy	69.1%
They are well laid out	62.3%

Source: Roy Morgan Supermarket Monitors.

Customer complaints and enquiries

Woolworths has policies to handle all types of customer feedback:

- Service oriented.
- Product contamination.
- Shortfalls in product quality.
- Transaction charging disputes.

We have systems in place to capture customer feedback and complaints including:

- Store Management details displayed at the entrance of our stores for complainants to consult when they have feedback.

- If a customer does not wish to discuss the complaint at store level they can contact Woolworths on the customer line 1300 767 969 or via the Woolworths Supermarkets website www.woolworths.com.au.

If the issue cannot be resolved at store level, the complaint is escalated to either a regional or national level. The complaint is investigated and the customer contacted (if they have requested further contact).

If the issue is with a product the supplier may become involved and contact the customer to help resolve the issue. This will only occur if the customer has given their consent to have their details passed on.

On a monthly basis we receive between 3,500 and 4,500 customer queries. These range from customer complaints, compliments and general enquiries.

PRIVACY

Respecting customer privacy

Woolworths complies with the *National Privacy Principles for the Fair Handling of Personal Information* that sets standards for collection, access, storage and use of personal information that we obtain as part of our business operations.

Our respect for our customers' right to privacy of their personal information is paramount. We have policies and procedures to ensure that all personal information, no matter how or where it is obtained, is handled sensitively, securely, and in accordance with the National Privacy Principles.

This Privacy Policy sets out:

- The types of customer information we collect.
- Our policies on the management of personal information.
- How we collect, hold, use and disclose information.

Personal information collected

We may ask customers for personal details such as name, address, telephone number or email address in line with privacy laws. Some examples of where we may need these details are lay-bys, home delivery of groceries, or in-store competitions. We take measures to ensure personal information is protected from unauthorised access, loss, misuse, disclosure or alteration. We destroy or permanently de-identify personal information when it is no longer required. How we do this varies with the type of information, and how it is collected and stored.

Generally, customers have no obligation to provide any information requested by us. However, customers who choose to withhold requested information may not be able to access the goods and services depend on the collection of that information, particularly if collection of that information is required by law.

How personal information is used

The personal information we ask for is generally used to provide goods or services to customers. For example, for a credit card transaction we need the card number, and for a competition we need the customer's contact details so we can inform them if they win.

We may also use personal information to provide a better service to customers. This may include using personal information to advise customers of new products and services.

Where possible, we try to ensure our disclosure of information to other organisations (for example market researchers, and others with whom we have commercial arrangements) is done in a way that does not personally identify individuals.

Access to personal information

We will provide customers with access to any of their personal information we hold (except in the limited circumstances recognised by privacy law).

Customers seeking access to their personal information can email privacy@woolworths.com.au or phone (02) 8885 8000 for more information.

MEMBERSHIPS AND INDUSTRY CODES

Memberships

Some of the organisations that Woolworths is a member of are listed below:

- Australian National Retailers Association.
- Australian Institute of Packaging.
- Packaging Council of Australia.
- Business Council of Australia.
- Efficient Consumer Response Australasia.
- Australian Logistics Council.
- Produce Marketing Association.
- Horticulture Australia Limited.
- Australian Citrus Growers.
- Sydney Chamber of Commerce.
- Australian Employers Network on Disability.
- Environment Business Australia.
- Victorian Transport Association.
- NSW Road Freight Advisory Council.
- Safety Institute of Australia.
- Victorian Storage Industry Alliance.
- Procurement Strategy Council.
- Customs Brokers and Forwarders Council of Australia.
- Consumer Electronics Suppliers Association.
- Western Australian Chamber of Commerce and Industry (Retail Trade Association).
- Australian Hotels Association.
- Urban Taskforce.
- New Zealand Retailers Association.
- New Zealand Business Council for Sustainable Development.
- Packaging Council of New Zealand and a signatory to the New Zealand Packaging Accord.
- New Zealand Business Roundtable.
- Property Institute of New Zealand.

Woolworths complies with the *National Privacy Principles for the Fair Handling of Personal Information* that sets standards for collection, access, storage and use of personal information.

Industry codes

Woolworths is a signatory to the following industry codes:

- Electronic Product Code.
- Produce and Grocery Industry Code.
- Retail Logistics Supply Chain Code of Conduct.

Product requirements

All products must meet the current Australian Commonwealth, state or territory's regulatory requirements including:

- Food Standards Australia and New Zealand (FSANZ) – Governs all food legislation in Australia relating to food safety, labelling.
- Australian Competition & Consumer Commission (ACCC) – Stipulates the requirements relating to country of origin statements and deceptive and misleading labelling.
- Therapeutic Goods Administration (TGA) – Stipulates the requirements relating to country of origin statements and deceptive and misleading labelling.
- Australian Quarantine and Inspection Service (AQIS) – Body accountable for inspection of all imported goods.
- Trade Weights and Measurements – Legislation governed by the Department Fair Trading within each Australian state/territory.
- Trade Weights and Measurements (New Zealand).

Alcohol

- Alcohol Beverages Advertising Code (ABAC) and Complaints Management Scheme.
- Various state and territory based mandatory licensing restrictions and voluntary product restrictions.

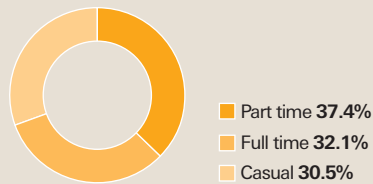
Consumer Electronics

- AS/NZS 61558.1:2000: Safety of power transformers, power supply units and similar.
- AS/NZS 60065:2003: Audio/video and similar electronic apparatus – Safety requirements.
- AS/NZS 60950.1:2003: Information technology equipment – Safety – General requirements.
- AS/NZS 60335.1:2002: Household and similar electrical appliances – Safety – General requirements.
- Telecommunications Labelling (Customer Equipment and Cabling) Notice 2001.
- Radiocommunications (Compliance Labelling – Electromagnetic Radiation) Notice 2003.
- Radiocommunications (Compliance Labelling – Incidental Emissions) Notice 2001.
- Radiocommunications Devices (Compliance Labelling) Notice 2003.

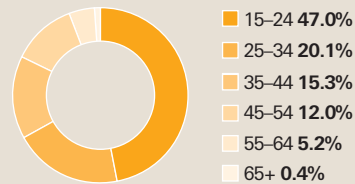
OUR PEOPLE

WORKFORCE COMPOSITION

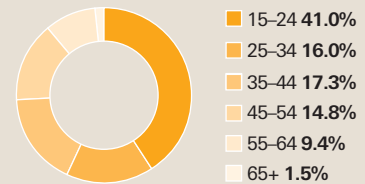
Total workforce by employment type
Australia and New Zealand (excludes ALH)



Woolworths employees by age ratio 2007-08
Australia (excludes ALH and PEL)



Woolworths employees by age ratio
New Zealand



The Woolworths family is one of the largest employers in Australasia with around 190,000 team members working in stores, support offices and Distribution Centres across Australia and New Zealand. Our team also continues to grow in other markets through our wholesaling and buying offices in India and Asia.

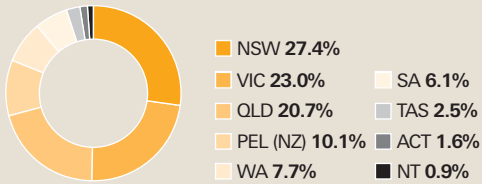
Retailing is a people focused business, which makes recruiting, developing and retaining great employees critical to our success. Through our policies, training and development opportunities, career opportunities, reward and recognition programs and initiatives to promote a healthy work/life balance, we aim to keep doing the right thing by our people and ensure they continue to see Woolworths as a great place to work.





We recruited more than 70,000 new employees, creating jobs and career opportunities in local communities across Australia and New Zealand.

Total workforce by region
Australia, New Zealand and ALH



TOTAL EMPLOYEES

Woolworths Limited Group	This year 2007-08	Last year 2006-07	TY/LY %
Supermarkets	121,574	117,329	103.6
BIG W	25,447	24,900	102.2
Consumer Electronics	4,194	3,951	106.2
Other divisions	1,543	1,672	92.3
Executives	832	730	114.0
Hotels	16,044	14,171	113.2
PEL NZ	19,040	18,517	102.8
Total WOW Employees	188,674	181,270	104.1



74%

of executive appointments in operational areas and

93%

of senior appointments were internal.

8.6%

executive turnover and

8.9%

turnover in Supermarkets store managers.

the opportunity to bring global diversity, thinking and capability into our business. Through a targeted international recruitment program, 34 staff⁽¹⁾ have been recruited to work in the Professional Services, IT, Buying and Marketing and Store Operations areas.

PERCENTAGE OF NEW EXECUTIVES RECRUITED LOCALLY IN FY07-08⁽²⁾

	%
BIG W	59
Woolworths Supermarkets	92
Logistics	100
Freestanding Liquor	N/A
Petrol	N/A
IT	59
Dick Smith Electronics	100
Corporate	100

RECRUITMENT AND RETENTION

Recruitment

Our practice is to recruit externally only when suitably qualified and experienced talent is not available internally. This balances internal knowledge and skills with fresh ideas and expertise.

For our store and Distribution Centre operations, we recruited more than 70,000 people from communities in Australia and New Zealand in the 2007-08 financial year.

We also externally recruit for specialist roles, looking for candidates with considerable experience (usually more than five years and degree qualified) in their given areas of expertise. Most of these are recruited for senior roles in our support office in Sydney, however a small number are recruited for senior retail operations roles in regional areas.

We use a range of methods to recruit externally including online job boards, industry magazines, recruitment agencies, referrals and word of mouth, career expos and press advertising. In the past, these sourcing activities have focused on the local market (Australia and New Zealand). However, with the recent expansion of our business into the global market through our offices in India and Asia, we have taken up

Retention

Building internal capability is fundamental to our continued growth and success. To retain our talented people, we offer numerous personal and professional benefits such as flexible work arrangements and wellbeing programs. It is a core component of our Human Resources strategy to provide employees with opportunities for progression and development within the Company.

Promoting from within

We are well known for our practice of promoting from within, with many employees spending the majority of their working lives within the Woolworths family. Cross-divisional experience is highly valued and is a characteristic shared by the majority of our Senior Management Group. Our people are given priority when new opportunities arise, giving them unique access to professional growth and strengthening our Company's internal knowledge and skill base.

Notes:

(1) This figure is from July 2007 to September 2008.

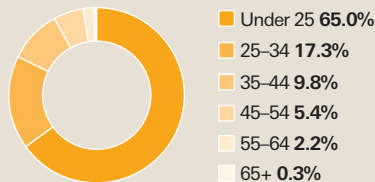
(2) The figures in the table above represent new executives recruited from outside Woolworths. Excludes PEL and ALH.

With 47% of our employees under the age of 25, offering young people career opportunities is a core part of our retention strategy.

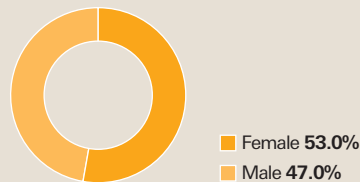


EMPLOYEE TURNOVER

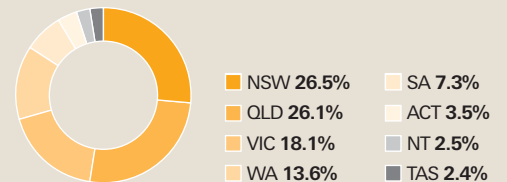
Employee turnover 2007–08 (excluding ALH and PEL)



Turnover by gender 2007–08 (excluding ALH and PEL)



Turnover by region 2007–08 (excluding ALH and PEL)



The nature of the retail sector means a high proportion of our people are casual employees, many of whom are teenagers entering the workplace for the first time. We recognise that these team members are our workforce of the future. By offering career options through a range of programs, such as school-based and certificate traineeships, apprenticeships and our internal graduate program, we encourage them to explore their future with us.

A significant proportion of our management team has been with Woolworths for many years and membership of our prestigious 25 Year Club now exceeds 4,000 across Australia and New Zealand. Just recently our CEO Michael Luscombe, who has celebrated his 30th anniversary with the Company, commented that one of the great things about Woolworths was the opportunity to have “many careers at one company.”

Our executive team demonstrates this trend, with many remaining with the Company from a young age and/or for ten years or more:

- 32% of our executive commenced with the Company at 25 years of age or younger.
- 46% of our executives have 10 years plus of service with Woolworths.
- 21% of our executives have 20 years plus of service with Woolworths.

This also reflects our practice of creating opportunities for existing store staff to work their way up into management roles via programs such as the Store Management Trainee program.

Understanding our employees

With the diversity of our workforce, we are continually looking for new and improved ways to keep in touch with our team’s changing needs. To gather general data on our employees’ views and experiences, we conduct regular focus groups in different areas of the business. We also conduct exit interviews with all salaried employees to better understand their reason for leaving and to identify how our retention initiatives might be improved. Results from focus groups and exit interviews are analysed to identify trends and help us develop new initiatives such as:

- Career breaks.
- Job sharing.
- Parental leave options.
- Wellbeing programs.

We recently introduced engagement surveys to the suite of tools used to better understand what drives engagement and retention. In partnership with the Corporate Leadership Council, we are using engagement surveys as a starting point to identify key drivers for change. Once the surveys are completed, focus groups are used to drill down and identify specific issues and potential initiatives. In the 2007–08 financial year, 39,545 employees were surveyed.

Flexible work options

We recognise the importance of assisting our employees in balancing their commitments, at work and outside of work. To do this, we offer a number of flexible work arrangements such as career breaks, job share roles and various types of leave. In 2007–08, we launched a new Parental Leave policy including paid maternity leave.

8 weeks
paid maternity
leave including
a 2 week return
to work bonus.

Parental leave

In July 2008, Woolworths introduced paid maternity leave benefits of up to 8 weeks leave at full pay, becoming Australia's largest private employer to make the move. With 95,000 female employees in our Australian divisions (excluding ALH), paid maternity leave is about looking after our most valuable asset – our staff.

We appreciate every situation is different and have put in place parental leave policies and guidelines to make it easier for all new parents to take time off and return to work. This includes maternity, paternity and adoption leave.

Our policies go above and beyond regulatory requirements and provide a range of benefits to new parents including:

- 8 weeks paid maternity leave including a 2 week return to work bonus.
- Up to 104 weeks of parental leave.
- Access to reduced workloads (e.g. part time roles).
- Access to flexible work hours to accommodate availability of child care and other commitments.
- Access to job share arrangements at all levels of the organisation.
- The Employee Assistance Program which offers free counselling to employees and their immediate family.
- Stay in Touch Program during parental leave.
- The provision of information on organisations that support new parents.

Health and wellbeing

Our employees have access to a number of structured and professionally facilitated wellbeing programs that can assist them both in the workplace and at home. These include counselling, smoking cessation,



Profile

NICOLE CORNWELL

Store Services Manager
Woolworths Cherrybrook (job share)

Family-friendly policies like paid maternity leave and job share enable me to spend more time with my child and are an incentive to return to work.

Having your first child is a big adjustment and there is plenty to think about without having other concerns, about money or what job you will come back to. For my husband and I, paid maternity leave removed the financial pressure that's often associated with having a child – we have been able to relax and just enjoy being parents. We were also able to take time off without using all our annual leave, so we can use those holidays to spend time with our son Lachlan as he grows up.

Working for a company that is so willing to give to their employees is a great motivation. Having the flexibility to return to a part time, job share role has also made me more inclined to come back to work and to remain at work so I will be eligible to receive Paid Maternity benefits when I have my next child.

It has made an enormous difference to us as a family. There aren't many companies that offer this kind of support for families.

18,593

employees became Woolworths shareholders through the relaunched Share Purchase Plan.



executive health checks, flu immunisation and weight management. We also recently piloted a parenting skills course in our Sydney support office.

According to the World Economic Forum (*Working Towards Wellness, 2007*), 388 million people die each year from chronic disease and 36 million of those deaths are preventable, highlighting the importance of health education campaigns. Three major causes of chronic disease are tobacco use, poor diet and lack of physical activity.

To help address these and support employees in maintaining their health and wellbeing, Woolworths has implemented three programs: QUIT, Weight Watchers and 10,000 Steps.

Both Quit and Weight Watchers are being implemented in partnership with external suppliers, with a focus on prevention and accessibility for staff. The 10,000 Steps program is designed by Queensland Health.

These programs have been launched to our Supermarkets division and will be managed by the Supermarkets management team.

Programs like these give us tools to help support employees as their needs change throughout their working lives.

REMUNERATION, PERFORMANCE AND RECOGNITION

Remuneration

We have developed a range of incentive programs designed to support attraction, retention and a culture of performance. Part time employees have access to the same benefits as full time employees on a pro rata basis. These include a staff discount card, access to the Woolworths Employee Credit Union and discounted private health insurance.

Our remuneration structure is comprised of two components – fixed remuneration (base salary plus superannuation) and a variable, performance-based

component. The cash-based short term incentive plan (STIP) is made available to all managerial salaried employees and the long term incentive plan (LTIP) is offered to managers who play a critical role in the long term success of our business, such as executives and Supermarket and BIG W store managers and buyers.

Share Purchase Plan (SPP)

We encourage employees to become shareholders in our business as this provides a greater sense of ownership and personal involvement in the company. In 2007–08, we introduced a new Share Purchase Plan (SPP) to make it easier for employees to become shareholders.

The new SPP is an annual invitation allowing participating employees to acquire Woolworths Limited Shares using pre-tax income, rather than after-tax income. Participation is entirely voluntary.

During the 2007–08 financial year, 18,593 employees accepted the invitation.

KiwiSaver

In April 2008, the New Zealand Government introduced a retirement savings scheme for working adults, KiwiSaver. Contributions are made by both the employer and the employee.

To give our employees a headstart in saving for their future, Progressive Enterprises offered employees a number of benefits that went above the requirements. These included:

- Offering KiwiSaver contributions to members of staff under 18 years of age.
- Contributing 1% above the minimum required contribution by employers during the first year, thereby doubling the contributions participating employees will receive in that period.
- A transitional “2 + 2” arrangement to assist employees in adjusting to making contributions. This allows employees to make a 2% contribution during the first year, rather than the 4% usually required.

\$3,000
development
scholarship
for each of our
5 national
Paul Simons
Award winners.

Performance development

All salaried employees undertake an annual performance review with their manager. Once the Company business plans have been set and senior executive key performance indicators (KPIs) developed, these KPIs are incorporated into the performance criteria of each manager to ensure everybody in the business is working towards the same broad goals.

The purpose of annual (and in many cases half yearly) reviews is to set specific goals and objectives for the year ahead for each employee, review the previous year's performance and identify a development plan to be implemented that year. The outcome of the review is also reflected in the employee's annual remuneration review and STIP.

Non-salaried staff receive a review during and at the conclusion of their probation period.

Recognition

We are very proud of our people and aim to recognise their achievements as often as possible. A range of individual, team and store award programs that recognise outstanding accomplishments for community work, customer service excellence and business performance are offered throughout all divisions. We actively seek opportunities to identify and nominate talented employees for recognition. In 2007–08, some notable achievers were:

Internal recognition

Established in 1995, the Paul Simons Awards is an annual awards program that recognises the development of young people within Woolworths. The awards are a tribute to Paul Simon's outstanding contribution to Woolworths and recognise his long held interest in the development of young people. Paul Simons started as a trainee manager in 1954 and went on to play a significant role in every aspect of Woolworths' operations for more than three decades.

Participants are nominated from across all divisions and compete in the following categories:

- National Certificate II/III Trainee of the Year.
- National Certificate IV Trainee of the Year.
- National Apprentice of the Year.
- National Trainee Buyer of the Year.
- National Graduate of the Year.

This year 52 participants competed for a place in a three day program in Sydney and the opportunity to participate in a development opportunity suitable for their area and level in the business.



\$5,000
 education and development scholarship awarded to the Woolworths employee named National Young Executive of the Year in the Joe Berry Awards.

External recognition

The Joe Berry Award has recognised outstanding young achievers in the retail business since 1986.

There are two categories within the award:

- Young National Executive of the Year for 35 years and under.
- ASMCA Scholarship (Association of Sales and Marketing Companies Australasia) for 25 years and under.

In 2008 one of our employees won the Young National Executive of the Year including a prize of a \$5,000 scholarship towards education and development. Another of our employees was a finalist in the same category. The New South Wales finalist for the 2008 ASMCA scholarship was also a Woolworths employee.

Approximately 70 Woolworths employees entered the competition in 2008.

Absenteeism

All full time and part time employees have access to personal leave so they can take time off either due to their own illness and/or injury or to provide care and support to a member of their immediate family or household. In cases where an employee is absent from work for an excessive amount of time and this impacts on their ability to perform the requirements of their role, an assessment and investigation of the employee's condition is undertaken. This helps us to work with the employee to identify the appropriate next steps.

NUMBER OF ABSENTEE HOURS IN 2007-08

	Absentee leave as a % of total paid hours
Supermarkets	2.9%
BIG W	2.3%
Logistics	4.1%
Liquor	1.9%
Petrol	2.0%
Dick Smith Electronics	1.7%
IT	2.4%
Corporate	3.2%

\$63m

total training investment, an increase of more than 25% in 2007–08.



TRAINING AND DEVELOPMENT

We are committed to helping every employee realise their potential. Each year we invest millions of dollars in training and education programs to help our employees to develop their careers within Woolworths. In our quest to attract and develop the best retailers in Australia, we offer a range of training and development opportunities including skill-based training, job relief assignments, secondments and formal academic training through our partnership with Macquarie Graduate School of Management (MGSM).

Our vocational training programs such as certificate- and school-based traineeships and apprenticeships reflect our commitment to providing young people with opportunities to gain skills that will assist them in establishing a career. In our Supermarkets division, we are proud to have one of the largest groups of apprentices and trainees in Australia.

In 2007–08 our total training investment increased by more than 25% to \$63 million. This spend included our core training programs, training for new employees and leadership development programs for managers and executives.

We have also invested significantly in a number of new core programs in our trading divisions which support the Company’s strategic focus on quality in both service and products, and on safety. These include:

- Last Impressions, a Customer Service program developed specifically for Woolworths.
- The Focus on Fresh program in our Supermarkets division.
- The Move for Life program which teaches safe lifting practices.
- Training in the Company’s replenishment system.

Management and executive development also remains a key focus as we build our leadership capability to ensure we have the right calibre of people now and in the future. Fresh Specialist Training, Future Leaders, Engaging Leaders and Personal Leadership courses were all undertaken in 2007–08, as was training in the principles of collective agreements.

TYPES OF TRAINING UNDERTAKEN (NUMBER OF PARTICIPANTS) – AUSTRALIA AND NEW ZEALAND (EXCLUDES ALH)

Induction	59,885
Trainees and apprenticeship programs	5,318
Management development	9,452
Executive development	376



Our Supermarkets Division has one of the largest groups of apprentices and trainees employed by a single company in Australia.

**TRAINING COST PER PARTICIPANT
– AUSTRALIA AND NEW ZEALAND
(EXCLUDES ALH)**

Induction	\$292
Trainees and apprenticeships	\$895
Executive development	\$4,062

**A SAMPLE OF VOCATIONAL TRAINING PROGRAMS
UNDERTAKEN DURING 2007–08 (NUMBER OF
PARTICIPANTS) – AUSTRALIA (EXCLUDES PEL AND ALH)**

Certificate trainees	2,779
School-based trainees	777
Apprentices	1,157 (440 Bakers and 717 Butchers)
Graduate program	20

In addition to developing the skills of our own people and providing opportunities for them to achieve their goals and progress their careers, we also have a strong commitment to developing the professional skills of young people outside the Company. We have formed a partnership with the Royal Agricultural Society of NSW and the University of Western Sydney to create an Agricultural Scholarship Program for young Australians in the horticultural and agricultural industries.

Graduate program

This program provides employees with career opportunities during their transition from tertiary studies to full time employment, while developing leaders for tomorrow. Employees who have either recently graduated or are in their final year of tertiary studies are eligible to apply.

Since 2005 (Australia excludes ALH and PEL):

- 63 graduates have been appointed.
- 25 have completed their program, moving into permanent roles.
- 35 are currently participating in programs.

Retention of graduates is particularly high with 95% of participants remaining with the company.

2009

As part of our ongoing commitment to build talent pipelines for future leaders, 24 additional places were offered in this year’s program.

93%

of all employees who have completed a Macquarie Graduate School of Management program have remained with the Company.



Macquarie Graduate School of Management (MGSM)

Our MGSM partnership continues to ensure that our managers with potential are given access to formal academic programs that expose them to the latest research and academic thinking in a broad range of subject areas. In addition, this program has assisted in the retention and development of our executives by providing a solid academic framework to underpin their daily work and the opportunity to challenge their thinking.

In 2007–08, enrolment of Woolworths employees in MGSM programs rose by 21.4% compared to the previous year and the first Masters degrees were awarded to employees, with 2 MBAs and 10 Masters of Management conferred. Since 2004, 185 employees have graduated from the MGSM program and 93% of all employees who have participated in a program have remained with the Company. Approximately 70% of all graduates have been promoted following the completion of their qualification.

The information in this section relates to our business in Australia excluding ALH.

Mentoring

We encourage everyone in the business to take responsibility for their own development and one of the ways we do this is through mentoring.

Mentoring offers employees an opportunity to use the experience of more senior team members in their own development. It is an effective way for employees to increase their knowledge, develop their skills and support their career growth in the business. By offering guidance and support, a Mentor provides a valuable resource for employees wanting to initiate their own professional and personal growth.

Mentoring is open to all employees; however, specific initiatives include:

- Cross divisional mentoring is in place for executives.
- Leadership development programs foster mentoring relationships within their own function or division or across the broader business.
- The Senior Management Group plays an active role in mentoring talent.

The information in this section relates to our business in Australia excluding ALH.



492

employees have attended networking forums with the CEO and Senior Management Group to support their career development.

Network forums

To promote ongoing career progression for talented staff and provide opportunities for supportive interaction, a number of programs have been implemented such as:

- The Chief Executive Officer (CEO) Network Forum provides young leaders with a forum to discuss and debate key business and community issues in an informal setting with the CEO. Network sessions were conducted across the year with 172 people attending across Western Australia, South Australia and New South Wales.
- Senior management forums were conducted with 320 people attending.
- Breakfast network sessions to build on knowledge and business networks.

Leadership

In order to develop leaders that can create high performing and engaged workplaces, a framework for leadership development has been developed and implemented. In addition to the programs outlined below, external assessment and feedback processes such as the 360 feedback program and international development programs are also used to prepare executives for more senior roles.

The information in this section relates to our business in Australia excluding ALH.

Personal Leadership

We have developed an 8 week program targeted at managers that focuses on self development and self awareness. The program gives participants the opportunity to put into practice learned changes in behaviour and share their achievements with their peers. To date, 150 participants have taken part with positive feedback.

Future Leaders

This 12 month program is targeted at managers early in their careers and is designed to develop leadership skills to position participants for future promotions. The program has a strong emphasis on personal responsibility, accountability and proactivity. It also covers in-depth business acumen and innovation. Sixty managers participated in the program this year.

Engaging Leaders

This 18 month program is targeted at leaders capable of moving into executive positions in the future. It has a strong emphasis on principle centered leadership, business acumen, innovation and engagement. To date, 120 employees have completed the program.

55%

of employees
in Australia and
New Zealand
are women.

DIVERSITY AND EQUAL OPPORTUNITY

Woolworths recognises and embraces the considerable value that a diverse workforce adds to an organisation. We strive to create a work environment where everyone is able to contribute and reach their full potential, irrespective of race, age, sex, sexual preference, transgender, religious belief, political beliefs, disability and impairment, pregnancy, potential pregnancy, marital status, family/parental status and membership or non-membership of a trade union.

Woolworths also opposes discriminatory or harassing behaviours such as gestures, language and the display of electronic or paper based material in the workplace that may cause offence, humiliation or intimidation.

Our anti-discrimination and Equal Employment Opportunity (EEO) policies are communicated to all employees and are covered in our Code of Conduct. A copy of the Code is given to all employees on induction which they are required to read and sign and information is displayed in every workplace.



Profile

JACOB MINGO

Service Assistant, Woolworths Carnarvon

Helping our people become the best they can be is a key focus at Woolworths. Our diverse team reflects the diverse roles available across our Company and our aim to match the right people with the right roles.

Since doing work experience at Woolworths Carnarvon 15 years ago, Jacob Mingo has made a big difference to the store's staff and customers. Jacob now works full time – meeting and greeting customers, collecting trolleys, sweeping the back dock and keeping the tearoom clean and full of supplies.

Jacob often arrives at work a few hours before his shift starts and sits in the team room, chatting to his team mates while he completes beautiful coloured drawings – he has hundreds that he loves to share.

Jacob is an inspiration to staff and customers at Carnarvon. Despite some hardships, he is always happy and smiling. Jacob just loves his job and the people that help him every day... and his team loves working with him.



Offering a range of employee benefits fosters a diverse workforce. 37.4% of our workforce are part time and have access to the same benefits as full time employees on a pro rata basis.



Workplace diversity strategy

The nature of Australia's workforce is changing, with a greater emphasis on flexibility, part time work and people in career transition. We have developed a range of recruitment programs and partnerships to help attract and retain a more diverse range of potential employees. These include:

Mature-age workers

Mature-age workers are one of the largest under-utilised groups in Australia. For every new Generation Y person entering the labour market today, there are seven workers over the age of 45 available. According to the Australian Bureau of Statistics, 85% of all new employment growth between now and 2016 will occur in the 40 plus age group. In recognition of this, we are working on a number of initiatives to build up our capability to successfully attract and recruit in this age group. These include:

- Recruitment advertising targeting the mature age market.
- A "mature-age friendly" job application process that takes into account lack of access/experience with internet usage.
- Introduction of a formal Woolworths' alumni program.

Part time workers

This is a broad group including mature-age, students, career mums, individuals returning to work, primary care-givers and those seeking to improve their work/life balance.

Some of the initiatives we have developed to target this group include:

- Non-traditional recruitment campaigns through universities, TAFEs, schools and mothers' groups.
- More flexibility when recruiting to assess the viability of part time work.
- Offering greater flexibility across the business in regards to part time and job share arrangements.

Disability

As an active member of the Employers Network on Disability, Woolworths has supported the disabled community for a number of years.

In September 2005 we entered into an agreement with Disability Works Australia (DWA) to help us source and manage suitable candidates for interview and employment. In addition to employees who join us through other recruitment avenues, DWA has so far helped with the additional employment of 287 people with a disability into Woolworths Supermarkets and BIG W. We are working with DWA to significantly expand this partnership at a national level.

23%
of leadership
roles within
Woolworths
Limited are
held by women.

Indigenous employment

Woolworths has a demonstrated commitment to advancing indigenous employment opportunities in Australia. In addition to our existing indigenous workforce, we have partnered with a number of groups that specialise in indigenous employment to develop programs for indigenous people.

In mid 2007, we began working with Indigenous Success Australia and the Department of Education, Employment and Workplace Relations to develop a tailored “job ready” training program focused on increasing indigenous employment in Woolworths supermarkets. As a result of the pilot program in the Australian Capital Territory (ACT), we have employed an additional 25 indigenous people.

We are investigating expansion of the project in other suitable locations across the country, particularly in regions with large indigenous populations. We also plan to expand the program to our other businesses.



Profile

DEBRA SINGH

General Manager, Consumer Electronics

Diverse, cross-divisional opportunities within the same company and a supportive work environment produce an excellent cultural balance and a unique place to work.

My recent appointment to lead the DSE team is an enormous milestone for me – it’s been my long term career aspiration to lead and run a business, and I am thrilled to have the opportunity. Although it’s significant to be the first woman in the Company’s history to head up a trading division, it’s a credit to the Woolworths culture that we only realised that some time after I was offered the job. At Woolworths, it’s about who is the right person for the job, rather than about gender, but there is an increasing awareness that women often need to balance broader home and family responsibilities more fully than most men.

All management roles have unique challenges, I don’t believe being a woman presents specific challenges, but women and men often lead differently.

Knowing what you want to achieve and planning how you will get there is crucial to achieving career success. I have found that Woolworths facilitates that journey, by stretching and challenging you to see what you are capable of. My assignment in India was very much like that.

I learnt a lot about myself during that time. The retailing environment is more disorganised than we are used to, without the same infrastructure, so getting things done presents greater complexities. Adapting to such a different way of operating required a lot of patience and flexibility. The ability to laugh at myself certainly became a learned virtue!

It’s the people and the opportunities that have kept me with Woolies for the last seven years. I have had four very different senior management roles in HR and Operations, and in each of those roles my colleagues have been consistently supportive. Working collaboratively, sharing the common goal of delivering results and caring about each other is how we operate. Having the opportunity to work in a number of diverse roles within the same organisation is also incredibly valuable, particularly the global opportunity I was offered in India. In working with my peer group and the inspiring young people in the Company who are our future leaders, I’ve had the privilege of working alongside some of Australia’s best retailers.

We continue to invest in partnerships to support indigenous employment and create opportunities in Australian communities.

GENDER RATIO BY REGION

	Male	Female
Australia	45%	55%
New Zealand	41%	59%

RATIO OF BASIC SALARY OF MEN TO WOMEN BY EMPLOYEE CATEGORY

RATIO = (AVERAGE SALARY BY GENDER/AVERAGE SALARY BY GRADE)

Grade	Female	Male
Non Managerial ratio	101%	99%
Managerial ratio	95%	105%

Excluding ALH and PEL

In our supermarkets in Western Australia, we are working with a number of groups to facilitate indigenous peoples' access to employment. These include partnerships with:

- The David Wirrpanda Foundation to place young indigenous people in meaningful employment.
- Perth Employment Enterprise Development Aboriginal Corporation to promote Woolworths' apprenticeships.
- Noongar Employment Enterprise Development Aboriginal Corporation to place suitable candidates in jobs in the South West of the state.
- Balga Senior High School to place students into casual and part time employment.

We also continue to investigate opportunities in other states. We believe all companies, including Woolworths, need to do more to support indigenous workers and have commenced similar partnerships with Gandagarra Employment and Training Services (GETS) and the Indigenous Working Group to participate and consult in the development of employment strategies for urban indigenous people.

Gender balance

We have made significant progress in the area of gender balance, particularly in leadership roles. In the 2003–04 financial year, 16.7% of leadership roles within Woolworths Limited were held by women. In the 2007–08 financial year this had risen to 23% (excludes PEL and ALH).

In facilitating women's career development and progression, our focus has been to create an inclusive environment that is supportive and appreciative of difference. Women and men offer different perspectives and this difference provides business benefits.

We have introduced programs to facilitate the inclusion of women and to remove any barriers that may restrict their career progression. Programs implemented include structured mentoring and networking opportunities, the provision of part time and job share roles, flexible reintegration following parental leave and support during parental leave.

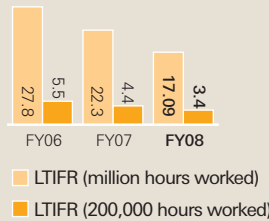
GENDER RATIO BY EMPLOYMENT LEVEL (EXCLUDES PEL AND ALH)

	Male	Female
Board	78%	22%
Senior executives	77%	23%
Senior managers	76%	24%
Managers	59%	41%
Office/support employees	51%	49%
Store employees	40%	60%
Distribution employees	85%	15%
Tradespeople apprentices	91%	9%
Plant employees	57%	43%

23% ↓

reduction of
Lost Time
Injuries in
the workplace.

WOOLWORTHS LIMITED LTIFR
RESULTS FROM FY06–FY08



FREEDOM OF ASSOCIATION AND UNION ENGAGEMENT

Eighty five per cent of Australian employees (excluding ALH) are covered by collective bargaining agreements.

We aim to develop and maintain active partnerships with unions to forge positive and constructive relationships, and are proud of what we have been able to achieve. We hold regular meetings with all the unions who represent our employees and we fully respect the role they play in maintaining a constructive and productive working environment.

Key employment agreements negotiated during 2007–08 include:

- Woolworths Queensland Supermarket Certified Agreement 2007.
- Woolworths Supermarkets NSW/ACT Agreement 2007.
- Woolworths Ltd Hobart DC/NUW Enterprise Agreement 2007.
- Woolworths Ltd and Woolstar Pty Ltd – Sydney National Distribution Centre and Moorebank DC Agreement.
- Queensland Properties Investments Pty Ltd Minchinbury DC Agreement 2007.
- Woolworths Homeshop NSW Agreement 2007.

- Woolworths Tasmanian Meat Room Operations Enterprise Agreement 2007.
- Woolworths Bunbury Meat Centre WA and AMIEU Agreement 2007.
- Woolworths Brismeat Enterprise Agreement 2008.
- Philip Leong Stores Pty Ltd Sydney Liquor Distribution Centre 2008.
- BIG W Discount Stores Southern Distribution Centre Certified Agreement 2008.
- Woolstar Pty Ltd Melbourne Liquor Distribution Centre 2008–11.

SAFETY, HEALTH AND ENVIRONMENT (SH&E)

Destination ZERO

At Woolworths, we're committed to protecting the safety, health and welfare of our employees, customers, contractors, visitors and the community. We're proud of our safety record and believe each individual has an important role to play in maintaining our commitment.

In 2007 we launched Destination ZERO, outlining our goal of zero harm to our people, property and environment. Our vision is for people at all levels of the organisation to actively care about their own safety and the safety of others. We want all of our employees to be passionate about safety and its integration into the way we do business.



Logistics received the CEO's "Highly Commended Award" for driving significant improvements in their safety culture while achieving a 53% reduction in LTIFR.

DIVISIONAL LTIFR RESULTS AS AT 2007-08

LTIFR as at FY08	Per million hours	Per 200,000 hours	% change
Supermarkets	18.42	3.6	-19
Logistics	26.18	5.2	-53
BIG W	12.87	2.5	-19
Dick Smith Electronics	7.68	1.5	+6
Liquor – BWS	15.77	3.1	-41
Liquor – Dan Murphy's	11.81	2.3	-44
Petrol	8.41	1.6	-46
Progressive (New Zealand)	16.74	3.3	-12
Woolworths Group	17.09	3.4	-23

OTHER SAFETY, HEALTH AND ENVIRONMENT – KEY PERFORMANCE INDICATORS FY07 VERSUS FY08

KPI	FY07	FY08
Employee work-related fatalities	ZERO	ZERO
Reduction in LTI frequency rate	20%	23%
Reduction in new claim frequency rate	9%	9%
Reduction in customer claims	9%	9%
Reduction in hours lost for injuries in the last 12 months	10%	7%

Our strategy for integration of safety into our business is guided by the following principles:

- We will make safety personal.
- No task is so urgent and no service so important that we cannot take time to do it safely.
- We will aim to improve the quality of life, now and for future generations.
- We are responsible for:
 - Our own safety and health.
 - The safety and health of our co-workers, customers, contractors and visitors.
 - Our impact on the environment.
 - Recognising and promoting excellence in safety, health and environmental performance.

Safety, health and environment performance

Each year we will set targets to continually lower our safety incident rate while striving towards our destination of ZERO. In 2006, we set ourselves a three year target to reduce Lost Time Injuries (LTI) in the workplace by 20% each year over the next three years.

Safety and health program

At Woolworths our health strategies and initiatives are developed, implemented and maintained in line with our vision, principles, policies, standards and associated legislative requirements. We ensure all of the divisions of Woolworths are supported in leading and managing safety and health throughout Woolworths.

We aim to ensure a safe workplace and shopping experience by ensuring that our facilities are well designed and maintained, and that we have in place the right procedures, training programs, programs to assess and manage safety and health risks.

To monitor performance, we conduct regular safety and health audits, reviews and inspections. A comprehensive assessment of our SH&E management system is completed by accredited internal auditors that are independent of the location being audited.

Safety leadership

Visible and effective safety leadership is important to the success of our safety programs. "Safety the Woolworths Way" is aimed at all levels of the organisation and provides leaders with the tools and processes to improve safety behaviours and to prevent injuries from occurring.

To help spread the safety message across our entire Company, we use a range of communication tools to reinforce safety messages, from our internal video broadcast systems to messages from senior executives.

“Safety the Woolworths Way” is aimed at all leaders in Woolworths and provides the tools to improve safe behaviour and prevent injuries from occurring.



SH&E Management Information System

We are in the process of implementing an SH&E Management Information System (MIS). The MIS is an easy to use system for capturing OH&S incidents, investigations and hazards at site level, reporting, assisting in prevention of further incidents and reducing the cost of doing business. The MIS will be implemented in 2008 across all of our operations.

Electrical safety upgrade

To reduce electrical hazards throughout the business, we have committed to investing more than \$12 million through the installation of Residual Current Devices (RCD). An RCD is a safety device that disconnects a circuit whenever a leakage of 30mA is detected, and is designed to disconnect quickly enough to prevent electric shocks. This initiative goes above and beyond regulatory requirements to safeguard employees in the workplace.

Logistics safety

The majority of our Distribution Centres have now been equipped with weighbridges to improve retail logistics safety. We have also commenced fitting side under-bars to our new fleet of delivery trucks. The side bars prevent cars from sliding underneath the trailer helping to prevent serious injuries or fatalities when a car collides with a truck.

Contractor management

Improving contractor safety management continues to be a key focus area for our business. We have centralised contractor administration and introduced processes to systematically review licensing, insurances, safety audits, induction and the issuing of identification cards to contractors. Launched in March 2007, the initiative aims to improve contractor safety across the retail industry by establishing an independent accreditation process that is accepted by a wider group of companies. Secondary phases will be launched throughout 2008 to ensure all Repair and Maintenance contractors are covered by the end of 2008–09 financial year with the balance of contractor categories phased in accordingly.



Lumley Fleet Services presented Woolworths with the Driver Safety Initiative Award for the rollout of the Drive 4 Life program to more than 3,000 employees.

Trolley contractors

In an effort to reduce the number and severity of trolley incidents, we are working with trolley collection contractors to improve compliance, knowledge, processes and safety standards to achieve best practice within the industry. We have introduced the following initiatives over the past year:

- Establishing quarterly trolley contractor forums with key vendors.
- Coordinating an annual trolley contractor conference for all head contractors.
- Lobbying relevant industry authorities and government for the development and adoption of a standard code of practice for the industry.
- Conducting on site risk reviews for contractor safety job assessments to meet best practice requirements.
- Reviewing store and carpark design guidelines to eliminate risk at the design stage.

Drive 4 Life

Woolworths continues to support safe driving within Company cars through driver development and awareness workshops known as Drive 4 Life. These workshops are run for Woolworths staff that have access to Company vehicles, with discounted rates offered to family members via in-house promotions.

The four hour in-house sessions include a practical component on reversing and slow speed manoeuvring, along with group facilitation on topics such as driver behaviour, hazard perception, risk taking, road law and vehicle familiarity. Approximately 3,000 drivers have already undertaken the training nationally.

Move 4 Life

Strain and sprain injuries, usually as a result of manual handling activity, continue to be the most common injuries within Woolworths. To reduce both the incidence and severity of these injuries, we commenced the implementation of the Move 4 Life program in 2007. This initiative is improving quality of life for our people, both at work and at home, and the productivity and profitability of our business.

Awards

The 2008 CEO Safety Award was awarded to the Petrol Division in Victoria (Area Group 5) at the Managers Conference. The award recognises excellence in safety leadership and the criteria that the submissions were judged on included: **Results, Innovation, Leadership, and Winning the Hearts & Minds** of our front line staff. The team was awarded a cheque for \$100,000 to put towards any safety initiative. The Logistics Division also received the CEO's Highly Commended Award for driving significant improvements in their safety culture while achieving a 53% reduction in their LTIFR.

Woolworths also received three external safety awards:

- Lumley Fleet Services presented a Driver Safety Initiative Award for the rollout of the Drive 4 Life program to more than 3,000 employees.
- Individual awards for "Best Individual Contribution to Health and Safety" were won by two Woolworths employees as a result of their safety initiative shown in their respective fields, one in Victoria and one in New South Wales.

COMMUNITY INVESTMENT

Woolworths has always been active in supporting the local communities in which we operate, supporting a range of causes through fundraising and charitable partnerships.

The ideal extends to all our businesses and we are currently developing a community investment strategy to address our responsibility to the communities in which we operate.

While we already have a range of community programs in place, we realise that we need to review and better understand the broader social issues that may be affected by our business, and tailor our community investment to meet these needs.





Woolworths is a member of the London Benchmarking Group (LBG). For more information visit www.lbg-australia.com.



COMMUNITY INVESTMENT STRATEGY

We are aware that we have taken on a substantial challenge in developing a community investment strategy for the Company. We will be looking at how we can use the resources our business provides – our knowledge and experience, our employees and our stores – to work with our local communities to address issues to assist in strengthening community partnerships. We know that we cannot be all things to all people, but we will focus our resources where we can help and make a difference.

To begin this process, in June 2008 we held a workshop with a range of non-government organisations with expertise in areas such as nutrition, health, supporting disadvantaged groups, rural and regional issues and animal welfare. We talked to them about our current community investments and asked for ideas on how we could improve on what we currently do.

Since this meeting, work has continued on the development of a community investment strategy that will be communicated to these and other external stakeholders on completion.

\$17.5m

in community contributions including cash donations, fundraising time and management costs.



Current Woolworths Limited community work

For many years we have supported a number of children’s hospitals and research foundations through Big Heart, BIG W’s ongoing fundraising campaign for the Sydney Children’s Hospital, and the Fresh Food Kids Children’s Hospital Appeal, run annually by our Supermarkets division.

In 2007 the Fresh Food Kids Children’s Hospital Appeal raised \$5 million in Australia.

Last year we extended our support of children’s hospitals to include our stores in New Zealand. In the 2007 and 2008 appeals, we raised over \$2 million total for children’s wards and hospitals across the country.

Other programs include:

- **Australia Day Ambassador Program.** Since 2001 Woolworths store managers have participated in the Australia Day Ambassador Program by welcoming high achieving Australians to local community celebrations on Australia Day.
- **Harmony Day.** Woolworths supermarkets support the federal government’s Harmony Day initiatives to promote diversity and multicultural awareness by hosting BBQs organised by local Scout and Guide troops.
- **Heritage posters in schools.** For 27 years Woolworths has helped to engage schoolchildren

in aspects of Australian history and culture by providing educational heritage posters for classrooms around the country.

- **Foodbank.** Since 2004 Woolworths has been donating food and grocery products to Foodbank. Volunteers at Foodbank sort, store and distribute the product to accredited welfare agencies across the country. The food and groceries are distributed to those in need.
- **Red Cross – Breakfast in Schools (New Zealand).** The program provides a healthy breakfast of wheat biscuit cereal, milk, wheatmeal toast, a variety of spreads and a hot drink, with all products donated by Countdown.
- **Cool Kids Cooking (New Zealand).** The *Cool Kids Cooking* television program has been running since 2002, and teaches children 8–12 years the basics of nutrition and cooking. Homebrand is sponsoring the series, providing funds and products.
- **5+ a day (New Zealand).** Through the launch of our Fresh Food Kids campaign, we worked with 5+ a day to promote the consumption of fresh fruit and vegetables, especially among children. Through our stores we are able to support a range of charities in their fundraising by selling merchandise or through collection tins at point of sale. These include:
 - **CanTeen** – \$700,000 raised through collection tins and sale of merchandise by Woolworths.
 - **Juvenile Diabetes Research Foundation** – \$460,000 raised through collection tins and sale of merchandise by Woolworths.
 - **Jeans for Genes** – \$93,853 raised by BIG W through a range of fundraising activities.
 - **RSPCA** – \$134,000 raised by BIG W.
 - **Salvation Army (New Zealand)** – \$84,628 raised through collection boxes at Foodtown and Woolworths supermarkets.

\$5m

funds raised in 2007 through the Fresh Food Kids Children's Hospital Appeal in Australia.



MEASURING OUR CONTRIBUTION TO THE COMMUNITY

So that we can make our contribution to the community as meaningful and transparent as possible, Woolworths has become a member of the London Benchmarking Group (LBG).

LBG provides a process for measuring, benchmarking and reporting on community contributions and achievements. We use the LBG reporting model to calculate the total contribution we make to the community through cash, fundraising, time, in kind donations and management costs and convert it to a dollar value.

LBG is a group of over 100 companies worldwide, including multinationals such as HSBC, Vodafone and Unilever, as well as major UK Companies such as Marks and Spencer and BSkyB.

This is an ongoing process and will enable us to continue to assess the real value of the Company's community partnerships and help identify new ways in which we can develop and extend our commitments.

In the 2007–08 financial year our community contributions in Australia and New Zealand were calculated to be:

Charitable donations	\$5,486,270
Community investments	\$11,391,369
Commercial initiatives	\$556,354
Total investments (including management costs)	\$17,514,928

BACKING OUR FARMERS

Fresh food is our business and we have made it our mission to partner with the very best farmers and growers in Australia. At Woolworths, 100% of our fresh meat is sourced from Australian producers and 95% of our fresh fruit and vegetables are grown and farmed in Australia.

We rely on Australian farmers to supply us with the fresh food we sell, so it is only fitting that we support our farmers, especially during times of drought.

Drought Action Day

Woolworths partners with the Country Women's Association (CWA) and Landcare Australia through National Drought Action Day – where all Woolworths and Safeway stores across Australia donate a full day's profits to support drought affected communities.

Drought Action Day aims to raise awareness within the broader Australian community of the continuing plight of families still suffering due to the prolonged drought. In 2008 we raised \$5.856 million, 25% more than last year's total of \$4.7 million. Two thirds of the funds raised were distributed through the CWA to families needing assistance with basic household expenses and one third was used to fund sustainable farming programs through Landcare.

\$5.8m

raised for
Drought Action
Day, 25% more
than last year's
total of \$4.7m.

From the two Drought Action Days held, over \$3.45 million has been donated to Landcare. These funds are distributed by Landcare through Woolworths' Sustainable Farming Program to help Australian farmers overcome the impacts of the drought, develop sustainable farming systems and be better prepared for the impacts of climate change.

From the funds raised through Woolworths' Drought Action Day in 2007, \$1.5 million went to Landcare to implement sustainable farming projects including:

- Six major regional projects in south east Queensland, Liverpool Plains (New South Wales), Murrumbidgee (New South Wales), northern agricultural catchments (Western Australia), South Australia and Tasmania.
- 25 smaller projects clustered around the major regional projects listed above.
- 20 farmer innovation projects awarded through a grants application process.

The Drought Action Day held in February 2008 raised \$5.856 million, with the next project funding under development. We are still in the process of working with Landcare to develop the next round of projects that will receive funding.



Case Study

PROTECTING LIVESTOCK DURING DROUGHT

Area: South Australia, Eyre Peninsula

The project was launched in Port Lincoln in April, with a display of working dogs in action at the Woolworths car park in the heart of Port Lincoln that drew an enthusiastic crowd of over 200.

Woolworths has provided \$165,000 from the Sustainable Agriculture Program with Landcare Australia, and the Eyre Peninsula Natural Resources Management Board has contributed \$140,000.

More than 80 farmers across the Eyre Peninsula, from Cleve to Ceduna to Port Lincoln, have now received grants of \$1,000 each to help them set up containment feed lots. These enable the farmers to maintain their core sheep breeding flocks through the drought period while protecting paddocks from risk of erosion.

A further 20 producers are being assisted to set up demonstration paddocks on their properties, to show how using the latest portable electric fencing technology and other infrastructure can make better use of limited paddock feed. The sites were chosen to broadly represent the different soil types, rainfall areas and mix of enterprises across Eyre Peninsula.

Planning is under way for establishing the field trials researching the types of fodder crops suitable to grow on Eyre Peninsula to take advantage of summer rains, which are common following drought years.



Visit
www.freshfoodkids.com.au
an interactive and educational
website for kids and parents.

Sam &
Tim's
noughts
& crosses

Funds raised from 2007 Drought Action Day – major projects

Area: New South Wales, Namoi catchment/
Liverpool Plains

Project: Addressing land degradation in the Rangari
Tops to improve landholder resilience to drought.

Area: Queensland, south east

Project: Improving sustainable management of stock
and pastures in drought stressed catchments of south
east Queensland.

Area: Western Australia, northern agricultural
catchments

Project: Overcoming drought stress in mixed farming
communities of the northern agricultural catchments
of Western Australia.

Area: Tasmania, midlands

Project: Supporting farmers in the midlands of
Tasmania to change on-farm practices to adapt
to the changing climatic and farming conditions.

Area: New South Wales, Murrumbidgee

Project: Improving drought management in cropping
and grazing enterprises in the Murrumbidgee
catchment.

Area: South Australia, Eyre Peninsula

Project: Protecting livestock during drought.

FRESH FOOD KIDS

We are committed to encouraging the active healthy lifestyles of kids. That's why we introduced the Fresh Food Kids program in August 2007 to help make the consumption of fresh fruit and vegetables fun and desirable for kids.

In a recent Woolworths national survey, 93% of Australian parents with children aged between two and 16 said they would like to see fresh fruit and vegetables advertised to children in the same way junk food is.

In response to this we launched a Fresh Food Kids advertising campaign featuring three different advertisements to encourage children to make fun, easy and healthy recipes with fresh fruit and vegetables.

With over 14 million individual customer transactions a week, we recognise our capacity to reach and influence the vast majority of families in a direct way. This program is all about using our size and scale to support the efforts of health experts in delivering positive, practical messages to parents and kids.

An interactive and educational website has also been created to be used by kids and parents at www.freshfoodkids.com.au.

The program is a further extension of the work we currently do in support of children's hospitals in Australia and New Zealand and an extension of the Fresh Food People philosophy that we've held for over 20 years.

\$2m

pledged to assist community groups develop grassroots initiatives for primary school aged children in 2008.

Fresh Food Kids Community Grants

We recognise we need to do more to get our healthy lifestyle message out to children and parents. That's why in February 2008 we announced the Fresh Food Kids Community Grants program.

Woolworths has pledged \$2 million to assist community groups develop grassroots initiatives for primary school aged children in 2008. Communities that were developing ideas or needed help funding ongoing projects that promote a healthy lifestyle for children were encouraged to apply for the grants.

The purpose of the program was to send a positive and practical message about fresh food to children and their parents. Grants were awarded nationally in June 2008 to support ideas across food and nutrition, exercise and physical activity.

The full list of successful applicants can be seen on www.freshfoodkids.com.au.

Every unsuccessful application has been offered the opportunity to conduct fundraising activities at their local Woolworths/Safeway supermarket to assist in achieving their goals.



Case study

AUBURN FOOTBALL CLUB

Auburn Football Club was established in 2008 to take youth off the streets with community programs and events and lead the way in reducing childhood obesity in young kids today.

The Woolworths Fresh Food Kids grant was needed to purchase sporting equipment and to help reduce registration fees, said Bill Kadayifci of the Auburn Football Club.

"The team has benefited from the grant in so many ways. We now have great awareness amongst the community. We wanted to start a local football (soccer) club to get local kids off the streets, away from computer games and to encourage healthy exercise.

"In Auburn we compete against a lot of other sports and for a new club just starting we have appreciated the support from Woolworths in helping us get moving quicker. We have found from talking with other sporting clubs around Auburn which are getting new kids into sport their numbers haven't suffered so we are seeing more kids get active. It's a great result.

"One of the barriers was cost of registration and thanks to the grant we can reduce the registration fees and also provide support for new members through bags and balls.

"We teach all our kids that to perform better in sport requires eating fresh food and drinking water, 'eat well, eat fresh and perform better' is a bit of a motto at the Club."

In 2007–08, 55 employees took part in the EMA scheme with matched donations to the value of \$46,135.



Case study
JANE OWEN
Receptionist

Jane Owen spends much of her spare time supporting her daughter's involvement in her local Scout group.

Jane encourages her daughter's involvement in Scouts as it brings joy and adventure to her life. She was interested in helping in any way she could to support the Scouts.

Jane set about raising money by holding a trivia night, selling raffle tickets, hosting BBQs and arranging family nights. Overall, through Jane's hard work she was able to raise \$1,000 that was matched by Woolworths. The \$2,000 was used to support the Scout Jamboree.

Jane feels that Scouts is an extremely important cause that gives kids a chance to learn life skills, build self esteem and gain a sense of achievement. They are also able to enjoy and learn from a company of people outside their norm and the program is family orientated.



COMMUNITY PARTICIPATION PROGRAMS

Employee matching award scheme

The purpose of the employee matching award (EMA) scheme is to support issues that are of particular, personal concern to our staff members and to encourage all employees throughout our organisation to help make a positive contribution to worthy causes.

The EMA scheme is available to all our staff in Australia. Woolworths pledges to match, dollar for dollar, any amount above \$100 raised by an individual staff member for a registered charity up to a total of \$1,000.

In 2007–08, 55 employees took part in the EMA scheme with matched donations to the value of \$46,135.

Support office charity of the month

We have established a monthly fundraising system at our Norwest support office to support the issues and causes that matter most to our people. In 2007–08, this scheme has helped raise \$235,985.42 for charities such as Oasis, Assistance Dogs Australia and the MS Society.

All fundraising activities take place at the Woolworths head office and include activities such as silent auctions, raffles, trivia nights and talent contests.

ENVIRONMENTAL SUSTAINABILITY

As one of Australia's largest companies, how we manage our operations can have a significant impact on the environment. In November 2007 we launched our Sustainability Strategy 2007–15, identifying our material environmental impacts, setting targets and commitments for improvement, and starting us on the pathway to change.

Our initial focus is on:

- Energy use and climate change.
- Water use and the effect of drought.
- Packaging and waste.

We know this is not an exhaustive list of issues and that our environmental impact and footprint extends well beyond resources directly used to operate our stores and transport goods. However, it is our responsibility to first address our immediate and direct environmental impacts before influencing those of our suppliers.

This philosophy has underpinned our boundary determination in focusing on issues we directly control or have significant influence on so we can implement improvements faster and more effectively.



Our Sustainability Strategy, can be viewed at www.woolworthslimited.com.au.



Our total CO₂-e emissions have increased from 3.7 Mt in 2006 to 4.3 Mt in 2008. We have implemented some measures and there is a lot more to do. Our greenhouse gas reduction targets are very ambitious and we face many challenges in the day to day implementation, but we remain committed to achieving our targets.

We have completed the implementation of our Water Wise project nationally across 812 stores a year ahead of the target date. An annual water saving of 43.8 ML has been estimated for the 100 stores that were retrofitted in 2006–07.











In 2007–08, we diverted 201 Mt of material from landfill, up from 159 Mt in the previous year.




SUMMARY OF PERFORMANCE AGAINST SUSTAINABILITY COMMITMENTS AND TARGETS

Target or commitment	Progress	Comments	
CO₂-e emissions reduction from facilities			<div style="display: flex; justify-content: space-between;"> ■ Not achieved/delayed ■ In progress ■ Completed </div>
Overall 40% CO ₂ -e reduction by 2015 (on projected growth levels), bringing our emissions back to 2006 levels.	■	We have implemented some measures and there is a lot more to do. At this point our emissions have increased from the base year. Once new technologies have been approved to be rolled out across individual stores, it takes time for the savings to accumulate to a level where it can be seen as a reduction in the aggregate total emissions from our business.	
Build all new Woolworths supermarkets opening from September 2008 to conform to our sustainable design guidelines to minimise energy use and environmental impacts.	■	Of the 24 supermarkets scheduled to open after September 2008, all but three will contain significant environmental features. The three that do not meet the guidelines are opening later than anticipated due to building delays and are being fitted with conventional refrigeration units that had already been ordered prior to the sustainable design guidelines being released.	
Achieve 25% reduction in CO ₂ -e emissions per square metre for new sustainable store designs compared with business as usual designs.	■	The Rouse Hill store achieved a 36% reduction in CO ₂ -e per square metre compared to the business as usual store design, achieved through energy efficiency improvements and changes to refrigerants.	
Work with the Green Building Council to develop a green star-rating tool for retail.	■	We did not have the opportunity to be involved in the development of the rating tool; however, we are using the rating tool to evaluate our Pakington Strand retail centre in Geelong West, Victoria.	
Engage with interested parties in the development of an ecological footprinting calculator for evaluation of supermarket interior design and fit-out.	■	In progress.	
CO₂-e emissions reduction from transport			
Establish accurate baseline data in 2007–08 for all modes of transport.	■	Our transport data for 2007–08 is more comprehensive and includes third party carriers as well as rail.	
Establish a forum with major transport suppliers to develop a low carbon strategy for our third party distribution network.	■	We have been working with individual third party providers but have not yet established a forum.	
Conduct a comprehensive study on biodiesel availability in Australia, including quality, vehicle compatibility and cost impacts.	■	Sponsored CSIRO “Fuel for thought” research.	

Our Environmental Claims Policy was developed in line with the ACCC's guidelines Green Marketing and the Trade Practices Act, published in February 2008.

Target or commitment	Progress	Comments
CO₂-e emissions reduction from transport (continued)		
Provide financial support to CSIRO Future Fuels Forum on alternative fuel research.	■	Woolworths sponsored the CSIRO Future Fuels Forum and the Logistics team participated in the forum.
Trial the use of hybrid powered trucks for home deliveries.	■	Delayed.
25% reduction of CO ₂ -e emissions per carton delivered by Woolworths owned trucks by 2012.	■	In progress.
30% reduction on 2006 levels in CO ₂ -e emissions from company car fleet of 3,100 cars (dependant on mix of car size and fuels chosen) by 2010. However, the fleet is likely to increase in future as the business grows.	■	During 2007–08 the level of CO ₂ -e emissions rose by 9.2% due to an increase in the number of cars in the fleet and a delay in converting to more fuel-efficient cars.
Water efficiency		
Develop a more complete baseline of water usage.	■	Many of our stores located in shopping centres do not have metered water usage. It is not cost effective to install meters in existing stores, but all new stores will have meters installed. We are working on modelling water usage based on available data.
Roll out the Water Wise project nationally for all our supermarkets.	■	812 stores have been retrofitted with water efficient fixtures and fittings.
Reduce water use by at least 200 million litres a year by 2010.	■	Water use reduced by 20 million litres on previous year.
Ethical sourcing		
We will work with auditors and non-government organisation partners to identify the gaps in our processes, understand high-risk areas and develop consistent sustainable buying and sourcing policies and procedures that can be implemented across all business divisions. Our aim is to identify gaps and develop an implementation plan within 12 months.	■	The Ethical Sourcing Policy has been developed and approved. Implementation will commence in February 2009. Please refer to page 23 in this report for more information.
We will conduct tailored training and capacity building for our buyers to help them understand issues and types of third party certification required from suppliers, so they can more effectively manage issues around ethical and sustainable sourcing.	■	An Environmental Claims Policy has been developed and all buying, advertising and marketing staff have been trained. Decisions involving environmental certification must now be referred to a "subject matter expert" for verification.

Target or commitment	Progress	Comments
Packaging		
Establish a supplier forum to work together on more sustainable packaging.		Initial forum held on 12 September 2008, to share experiences in using Packaging Impact Quick Evaluation Tool (PIQET). We will aim to continue this on an ongoing basis.
Establish more comprehensive baseline data for packaging of Private Label products, including information on materials consumption, local/imported origin, recycled content and recyclability.		43 Private Label products have been assessed for establishing a baseline. We have a lot more work to do in this area.
Review Private Label procurement policy and supplier guidelines to incorporate: – Standardised reporting and data collection. – Compliance with the Environmental Code of Practice for Packaging (ECOPP). – Package labelling in line with ISO 14021 standard for environmental claims. – Supplier training to assist them meeting policy requirements.		Guideline development is in progress. Supplier training has not yet commenced, but is scheduled for 2009.
Conduct an audit of compliance with the ECOPP and ISO 14021 for Private Label products.		Sustainable Packaging Alliance is conducting this review for Private Label packaging in our supermarkets. Review findings are expected in August 2008.
Trial the use of PIQET for Private Label products.		PIQET has been trialled on three products to date.
Report annually to the National Packaging Covenant (NPC) and Woolworths Corporate Responsibility Report.		Woolworths' NPC Annual Report and data for 2006–07 was submitted in December 2007 and approved by the NPC. Our report was rated 3.7 stars by NPC out of a 5 star rating system.
Implement revised Private Label procurement policy and supplier guidelines by 2008.		Guidelines for packaging are under development.
Provide training to 50 suppliers by 2008.		Delayed. Scheduled to commence in 2009.
Use PIQET to evaluate 20 Private Label products by 2010.		The packaging for three Private Label products has been assessed using PIQET. We are yet to make decisions regarding packaging amendments. Will continue our assessments.
Continue to replace waxed cardboard and foam boxes with reusable plastic crates where possible, with a targeted increase of 1.7 million to 3.4 million crates.		Reusable crates have been ordered and rollout is planned to commence in February 2009.

 Not achieved/delayed
 In progress
 Completed

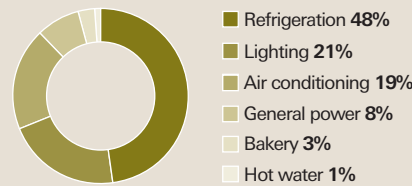
5,354

tonnes of organic waste was sent to EarthPower, generating sufficient power for 270 houses.

Target or commitment	Progress	Comments
Waste minimisation		
Identify organics recycling technologies similar to EarthPower for recycling source separated food waste from supermarkets outside Sydney and determine commercial feasibility.	■	At present, the number of facilities outside Sydney is limited. We will continue to investigate feasibility of this option in consultation with our service providers.
Implement a waste audit program for all stores and Distribution Centres.	■	Plan to be developed in 2009.
Continue phasing out polystyrene.	■	Increase in number of reusable crates will further reduce the need to use polystyrene boxes.
Implement a staff education program to encourage greater recovery of plastic and cardboard.	■	Education and awareness programs are being used in stores and Distribution Centres to drive behaviour change.
Increase the number of Sydney stores using EarthPower from 53 to 100 by 2010.	■	We are working on a plan to extend the EarthPower service to additional stores in 2008–09.
Eliminate food waste from the general waste stream by 2015 (where receiving facilities are available).	■	In 2007–08, 5,354 tonnes of organic waste matter was sent to EarthPower, and just over 1,250 tonnes of food unsuitable for retail sales was donated to Foodbank. The number of stores which will use EarthPower will increase to 97 in 2008–09.
Reduce amount of plastic in the general waste stream to less than 1% by weight by 2010.	■	Education and awareness programs are being used in stores and Distribution Centres to drive behaviour change. In 2007–08, 6,057 tonnes of plastic was diverted from landfill and 10,132 pallet boxes of BIG W clothes hangers were reused.
Reduce amount of cardboard in the general waste stream to less than 1% by weight by 2010.	■	Education and awareness programs are being used in stores and Distribution Centres to drive behaviour change. We continue to introduce reusable plastic crates, which eliminate the need for 26 million cardboard cartons each year.



CO₂-e EMISSIONS PROFILE FROM ENERGY USE IN FACILITIES



CLIMATE CHANGE

Both Australia and New Zealand are signatories to the Kyoto Protocol. Net greenhouse gas emissions across all sectors totalled 576.0 Mt CO₂-e in Australia (2006) and 77.2 Mt CO₂-e in New Zealand (2005). This is equal to 28.1 tonnes CO₂-e per capita in Australia, making us the fifth largest per capita emitter in the world, and 18.8 tonnes CO₂-e per capita in New Zealand for the corresponding reporting years. While these quantities are not significant in the total global context – Australia contributes 1.5% and New Zealand 0.2% of global total emissions – the effect of climate change in the region would be significant if an international agreement is not reached to reduce global levels of greenhouse gas emissions.

Climate change and its impact on food production is the most critical environmental issue facing Woolworths and the sustainability of our business. The effects of drought and severe weather events on the availability and pricing of staple food items are becoming more common, making a compelling case for minimising our carbon footprint, and through that reducing our contribution to global warming.

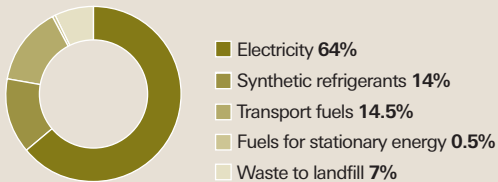
The main carbon emissions from our business arise from facilities (existing and new stores, Distribution Centres and offices) and transport. Electricity and fuel costs are rising and the advent of carbon pricing in the near future could add significantly to these costs, so there is a strong business case to find ways to reduce our electricity and fuel use and support the development of renewable energy and alternative fuels.

Supermarket operations are the most energy intensive of all our businesses due to refrigeration, which accounts for around 50% of the greenhouse gas emissions from our stores. The refrigerants used in conventional refrigeration systems have a very high global warming impact compared with other gases. Refrigerant losses that occur when these gases escape into the atmosphere account for a significant proportion of these emissions. Air conditioning and lighting are the other major consumers of electricity in supermarkets.

Supermarkets in Australia and New Zealand contribute around 68% of the total group carbon emissions, with BIG W, consumer electronics, hotels, liquor, transport and corporate making up the other 32%.

Woolworths' total CO₂-e emissions from all sources in 2007–08 were 4.3 Mt, 4.0 Mt in Australia and 175 kt in New Zealand.

TOTAL EMISSIONS, BY SOURCE, AUSTRALIA AND NEW ZEALAND (TONNES OF CO₂-e)



Regulatory framework

There have been a number of recent regulatory developments in energy and greenhouse emissions management and reporting that are relevant to our business operations in Australia and New Zealand.

Both Australian and New Zealand governments are introducing mandatory “cap and trade” emissions trading schemes. The New Zealand Emissions Trading Scheme (NZ ETS) draft legislation is scheduled to commence in 2008. The Australian emissions trading scheme is called Carbon Pollution Reduction Scheme (CPRS). Public release of the exposure draft legislative package is expected by December 2008 with the CPRS expected to commence in 2010.

The Australian Federal Government has already introduced two related acts; the Energy Efficiency Opportunities Act 2006 (EEO Act) and the National Greenhouse and Energy Reporting Act 2007 (NGER Act), in preparation for the commencement of CPRS. Woolworths has compliance requirements under both EEO and NGER.

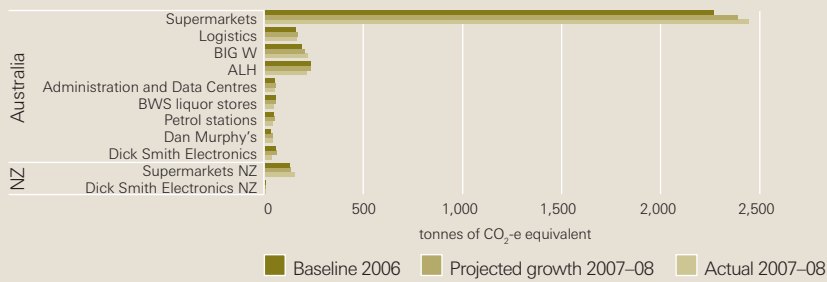
Our Assessment Plan required under the EEO Act was submitted in December 2007 to the Department of Resources Energy and Tourism (DRET) and was approved by the DRET under section 16 of the EEO Act 2006 on 18 April 2008. We also participated in a trial compliance verification assisting DRET in developing its industry verification tools.

The first reporting period for NGER is the 2008–09 financial year. We have evaluated the issues of materiality and the gaps in our emissions data capture and are well placed to meet our reporting requirements under the NGER Act.

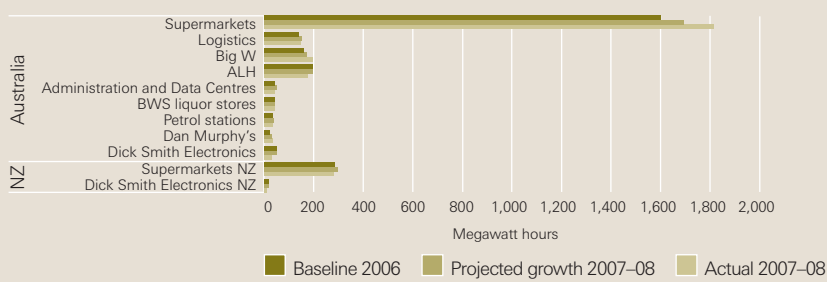
Our operations will not trigger the caps set under either NZ ETS or Australian CPRS and therefore we will not need to buy permits for compliance. However, our business will still be impacted through increased costs of electricity, fuel and services (such as waste disposal) as the cost of carbon is passed on through the supply chain.



COMPARISON OF CO₂-e EMISSIONS FROM FACILITIES, BY DIVISION



COMPARISON OF ELECTRICITY USE BY FACILITIES, BY DIVISION



Performance status – facilities

In our Sustainability Strategy 2007–15, we committed to an overall 40% CO₂-e reduction by 2015 (on projected growth levels), bringing our emissions back to 2006 level. Our total emissions have increased from the baseline year. Our total carbon emissions from facilities (stores, Distribution Centres and offices) in 2007–08 was almost 3.7 million tonnes CO₂-e.

The graph above shows the variation in CO₂-e emissions (tCO₂-e) between the 2006 baseline figures and the actual figures for 2007–08.

Finding the appropriate technologies, testing, verifying the benefits and costs and then rolling them out across such a large number of sites takes time to achieve. Once new technologies have been approved to be rolled out across individual stores, it takes time for the savings to accumulate to a level where they can be seen as a reduction in the aggregate total emissions from our business. We are still in the testing phase for most of the technologies we have identified. Once these technologies have proven successful and commercially viable, we will roll them out to more stores. We are optimistic about reaching the targets we have set.

Woolworths is supportive of well balanced and compatible emissions trading schemes for Australia and New Zealand and recognises that emissions reporting regulations such as the NGER are essential for an emissions trading scheme. However, the role of the EEO Act post CPRS introduction is unclear. In future, a price on carbon will be incorporated into pricing for energy services, providing an incentive for large energy users to manage their energy use more effectively.

The higher costs of energy represent more opportunities for driving energy efficiency in all aspects of our business to reduce/minimise energy input costs. Our Sustainability Strategy targets were developed in anticipation of these emerging price signals.

36%↓

Our first green store achieved 36% reduction in CO₂-e emissions per m², exceeding our target of 25% per m².

TOTAL EMISSIONS FROM FACILITIES, BY DIVISION (TONNES OF CO₂-e EQUIVALENT)



Green stores

We expect almost half of our carbon emission reduction target to be met through energy efficiency, fuel substitution and refrigerant transition in both existing and new stores. With 3,030 existing facilities, retrofitting will play a significant role. While we are working on efficiency measures for existing stores, we don't want to miss the opportunity to ensure that all our new stores are as resource efficient as possible, taking advantage of currently available and tested technologies.

We plan to open more supermarkets over coming years in order to meet growth in demand. New supermarkets are generally larger than existing stores and use more refrigeration, therefore their energy requirements are higher. That is why we have invested in innovative technology solutions that will allow us to grow while reducing the environmental impacts of each store.

In our Sustainability Strategy, we set a target of 25% reduction in CO₂-e emissions per square metre in our new stores, to be met through sustainable store designs compared with our 2006 business as usual design. We also said that all our supermarkets opening after September 2008 will meet this reduction target.

We have opened two stores to these new specifications: Rouse Hill in Sydney's north west and Victoria Harbour in Melbourne's Dockland. Geelong West in Victoria will open in November 2008.

Our Rouse Hill store has achieved a 36% reduction in CO₂-e emissions per square metre, exceeding our target of 25% reduction in CO₂-e emissions per square metre.

EMISSIONS FROM FACILITIES	TONNES OF CO ₂ -e EQUIVALENT			
	Scope 1	Scope 2	Scope 3	Total
Australia				
Woolworths Supermarkets	515,937	1,702,518	500,559	2,719,014
BIG W	8,773	178,663	26,378	213,814
Dan Murphy's liquor	–	33,667	4,204	37,872
Petrol stations	286	35,183	4,356	39,825
BWS & other liquor stores	25	37,334	5,827	43,185
ALH	11,166	176,605	20,996	208,767
Dick Smith Electronics	64	29,288	4,090	33,442
Logistics – Distribution Centres	39	140,203	18,530	158,772
Administration/Data Centres/Fabcot	549	38,666	6,996	46,211
Australian sub-total	536,839	2,372,127	591,937	3,500,902
New Zealand				
Supermarkets	85,402	58,711	24,743	168,856
Dick Smith Electronics	–	1,890	178	2,068
New Zealand sub-total	85,402	60,601	24,921	170,924
Total	622,241	2,432,728	616,858	3,671,827

Note:

Scope 1 emissions cover direct greenhouse emissions, Scope 2 emissions cover indirect greenhouse gas emissions from the generation of purchased electricity, and Scope 3 emissions cover other indirect emissions from sources not owned by Woolworths (Source www.greenhouse.gov.au).

21

out of 24
supermarkets
opening after
September 2008
will be green
stores.

Of the 24 supermarkets scheduled to open after September 2008, three stores – Glen Innes in New South Wales, St Georges Terrace in Western Australia and Campbelltown Mall in New South Wales will use conventional refrigeration because the equipment had been ordered before we released the new refrigeration specifications, and the scheduled store openings were delayed due to building works. These three stores will still have some of the green store specifications, such as T5 lighting and automated after hours lighting controls.

Six of the stores will have variants of Rouse Hill cascade refrigeration systems and all key features of our green store specifications. Fifteen stores will use a hybrid refrigeration system that operated with comparable energy efficiency to the cascade, but has slightly higher overall CO₂-e emissions due to the higher global warming potential of the refrigerants. This means we have to work harder at gas leak prevention from our refrigeration systems so that we can still meet our target.



The key features incorporated in our supermarket design and construction toolkit relate to refrigeration, space heating and cooling, lighting, appliances, fuel substitution and choice of flooring materials. Some of the key features include use of refrigerant types with lower global warming potential (GWP), efficient refrigeration cases, automated night blinds on multi-deck fridges, automated lighting controls for after hours switching, optimised heat reclaim, economy cycles in air conditioning, LED lighting in store and emergency signage and in freezer doors, T5 fluorescent lighting with electronic ballasts in trading areas, recycling services for cardboard and plastics and green/organic waste where possible, and switching to gas for water heating, cookers and oven where gas is available and connection is cost effective.

We continuously investigate new technologies or improve old technologies, and test and pilot on a limited scale to evaluate suitability before incorporating these technologies into our standard specifications for application across all stores.

Some recent trials include:

- Retractable lids on the island freezers in our Kellyville supermarket in Sydney. The trial commenced in the middle of June 2008 and will run until the middle of September 2008. The results will be monitored and evaluated. If the trial is successful we will then develop a business case and a rollout plan for all stores.
- LED lighting for canopy lighting in the petrol station forecourt in our Glenrose petrol site. LEDs (light emitting diodes) use around 67% less electricity than existing fluorescent canopy lighting and have a significantly longer life. In addition, LEDs generate light without producing a lot of heat.

As Woolworths' control of primary freight increases through optimised planning and load consolidation, we have been able to reduce the number of inbound trucks required by about 1,000 every week.

**TOTAL EMISSIONS FROM TRANSPORT, BY END USE
(TONNES OF CO₂-e)⁽¹⁾**



Transport end use	Tonnes of CO ₂ -e	
	Australia	New Zealand
Logistics transport (3rd party road)	556,283	*
Logistics transport (3rd party rail)	10,684	*
Business travel (company cars)	25,508	3,838
Logistics transport – WoW trucks	18,724	*
Trolley collection	12,539	*
Home delivery from stores	1,068	*
Total	624,806	3,838

Challenges in implementation

New technology introduction

We have investigated a number of technologies to reduce energy use and emissions from refrigeration and air conditioning systems, and many of these innovations have been put into practice at our Rouse Hill supermarket.

An issue with meeting our commitment in terms of the Rouse Hill benchmark is with refrigeration type. Rouse Hill uses a cascade refrigeration system which uses CO₂ gas. CO₂ has a much lower global warming potential than the conventional refrigerant gases. We have installed these cascade refrigeration systems in four supermarkets in Australia since 2006. However, as more stores are investigated for the suitability of installing the CO₂ cascade system, we are finding that the service industry has limited capacity to provide timely installation and service support for this new technology, particularly in regional and remote areas. The cascade systems are also more complex and more expensive due to the need for high pressure copper pipes, liquid pumps and more high tech electronic controls.

Changing consumer preferences

New stores tend to be larger and require more refrigeration to meet consumer preference for convenience meals that require refrigeration. The average energy use per square metre in our existing stores is 920 KWh/m². New stores with increased refrigeration have a higher energy demand of approximately 1,200 KWh/m² (based on 2006 business as usual design standards).

Performance status – transport

In our Sustainability Strategy 2007–15, we set a target of 25% reduction in CO₂-e emissions per carton delivered by Woolworths owned trucks (our Victorian truck fleet) by 2012.

Year	CO ₂ -e emissions (grams per carton delivered)
2006–07	117
2007–08	116

In 2007–08 we reduced our CO₂-e emissions per carton delivered by 0.7%. This is only a small reduction, however this was a result of our decision to postpone biodiesel conversion of our trucks due to growing concerns about the impact of biofuel production on food security. We are now investigating biodiesel made from waste oil, liquefied natural gas (LNG) and compressed natural gas (CNG) to see whether the use of these alternatives will still enable us to meet our target.

Woolworths owned Logistics trucks account for 3% of the total CO₂-e emissions from transport related activities.

Primary freight covers delivery of all products from suppliers to our Distribution Centres, and Woolworths controls about 23% of this activity. During the reporting period, primary freight accounted for a total of 54 million kilometres of road travel and almost 27 million kilometres of rail travel.

Note:

(1) Emissions from business travel in New Zealand are included; however, data for other transport uses in New Zealand was not available at the time of preparing the inventory.

* Data not available.



In our Sustainability Strategy we committed to a 30% reduction on 2006 levels of CO₂-e emissions from our Company car fleet (dependant on mix of car size and fuels chosen) by 2010. During 2007–08 the level of CO₂-e emissions rose by 9.2% due to an increase in the number of cars in the fleet and a delay in converting to more fuel efficient cars. The company fleet size grew by 122 cars in Australia and New Zealand and only 598 cars were changed over to more fuel efficient models. The changeover program commenced in early 2008 and will take time to roll out. New Zealand has cars on order expected to be filled by early 2009. Once the entire fleet has been changed over to the new cars, we will be able to compare emissions to the baseline year.

Challenges in implementation

Biofuels and food security

Global warming and rising petroleum costs have created an urgent need to find renewable fuel sources. There has been much debate in recent years about the merits of using “biofuels” such as ethanol from maize and sugarcane as an alternative fuel source. However, there is growing concern, driven by organisations such as the Food and Agriculture Organisation (FAO) of the United Nations and Oxfam, that biofuel production is consuming large areas of farmland that could be cultivated for food production, driving up the price of food.

A study by the FAO found that the demand created by first generation biofuel production has changed the market dynamics for food production, triggering food price inflation. The global food price index rose by 9% in 2006 and by 23% in 2007. An Oxfam report released in 2008 claimed that the price of food had increased by 83% in the past three years, with almost one third of that increase attributable to biofuels.

In our Sustainability Strategy 2007–15, we committed to aim for a 25% reduction in CO₂-e emissions per carton delivered by 2012 through a combination of the following measures related to Woolworths owned trucks:

- Alternate fuels (13% = 10% through B20 biodiesel and 3% through LNG).
- Vehicle design (8%).
- Reducing distance travelled through improved efficiency (4%).

We believe that the right biofuels have the potential to contribute significantly in reducing our dependency on fossil fuels.

CO₂-e EMISSIONS FROM COMPANY CAR FLEET

Year	Australia			New Zealand			Total tCO ₂ -e
	Fleet size (cars)	Converted to fuel efficient fleet	tCO ₂ -e	Fleet size (cars)	Converted to fuel efficient fleet	tCO ₂ -e	
2006–07	2,700	0	20,314	433	0	3,050	23,364
2007–08	2,795	598	21,670	460	0	3,838	25,508

In response to growing local and international concerns over the impact of biofuels on food security, we have reviewed our measures for alternate fuel conversion and hope to achieve these reductions through conversion to CNG and greater efficiencies from transport planning, vehicle design and driver behaviour.

We believe that the right biofuels, namely, second generation cellulosic biofuels (produced from wood, grasses or the non-edible parts of plants) have the potential to contribute significantly in reducing our dependency on fossil fuels. More research and development grants and government policies are needed to help their development and commercialisation. However, we are concerned about promotion of biofuels that are generated from food crops or result in farming land being diverted from food crops to fuel crops.

Our Logistics team participated in CSIRO's Future Fuels Forum and we were one of the sponsors of a recent CSIRO research titled "Fuel for thought – the future of transport fuels in Australia: challenges and opportunities".

In terms of biofuels in our retail petrol business, while we provide E10 in our petrol retail sites in line with government requirements, we remain concerned about the impact on global food security and the rising prices of basic food commodities both nationally and globally.



E10 is sold from 21 of our 107 fuel outlets within New South Wales. A further 40 or more sites have been identified for inclusion of E10 in future. Biodiesel (2% blend) is sold at 20 sites in Newcastle and northern New South Wales. In Queensland, E10 is sold from 24 of our 89 fuel outlets. On average, E10 accounts for 13% of gasoline sales at sites where it is sold and customer acceptance is low. More customer awareness and education are needed from third party motorist advocacy groups to foster customer confidence in using ethanol-blended fuels.

Food miles and carbon labelling

Food miles describes the distance that food travels from its point of production to the consumer. We believe that food miles are only part of the picture as the carbon footprint of a product involves more than just its transport component.

Food miles advocates urge consumers to buy locally and avoid out of season and air freighted produce to minimise the greenhouse emissions associated with food purchasing. Many experts believe that the real impact of food choices takes into account the environmental impacts of food production and packaging as well as how far food has travelled.



Woolworths has followed the public debate both here and globally and has partnered with the Australian Food and Grocery Council (AFGC) to jointly fund a study into ways of measuring the climate change impact of food, beverage and grocery products. The study aims to explore the costs and benefits of carbon labelling and examine the options to provide a consistent, transparent and easily understood measure of climate impact across different products. This will help the industry to work collaboratively to determine what is appropriate for Australian business and consumers rather than simply adopting international models. The study is expected to be completed by August 2008.

In addition to our joint study with AFGC, we awarded our 2007 Fresh Food Grant of \$100,000 to a carbon footprinting case study by Houston's Farm which supplies prepared salads. The project is also supported by Horticulture Australia.

These two pieces of work will provide Woolworths, our suppliers, the broader industry and policy makers with valuable information, experience and foundations for sound policy going forward.

Consumer views on climate change

In 2007 AccountAbility and Consumers International undertook a survey of 2,734 people in the UK and the US on "What Assures Consumers on Climate Change?". The study found that while most consumers are already taking some actions to reduce their environmental impact and are willing to embrace a low carbon lifestyle, few feel empowered to take anything but the most easy and convenient changes. Lack of information, expense, confusion, inconvenience and lack of trust in eco-claims were given as the key obstacles to taking more action.

In 2008 AccountAbility, Lloyd's Register Quality Assurance Ltd (LRQA) Australia and the Net Balance Foundation repeated the survey with 1,000 consumers in Australia, sponsored by Woolworths, Transurban, the Victorian Environmental Protection Authority, Fosters Group and the Australian Food and Grocery Council. The results showed that Australian consumers are even more ready to act, but are held back by the same obstacles and dilemmas as consumers around the world.

The research found:

- 81% of Australian consumers agree everyone needs to take more responsibility for their personal contribution to global warming.
- 63% understand that there needs to be a significant change in lifestyle, including personal sacrifices to prevent global warming.
- 58% have actively sought out information about global warming in a book, film or on the web.
- 51% are unable to judge how environmentally friendly their lifestyle is.
- Nearly 80% are unsure about business or government claims on climate change.
- 78% wish that green claims were backed up by proof from independent third parties.

The vast majority of consumers in Australia say they have already made some easy changes such as switching off lights, buying energy saving bulbs and other products. But few have translated this into broader purchasing choices or more difficult behavioural changes.



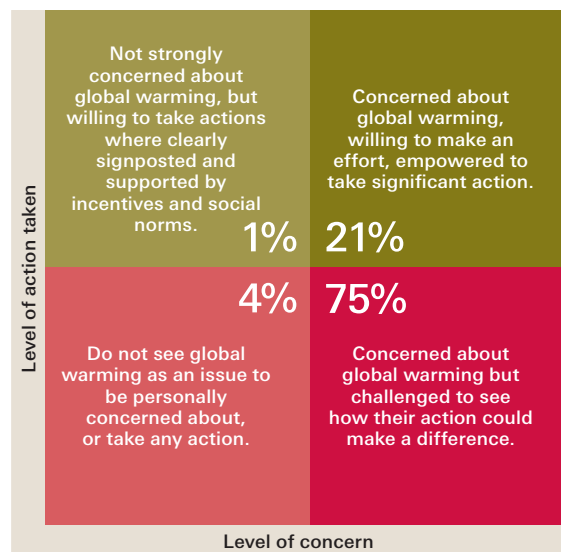
Australians appear to be relatively well informed about climate change and the majority agree that a significant change in lifestyle is needed to prevent global warming. Only 13% of respondents could not come up with an answer on what consumers could do about it, compared with 24% of respondents in the UK and 58% in the US.

The vast majority of consumers in Australia say they have already made some easy changes, such as switching off lights, buying energy saving bulbs and other products. But few have translated this into broader purchasing choices or more difficult behavioural changes.

Compared with the UK and US, a greater proportion of Australian consumers say that they are willing to take more challenging steps. For example 88% of Australians say they are trying to conserve energy at home, compared to 85% of UK and US consumers.

Woolworths' sales data reflects the gap between consumer attitudes and behaviour. Consumers make purchasing choices based on a number of factors such as utility, quality, value and health, and not just environmental attributes, so more information on environmental characteristics does not necessarily translate to buying behaviour change. More details are available in the full report that can be found at www.netbalancefoundation.org.

Consumer concern mapped against consumer action



Source: What Assures Consumers in Australia on Climate Change? August 2008.



20m
litres ↓

reduction in
water use driven
by our Water
Wise project.

WATER

Australia is the driest inhabited continent, and the severe drought that has affected the country in recent years has affected both the cost and availability of fresh food. Conserving water is vital, not only to protect the livelihood of our farmers and rural communities, but also to ensure that we can continue to supply fresh fruit, vegetables and meat to customers around Australia.

All water used in Woolworths stores is provided by licensed water authorities. Water use in our stand alone stores is metered and billed directly by the water authorities. However, for stores located within shopping centres, water use is billed through lease outgoing rather than through direct metering.

Currently, only 161 of our supermarkets, or about 20%, receive individual water bills with metered usage. This means we need to extrapolate from known water usage to estimate our total water usage.

Performance Status

Our estimated water usage during the 2007–08 reporting period was 1.94 GL (1,940,000,000 litres), compared to our estimate of 1.96 GL for 2006–07. This 20 million litre reduction in water use was driven by our Water Wise project, which also offset the 15 new supermarkets that were built. In our Sustainability Strategy 2007–15, we reported an estimated water use of 2.2 GL for the 2006 calendar year, but this is now believed to be an overestimate. This demonstrates a need to develop more accurate modelling for water use estimation.

In the Sustainability Strategy we committed to rolling out water efficiency measures (spray guns and flow restrictors in all food preparation areas, staffrooms and bathrooms) in all our supermarkets in Australia and to reduce our water use by an estimated 200 ML per annum by 2010. We also extended this project to our BIG W stores.

In 2006–07, we implemented our Water Wise project in 100 supermarkets in South East Queensland. In 2007–08, we retrofitted a total of 812 stores with water efficient fixtures and fittings including 664 supermarkets and 148 BIG W stores.

Initial assessment of water use data in South East Queensland has allowed some estimation of the overall water savings in this region. Only 14 of the 100 stores in the region are individually billed for water use, and the metered water use in the 2006–07 financial year of 35.1 ML was reduced to 29 ML in the 2007–08 financial year. This translated to an estimated annual water saving of 43.8 ML across the 100 stores.

Our Distribution Centre in Minchinbury, Sydney has six tanks with a total capacity of 890 kL and an estimated potential to harvest 12 ML of rainwater annually.



Every Drop Counts program

Woolworths Limited is a participant in Sydney Water's Every Drop Counts program. In 2007–08, four Woolworths supermarket stores in the Sydney region were audited for their water use. While we had already established a water reduction target in our Sustainability Strategy 2007–15 and had begun the national rollout of our Water Wise program, working with Sydney Water's program has helped us understand water use breakdown in our typical store types.

Water use in supermarkets is typically dependant on store departments (e.g. seafood, deli, produce) and the number of staff. About 50% of the water in our stores is used in food serving areas for preparation, hydration or cleaning and the rest is used in amenities, floor washing, ice machines and other equipment.

The key actions we will take forward from the Every Drop Counts program are:

- Training our Eco Ambassadors so they can carry out water audits in stores, identify visible water leaks and report back to the maintenance team for repair.
- Reviewing and standardising cleaning practices to ensure water is not wasted while we maintain food safety and public health as our number one priority.

Behaviour change with our staff will play a big role in saving more water in the future and we'll be focusing on this more through our staff induction and other training and communication forums.

Rainwater harvesting

The biggest opportunity for capturing rainwater is at our Distribution Centres (DC), where we have large roof spaces. Woolworths Logistics currently harvests rainwater at four out of our 14 DCs where the 100 kL tanks store water for use in toilets and irrigation.

Our Logistics team has embarked upon a major rainwater harvesting program that involves installing rainwater tanks at our "sheds". The first project at our Sydney Regional Distribution Centre (SRDC) in Minchinbury was completed in October 2008 and involved the installation of six tanks with a total capacity of 890 kL. We are predicting annual rainwater capture of 12 ML.

The water captured at SRDC will meet about 95% of the annual water demands of the water cooling towers used in the large refrigeration systems at the shed. Plans are in place for two more DCs to have rainwater tanks installed, and the program may eventually roll out to six DCs in total, with the water to be used in refrigeration cooling towers, toilet flushing, landscaping, truck washing and bin washing.

At our head office at Norwest Business Park in Sydney, we have a 1 ML rainwater storage capacity supplying landscaping irrigation, car wash bays and building amenities. Some petrol sites have rainwater tanks, with the captured water used in toilet flushing and irrigation.

26m ↓

reduction in cardboard cartons due to reusable plastic crates that carry fresh produce from the supplier to the supermarket.



Challenges in implementation

The fact that only our stand alone stores are currently fitted with individual water meters makes it difficult for us to get an accurate measure of the total water use across our stores. We have investigated the feasibility of installing water meters in all existing stores; however, this would not be cost effective due to the cost of purchasing and installing meters and interruptions to store operations. However, we will install water meters in all new stores going forward.

Opportunities exist for Woolworths to invest in rainwater capture tanks and infrastructure, but some businesses face barriers to this. The majority of our stores are located within shopping centres and there are issues related to who owns and is responsible for the roofing in these centres. This is less of an issue for stand alone stores and rainwater tanks are now becoming a requirement for development approvals when constructing new supermarkets.

PACKAGING

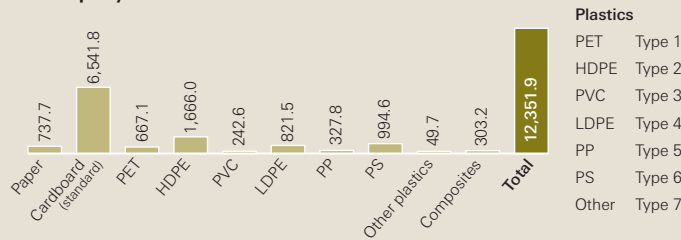
The Packaging Council of Australia has estimated that Australians used 199 kg of packaging per person and recycled 111 kg of packaging per person in 2006–07, which is a 56% recycling rate. The New Zealand Packaging Accord estimated that New Zealanders each used 160 kg of packaging and recycled 80 kg, resulting in a 57% recycling rate (Source: report released by Packaging Council of Australia, The Status of Packaging Sustainability in Australia).

Retailers play a key role in the packaging supply chain and have the ability to drive positive and measurable change in this area. In our Sustainability Strategy 2007–15, we made a commitment – both as a retailer and as a brand owner – to finding cost effective ways to reduce packaging and minimise waste from Private Label products, while continuing to deliver quality products to customers at low prices.

70%
of the packaging materials used for the 43 Private Label products reviewed in 2007 were recyclable and 30% non-recyclable.

CONSUMER PACKAGING BY TYPE FOR 43 PRIVATE LABEL PRODUCTS REVIEWED 2006–07

Tonnes per year



Performance status

Woolworths Limited is a signatory to the National Packaging Covenant and we have committed to working with the Covenant in achieving the Covenant objectives. Our 2007–10 National Packaging Covenant Action Plan, which can be viewed on the National Packaging Covenant’s website at www.packagingcovenant.org.au, outlines the actions that we have already carried out to minimise packaging waste and sets goals for the next three years.

We have introduced reusable plastic crates that carry fresh produce from the supplier to the supermarket shelf and eliminate the requirement for waxed cardboard cartons, string nets, and especially styrofoam plastic boxes. There are currently 1.7 million crates in the pool, with around half a million issued through our produce Distribution Centres each week in Victoria, New South Wales, Queensland and Western Australia, with South Australia and Tasmania coming on line in late 2008. Currently, the reusable crates eliminate the need for 26 million cardboard cartons each year. We have committed to doubling our current pool of reusable crates to 3.4 million. The rollout of new crates was planned for September 2008 but we have experienced delays in manufacturing and plan to commence the rollout in February 2009.

The Sustainable Packaging Alliance (SPA) undertook a packaging review of 43 of our high volume Private Label products in 2007 to help us better understand the status of consumer packaging for our Private Label products and to assist us to work towards adopting more sustainable packaging practices. This is work in progress, as we have over 2,000 Private Label products. The findings of the review included:

- The ratio of packaging weight to product weight for the sampled products was estimated to be 0.14.
- Approximately 70% of the packaging materials used for these 43 products is considered recyclable and 30% non-recyclable. Non-recyclable materials currently include waxed cardboard, some plastic containers coded 6 and 7 and all plastic films (excluding supermarket shopping bags).
- Review highlighted the challenges around availability of reliable and accurate data in assessing and benchmarking packaging and the need for clear guidelines and streamlined data collection processes for our suppliers.



34% ↓
reduction in overall plastic bag use and a 45% reduction in plastic bags issued by large supermarkets since 2002.

Challenges in implementation

Plastic bags

Recent years have seen growing public awareness of the environmental impacts of plastic bags. Communities are concerned about issues such as littering, recycling, the length of time it takes bags to break down, and the consequences of the bags getting into waterways where they can cause problems to marine life.

Actions by major retailers in collaboration with government and environmental groups such as Clean Up Australia and Keep Australia Beautiful have led to a 34% reduction in overall plastic bag use and a 45% reduction in plastic bags issued by large supermarkets since 2002. Plastic bags make up only 0.8% of litter and just 3.8% of plastic litter (Source: McGregor Tan Research, 2006). Similarly Nolan-ITU estimated plastic bags accounted for 2% of the litter stream (2002, quoted in Productivity Commission, *Waste Management*, 2006, p 206).

We have achieved this reduction in plastic bag usage by implementing a policy not to automatically offer customers a plastic bag for purchases of three items or less and offering a range of reusable bags to our customers, including our green bags and blue chiller bags. We sold almost 5.7 million reusable bags in the reporting period, compared with 3.4 million the previous year.

All our supermarkets have plastic bag recycling bins to allow customers to recycle their plastic bags as part of the shopping trip.

While the initiatives outlined above have contributed to the effort to reduce plastic bag use, shifting consumer attitudes to break old habits remains an ongoing challenge for retailers and government.

Biodegradable and compostable plastics

Customers and other stakeholders often ask why we don't replace HDPE plastic bags and other plastic packaging with biodegradable alternatives. Typically, biodegradable or compostable plastics are made from starch such as corn or potato, which means that increased demand for these bags will put more pressure on global food production and food supply security.

The different types of degradable plastics on the market can also be confusing to customers who may have difficulty distinguishing between degradable, biodegradable and compostable packaging and how these products break down in different situations.

5.7m

reusable bags were sold in the reporting period, compared with 3.4 million the previous year.



For example, “oxodegradable” bags are degradable under specific conditions that are typical of commercial composting facilities. These bags are not intended for use in home composting. They break down into smaller pieces and cause more litter and can be just as environmentally damaging as non-degradable bags if not properly disposed of.

Woolworths will continue to follow research and development in this area closely, but we think it is more effective to focus our efforts on driving behaviour change and encouraging people to remember to bring their reusable bags each time they shop.

Regulatory landscape

At the 16th meeting of the Environment Protection and Heritage Council (EPHC) in Melbourne on 17 April 2008, Australian environment ministers and their counterparts from New Zealand and Papua New Guinea discussed key environmental challenges relating to climate change, water and waste management, including plastic bags.

After reviewing research outcomes and costs and considering a range of options, the ministers decided not to seek to universally ban or place a charge on plastic bags at this time.

The EPHC agreed that the most valuable course of action would be to convene a high-level government-industry working group to identify additional ways for retailers to increase the voluntary uptake of “green” reusable bags and reduce the use of plastic bags. The working group is due to report back in November 2008.



Following the EPHC meeting, the South Australian Government announced it would ban HDPE single use plastic bags from January 2009 and the Victorian Government announced its intention to trial a plastic bag levy.

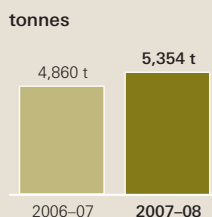
Woolworths prefers the introduction of a plastic bag levy to drive consumer behaviour change rather than an outright ban. Together with other major retailers, the Australian National Retailers Association (ANRA) and the Victorian Government, we have formed a working group to trial the effectiveness of a plastic bag charge in Victoria. The outcome of this trial will help inform EPHC in its future discussions about the best approach for reducing plastic bag use.

The Victorian trial, ran from 18 August to 14 September 2008, saw a 10 cent government and industry charge on plastic checkout bags from Coles, Safeway and IGA in the Fountain Gate area, and in Warrnambool and Wangaratta. Sixteen supermarkets across the three locations participated in the trial.

Any profits raised from the trial levy will be donated to environmental projects agreed on by the Victorian Government and ANRA.

57.4%
diversion of
materials from
landfill.

ORGANIC WASTE TO ENERGY



In 2007–08, the estimated general waste collected and sent to landfill in Australia from our Supermarkets business was 127.5 kilotonnes, with 21.6 kilotonnes in New Zealand. Our data collection and reporting of waste to landfill will be more accurate in future, following the agreement of an Australian national general waste collection contract with Cleanaway (Transpacific Industries Group). This new service arrangement will be implemented in the 2008–09 financial year for supermarkets across Australia, and progressively rolled out across other parts of our business.

WASTE

During 2002–03, over 17 million tonnes of waste was disposed of at landfills in Australia – almost 850 kg per person per year (Australian Bureau of Statistics). New Zealand reported a total of 6.3 million tonnes of solid waste to landfill in 2006, about 1,570 kg of waste per person per year (Environment New Zealand, 2007). Although recycling is well accepted, population growth has seen the amount of waste sent to landfill increase, placing pressure on natural resources, creating a scarcity of landfill space close to urban centres, and driving up disposal costs. Reducing the amount of waste that is sent to landfill is not only better for the environment but is also more cost effective.

Performance status

In our Sustainability Strategy 2007–15, we identified several ways that we could work towards reducing our waste to landfill, by eliminating organic waste from the general waste stream by 2015 (where receiving facilities are available), reducing the amount of plastic in the general waste stream to less than 1% by weight by 2010, and reducing the amount of cardboard in the general waste stream to less than 1% by weight by 2010.

MATERIALS DIVERTED FROM LANDFILL IN 2007-08

	2006-07 tonnes	2007-08 tonnes
Australia		
Organic waste from supermarkets	4,860	5,354
Food to Foodbank	700	1,251
Plastic film	6,055	6,057
Cardboard	147,189	165,908
Polystyrene	*	589
Waxed cardboard	*	220
New Zealand		
Cardboard	*	20,547
Plastic film	*	641
Total (tonnes)	158,804	200,567

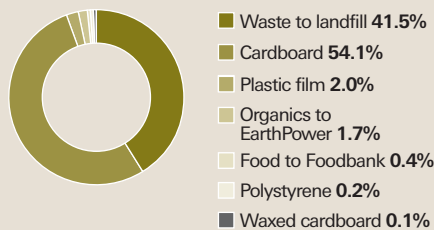
Fifty-three of our Sydney stores currently send their organic waste to EarthPower, Australia’s first regional food waste to energy facility. The process produces biogas, which is used as fuel for engines to generate renewable energy. In our Sustainability Strategy 2007–15, we committed to increasing this to 100 stores by 2010. We have been working on a plan to extend the EarthPower service to a further number of stores in the Sydney area, putting us ahead of our 2010 target.

Note:
* Data not available for 2006–07.

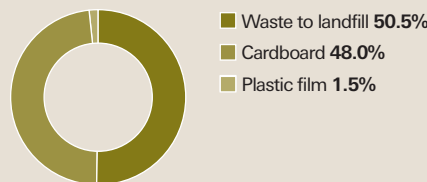
10,132
pallet boxes of
clothes hangers
were recycled
and reused in our
BIG W stores.

WASTE DISPOSED AND RECYCLED

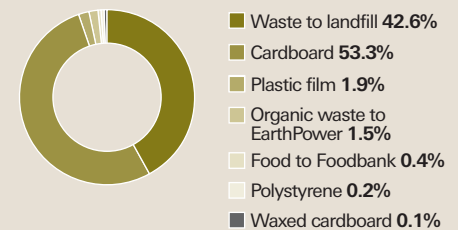
Australia



New Zealand



Australia and New Zealand



In 2007–08, 5,354 tonnes of organic waste was sent to EarthPower. This generated an estimated 1,750 MWh in electricity, sufficient to power 270 houses, rising from 1,230 MWh or 145 homes the previous year.

Another initiative for diverting food waste from landfill is our partnership with Foodbank. Foodbank is the largest hunger relief charity in Australia. Through their support of over 1,500 welfare agencies, they feed over two million Australians a year. Since 2004 Woolworths has been donating food and grocery products to Foodbank as a way of helping the community while reducing waste.

Woolworths Distribution Centres donate food products with damaged outer packaging or short use by dates. These products are safe for human consumption but unsuitable for retail sale. Volunteers at Foodbank sort, store and distribute the product to accredited welfare agencies throughout Australia. Welfare agencies use the food and groceries in the preparation of meals or distribute it in food parcels for those in need. Our stores donated just over 1,250 tonnes of food in the 2007–08 year.

Challenges in implementation

Organic waste diversion from landfill

We aim to eliminate organic waste from our general waste stream by 2015, subject to the availability of appropriate facilities. At present, 53 of our Sydney stores send source separated organic waste to the EarthPower facility in Sydney's west for processing into compost, fertiliser and green power.

We will increase the number of Sydney stores using EarthPower in 2009–10 and investigate other similar facilities around Australia. However, at the present time the number of suitable facilities outside Sydney is limited.

In recent years, technologies have been developed that divert waste from landfill and minimise environmental impacts by treating organic wastes, such as food, and processing them into useful resources, such as compost, fertiliser, green electricity and treated water. However, these facilities are still limited and not available everywhere. Long lead-times are required for new facilities to be approved and constructed and they require a critical mass of input material and long term contracts to be commercially viable. We will continue to investigate the feasibility of this option in consultation with our service providers.



Behaviour change

In our Sustainability Strategy 2007–15, we noted that, although we recycle large amounts of cardboard and plastic, there are still high levels of recyclable materials being placed in the general waste stream, including 10% plastic and 7% cardboard by weight for Supermarkets, and 10% plastic and 21% cardboard for Distribution Centres. A key challenge, therefore, is to develop programs that can drive a change in staff behaviour to keep recyclables out of the general waste stream.

Some of the steps we have taken are education and awareness of recycling procedures in stores and Distribution Centres, reduction in plastic wrapping for transport and increased use of roll cages.

Electronic waste

With constant innovations in technology and low prices, the amount of electronic waste or “e-waste”, such as computers, televisions and other electronic devices, is continuing to grow each year. The components of these items contain heavy metals and chemicals that can be harmful to the environment, so keeping e-waste out of landfill is an important challenge facing the waste industry and consumer electronics manufacturers and retailers.

Our consumer electronics business helped fund the establishment of Product Stewardship Australia Limited (PSA). PSA is a not for profit, industry led organisation working on permanent solutions to recover and recycle consumer electronics in an environmentally sound manner. PSA is developing nationally consistent solutions for end of life (or obsolete) electronic and electrical products on behalf of its members.

VOLUNTARY CODES AND REPORTING

National Packaging Covenant (NPC)

Woolworths Limited’s NPC Annual Report and data for 2006–07 were submitted to the National Packaging Covenant in December 2007 and were approved by the NPC assessors on 14 March 2008. The assessors rated our report 3.7 stars out of the NPC 1–5 star rating system.

Carbon Disclosure Project (CDP)

Woolworths Limited is a CDP signatory. Our 2006–07 report (CDP6) was submitted in May 2008. Woolworths Limited’s CDP5 and CDP6 reports are both available from the CDP website at www.cdproject.net/.



ENVIRONMENTAL INCIDENTS

Spills

Woolworths/Caltex Petrol had one spill at Wantirna in Victoria, on 15 May 2008. The fuel that escaped was from a tanker that was in the process of delivering fuel to the site, but had not commenced delivery. The estimated amount of fuel lost was 7,200 litres. The incident was reported to Vic EPA. The fuel was contained to within 700 metres of the site but entered into the local creek. There were a number of ducks killed due to the spillage.

ISS Response was deployed to clean up the area and local creek at Woolworths' expense. EPA checked the area and deemed it safe following the clean up. There were no penalties issued as a result of this incident.

State prohibited weed

Mexican feather grass was sold in the gardening department of BIG W stores in Victoria from 1 May 2008 until 16 May 2008, labelled "summerhill".

The Victorian Department of Primary Industries notified us that this was a state prohibited weed and we recalled the product on 21 May 2008. The returned plants were destroyed and customers were refunded. There were no penalties issued as a result of this incident.

BIODIVERSITY IN PROTECTED AREAS

The majority of our facilities (stores, Distribution Centres and offices) are located in urbanised areas and are unlikely to impact on biodiversity in protected areas or areas of high conservation values. We have commissioned Environment Resources Management (ERM) Australia Pty Ltd to screen the location of all our facilities and identify which facilities are located in or near protected areas or areas of high conservation values.

The first level of screening has been conducted using a one kilometre radius surrounding any Woolworths Limited's facility to allow us to identify which locations require further detailed assessment to clarify whether any potential adverse impact is likely to arise from our operations in these locations and the appropriate management practices that need to be implemented. This is work in progress – we have screened 264 addresses so far and found 80 of them within one kilometre of an area of biodiversity value. We need to investigate these in more detail and continue screening the rest of our operating locations.

INDEPENDENT ASSURANCE STATEMENT

NetBalance
MANAGEMENT GROUP

Net Balance Management Group Pty Ltd
Level 1, 190 Queen Street, Melbourne
Victoria 3000 Australia

Tel +61 3 8461 6400 Fax +61 3 9600 1295
Web netbalancemanagement.com

To the Board of Directors, Management and Stakeholders of Woolworths Limited:

Woolworths Limited (Woolworths) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of the non-financial content within the Woolworths' *Corporate Responsibility Report 2008* (the Report). The Report presents Woolworths' sustainability performance over the period 1 July 2007 to 30 June 2008. Woolworths was responsible for the preparation of the Report. As an independent assurer of the Report, the responsibility of Net Balance is to the Woolworths' Board and Executive alone in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

ASSURANCE OBJECTIVES

The objective of the assurance process is to provide stakeholders of Woolworths with an independent opinion on the quality of the Report. This is confirmed through verification of claims made, and a review of the organisation's underlying systems, processes and competencies that support the Report with respect to the principles of materiality, completeness and responsiveness. Ensuring continuous improvement in data management systems and associated reporting processes is also a complementary objective.

ASSURANCE PROCESS

The assurance engagement was undertaken between July and October 2008. The process involved:

- A review of Woolworths' key sustainability strategies, policies, objectives, management systems, measurement and reporting procedures and background documentation.
- Interviews with key staff responsible for information contained within the Report to ascertain their views, understanding and response to material sustainable development issues faced by the business.
- A series of interviews with key personnel responsible for collating and writing various parts of the Report to substantiate the veracity of selected claims.
- An overview of how the key economic, environmental and social policies are embedded within the business.
- An independent materiality check using the five part materiality test, including a comparison of Woolworths against its industry peers, a review of selected external media coverage, and an assessment of compliance performance.
- A review of the Report for any significant anomalies, particularly in relation to significant claims as well as trends in data.
- Examination of the aggregation and/or derivation of, and underlying evidence for, over 115 selected data points and statements made in the Report.

ASSURANCE LEVEL AND LIMITATIONS

The level of assurance provided is moderate as defined by the scope and methodology described in this assurance statement. The assurance process focused on systems and activities of Woolworths during the reporting period, with the following exceptions:

- The scope of work did not involve the verification of financial data, other than that relating to environmental, social or broader economic performance.
- The scope of work did not involve the verification of community investment data that was assessed by the London Benchmarking Group.
- The verification process was conducted entirely at the Bella Vista Head Office and no other sites were visited as part of this assurance engagement.

OUR INDEPENDENCE

Net Balance was not responsible for preparation of any part of the Report. Our team's independence was ensured by selecting an assurance team that had no other involvement with Woolworths during the reporting period that could impair the team's independence or objectivity. However, Net Balance completed Global Reporting Initiative (GR) G3 Application level check for the 2008 Report. This project was deemed complementary to the assurance function and therefore did not impact upon the team's independence or objectivity.

OUR CAPACITY

The assurance was carried out by a multi-disciplinary team of sustainability specialists, comprising individuals with expertise in environmental, social and economic performance measurement. Net Balance is a global leader in the use of the *AA1000 Assurance Standard*. The assurance team has collectively undertaken over 80 assurance engagements in Australia over the past 10 years and is led by a Lead Sustainability Assurance Practitioner (Lead CSAP), accredited by the International Register of Certified Auditors UK (IRCA UK).

OUR OPINION

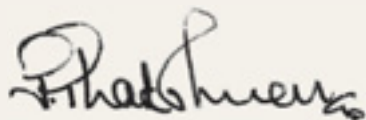
Based on the scope of the assurance process, the following represents the assurance provider's opinion:

- The findings of the assurance engagement provide confidence in the information contained within the Report. The level of data accuracy was found to be within acceptable limits. Data trails selected were identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The statements made in the Report appropriately reflect environmental, social and economic performance achieved during the period.
- All errors noted by the assurance provider were satisfactorily addressed by Woolworths prior to finalising the Report.

CONCLUSIONS AND RECOMMENDATIONS

Overall, the assurance provider is satisfied that the Report is an appropriate representation of Woolworths' sustainability performance during the reporting period. To ensure Woolworths builds on this Report in future reporting, Net Balance has provided a detailed management report to Woolworths. The key recommendations include: an earlier start to the assurance process to allow more time for a desktop review using the five part materiality test, completeness and responsiveness; integrating accountability for sustainability within the governance structure within Woolworths; including community investment data as part of the AA1000 assurance process, and; increased staff engagement on the assurance process to provide staff with a greater understanding of the assurance. This represents a summary statement. The more detailed assurance statement can be accessed at www.woolworthslimited.com.au

On behalf of the assurance team
21st October 2008
Melbourne, Australia



Terence Jeyaretnam

Director, Net Balance & Lead CSAP (IRCA UK)

GLOSSARY

Australian Competition and Consumer Commission (ACCC)	ACCC is an independent Commonwealth statutory authority. The ACCC's role is to promote competition and fair trade in the marketplace to benefit consumers, business and the community. www.accc.gov.au
Australian Food and Grocery Council (AFGC)	The AFGC is the national body representing the nation's food and grocery products manufacturers. The role of the Council is to help shape a business environment that encourages the food and grocery products industry to grow and remain profitable. The Council provides these manufacturers with a platform from which they can voice their views on a range of issues. www.afgc.org.au
Australian National Retailers Association (ANRA)	ANRA is a membership-based organisation that was established in 2006 to represent the interests of large national retailers across Australia. The founding Board members of the ANRA include Coles Group, Woolworths, Bunnings, David Jones and Best and Less. www.anra.com.au
Biodegradable	Biodegradable plastic bags are often made from farmed products such as cornstarch, which, in the right conditions, will break down into elements like carbon dioxide, water and methane. Biodegradable bags are generally best suited to composting and not suited for recycling. To meet international standards, bags need to compost within 12 weeks and biodegrade completely within six months. Standards Australia has developed Australian Standards for biodegradable plastics, AS 4736-2006.
Biofuels	Biofuels are renewable fuels made from biomass that can be used to supplement or replace the fossil fuels, including petroleum and diesel, used in transport. The two main biofuels currently used are ethanol and biodiesel. Ethanol is produced from the fermentation of sugar or starch in crops such as corn and sugar cane. Biodiesel is made from vegetable oils in crops such as soybean, or from animal fats.
Biofuels, First generation	First generation biofuels are mainly produced from plant derived sugars or vegetable oils. This requires the use of "food" crops such as sugar cane, corn, wheat, and sugar beet. These crops are also needed for food, so if too much biofuel is made from them, food prices could rise and shortages might be experienced in some countries.
Biofuels, Second generation	The goal of second generation biofuel processes is to extend the amount of biofuel that can be produced sustainably by using biomass comprised of the residual non-food parts of current crops, such as stems, leaves and husks that are left behind once the food crop has been extracted. Second generation biofuels can also be produced from other crops that are not used for food purposes (non food crops), such as switch grass, jatropha and cereals that bear little grain, and also industry waste such as wood chips, animal fats, waste oils, etc.
Biomass	Biological material used as a fuel or source of energy. Biomass used as fuel may include plant or animal matter, as well as biodegradable wastes.
Cap and trade	A type of emissions trading system where total emissions are limited or "capped". Permits are allocated or auctioned up to the set cap, and a market allows those participants emitting less than their quota to sell their excess permits to emitters needing to buy extra to meet their cap. The proposed Australian CPRS is a "cap and trade" system.

Carbon dioxide (CO₂)	The greenhouse gas whose concentration is being most affected directly by human activities. CO ₂ also serves as the reference to compare all other greenhouse gases (see carbon dioxide equivalent). The major source of CO ₂ -e emissions is fossil fuel combustion. CO ₂ -e emissions are also a product of forest clearing, biomass burning, and non-energy production processes such as cement production.
Carbon dioxide equivalent (CO₂-e)	A standard measure used to compare the emissions from various greenhouse gases based upon their global warming potential (GWP). For example, one tonne of methane emissions is equivalent to 24.5 tonnes of carbon dioxide emissions.
Carbon Disclosure Project (CDP)	An independent not for profit organisation that acts as an intermediary between shareholders and corporations on all climate change related issues, providing primary climate change data from the world's largest corporations to the global marketplace. The data is obtained from responses to CDP's annual questionnaire, sent on behalf of institutional investors to corporations. www.cdproject.net
Carbon footprint	A carbon footprint is a measure of the impact human activities have on the environment in terms of the amount of greenhouse gases produced, measured in units of carbon dioxide equivalent. It is a useful tool for individuals, nations and organisations to conceptualise their personal or organisational impact in contributing to global warming.
Carbon Pollution Reduction Scheme (CPRS)	The Australian Government's proposed emissions trading scheme. www.climatechange.gov.au/greenpaper/index.html
Climate change	The term "climate change" is sometimes used to refer to all forms of climatic inconsistency, but because the Earth's climate is never static, the term is more properly used to imply a significant change from one climatic condition to another. In some cases, "climate change" has been used synonymously with the term, "global warming"; scientists however, tend to use the term in the wider sense to also include natural changes in climate.
CNG	CNG or compressed natural gas is the compressed form of the gas commonly used in homes throughout Australia for domestic cooking and heating appliances. It consists mainly of methane (80–95%), a colourless, odourless and tasteless gas. The distinctive smell associated with natural gas is in fact an additive which enables quick detection of leaking gas.
CPI	A consumer price index (CPI) is a measure of the average price of consumer goods and services purchased by households. It is one of several price indices calculated by national statistical agencies. The percentage change in the CPI is a measure of inflation. The CPI can be used to index (i.e. adjust for the effects of inflation) wages, salaries, pensions, or regulated or contracted prices.
CSIRO	CSIRO, the Commonwealth Scientific and Industrial Research Organisation, is Australia's national science and research agency. www.csiro.au
E10	An alternative fuel, ethanol blended fuel E10 is a blend of 10% ethanol and 90% petrol.
EarthPower	EarthPower is a regional food waste to energy facility in Sydney, Australia. EarthPower accepts source segregated food wastes from the industrial, commercial and domestic sectors and converts them to green energy and nutrient rich fertilisers using state of the art technology. www.earthpower.com.au
EBIT	Earnings before interest and tax – total earnings before provisions are deducted. This measures a company's performance and is often used in preference to net profit as it excludes the effects of borrowings and tax benefits and adjustments.
Ecological footprint	A resource accounting tool that can measure how much land and water area a person or a specific group – for example, an event, a business, a city or a country – requires to produce the resources it consumes and to absorb its waste. The footprint is measured in global hectares (gha).
EEO Act	The Energy Efficiency Opportunities Act 2006 (Australia) took effect on 1 July 2006 (with an amendment in March 2007). It aims to improve the identification, assessment and reporting of energy efficiency opportunities by large energy using businesses. www.energyefficiencyopportunities.gov.au

Environment Protection and Heritage Council (EPHC)	EPHC was formed following changes to natural resource and environment related Ministerial Councils agreed by the Council of Australian Governments in June 2001. EPHC was created by amalgamating the National Environment Protection Council (NEPC), the environment protection components of the Australian and New Zealand Environment and Conservation Council (ANZECC), and Heritage Ministers' Meetings. The natural resource management components of ANZECC were transferred to the Natural Resource Management Ministerial Council. www.ephc.gov.au
Foodbank	Foodbank is a not for profit, non denominational organisation that sources and distributes food and grocery industry donations to welfare agencies that feed the hungry. Foodbank is Australia's largest hunger relief organisation. A national organisation, with Distribution Centres in five states, Foodbank is endorsed by the Australian Food and Grocery Council as the food industry's preferred means of disposal of surplus product. www.foodbank.com.au
Food miles	A calculation of the distance and mode of transport foodstuffs have travelled throughout the complete production process until they reach the consumer.
GL	Gigalitres or billion litres.
Global warming	Global warming refers to an increase in the near surface temperature of the Earth. Global warming has occurred in the distant past as the result of natural influences, but the term is most often used to refer to the warming predicted to occur as a result of increased emissions of greenhouse gases. Scientists generally agree that the Earth's surface has warmed by about one degree Fahrenheit in the past 140 years. The Intergovernmental Panel on Climate Change (IPCC) recently concluded that increased concentrations of greenhouse gases are causing an increase in the Earth's surface temperature and that increased concentrations of sulphate aerosols have led to relative cooling in some regions, generally over and downwind of heavily industrialised areas.
Global warming potential (GWP)	The index used to translate the level of emissions of various gases into a common measure in order to compare the relative radiative forcing of different gases without directly calculating the changes in atmospheric concentrations. GWPs are calculated as the ratio of the radiative forcing that would result from the emissions of one kilogram of a greenhouse gas to that from emissions of one kilogram of carbon dioxide over a period of time (usually 100 years).
Greenhouse gases	Gases that absorb infra-red radiation in the atmosphere. The six greenhouse gases under the Kyoto Protocol are: carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), halogenated fluorocarbons (HCFCs), ozone (O ₃), perfluorinated carbons (PFCs), and hydrofluorocarbons (HFCs).
Green power	Green power is renewable energy sourced from the sun, the wind, water and waste. www.greenpower.gov.au
HDPE	High density polyethylene or HDPE is a type of plastic used to make consumer packaging such as milk bottles, shampoo and detergent bottles. Plastic supermarket carry bags are typically made from HDPE film. The HDPE plastics identification code is 2.
kt	A kilotonne is equal to one million kilograms.
Kyoto Protocol	An international agreement, reached in 1997 in Kyoto, Japan, which extends the commitments of the United Nations Framework Convention on Climate Change (UNFCCC). In particular it sets targets for future emissions in developed countries.
KWh/m2	Kilowatt hours per square metre. KWh is a unit of measurement for electricity use.
Light emitting diode (LED)	A Light Emitting Diode (LED) is a semiconductor device that converts electricity into light. LEDs last considerably longer than incandescent or fluorescent lighting but are more expensive. LEDs don't typically burn out like traditional lighting, but rather gradually decrease in light output.
LNG	Liquefied natural gas. Natural gas (NG) is a mixture of hydrocarbons, mainly methane (CH ₄), and is produced either from gas wells or in conjunction with crude oil production. NG is consumed in the residential, commercial, industrial, and utility markets.

Lost Days	In calculating “Lost Days”, days equals scheduled work days and the “lost days” count begins the day after the accident.
Lost Time Injury Frequency Rate (LTIFR)	Injury or illness resulting in an employee or contractor being unable to work for a full scheduled shift (other than the shift on which the injury occurred). The frequency rate is calculated by dividing the total number of Lost Time Injuries (LTI) in a period by the number of hours worked in that same period, and multiplying it by 1,000,000 hours.
Marine Stewardship Council (MSC)	MSC is an independent non-profit organisation that promotes responsible fishing practices. Its role is to recognise, via a certification program, well-managed fisheries and to harness consumer preference for seafood products bearing the MSC label of approval. MSC has developed an environmental standard for sustainable and well-managed fisheries. It uses a product label to reward environmentally responsible fishery management and practices, allowing consumers concerned about over fishing and its environmental and social consequences to choose seafood products that have been independently assessed against the MSC Standard. www.msc.org
ML	Megalitres or million litres.
Mt	Megatonnes or million tonnes (equates to one billion kilograms).
MWh	Megawatt hours is a unit of measurement for electricity use.
National Packaging Covenant (NPC)	NPC is a voluntary initiative by Commonwealth Government and industry to reduce the effects of packaging on the environment. It is designed to minimise the environmental impacts arising from the disposal of used packaging, conserve resources through better design and production processes and facilitate the re-use and recycling of used packaging materials. www.packagingcovenant.org.au
National Packaging Covenant Council	The NPCC was formed to oversee the implementation of the National Packaging Covenant. The council is made up of State, Local and Commonwealth Government and industry and community representatives. The council meets quarterly to discuss packaging issues, covenant communication, procedures, reports and data collection as well as what each individual sector has been doing to support the Covenants objectives.
New Zealand Emissions Trading Scheme (NZETS)	The Climate Change Response (Emissions Trading) Amendment Act 2008 establishes the New Zealand Emissions Trading Scheme. NZETS has introduced a price on greenhouse gases that provides an incentive for New Zealanders to reduce emissions and enhance forest sinks. Emissions trading provides flexibility in how participants comply with their obligations, enabling a least-cost response. The scheme will support achievement of New Zealand’s international climate change obligations, shifting the cost of New Zealand’s emissions from taxpayers more broadly to the emitters and consumers who are best placed to take action to reduce emissions. www.climatechange.govt.nz
New Zealand Packaging Accord	The New Zealand Packaging Accord is a voluntary initiative to cut down on wasteful packaging. Those signing it – the packaging and packaged goods industry, local and central government and the recycling operators – are voluntarily committing to doing what they can to reduce the proportion of packaging in the total waste stream. www.packagingaccord.org.nz
NGER Act 2007	National Greenhouse and Energy Reporting Act 2007 (Australia) took effect on 1 July 2008. NGER establishes a national framework for Australian corporations to report greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production. www.climatechange.gov.au/reporting/publications/index.html
PPC	People & Policy Committee.
Product Stewardship Australia (PSA)	Product Stewardship Australia Limited (PSA) is a not for profit, industry led organisation working on permanent solutions to recover and recycle consumer electronics in an environmentally sound manner. PSA is membership based and is developing national solutions for end-of-life (or obsolete) electronic and electrical products on behalf of its members. Woolworths is a member of PSA. www.productstewardship.asn.au

Occupational disease	A disease arising from the work situation or activity (e.g. stress or regular exposure to harmful chemicals), or from a work-related injury.
OH&S	Occupational Health & Safety
Oxodegradable	Type of plastic used to make plastic carry bags. The oxodegradable plastic bag breaks down primarily through the reaction of a chemical additive to oxygen, light or heat. Best suited to landfill disposal, they are also likely to survive long enough to present a threat to animals if littered. It may take time for them to break down and, even when they do, it is into smaller pieces that may pose a threat to animals who mistake the pieces for food. www.cleanup.com.au/au/LivingGreener/faq1.html
Scope 1 emissions	Direct greenhouse gas emissions from sources owned or controlled by the company, such as combustion facilities (e.g. boilers, furnaces, turbines, heaters, incinerators, engines, flares, etc.), combustion of fuels in company owned or company controlled transportation (e.g. cars, buses, planes, ships, barges, trains, etc.), and physical or chemical processes (e.g. in cement manufacturing, catalytic cracking in petrochemical processing, aluminium smelting, etc.).
Scope 2 emissions	Indirect greenhouse gas emissions from the generation of purchased electricity, heat, cooling or steam. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the entity.
Scope 3 emissions	Other indirect greenhouse gas emissions that are a consequence of a company's activities, but that arise from sources that are owned or controlled by others. Scope 3, like Scope 2, is a category of indirect emissions. However Scope 2 covers emissions that a company indirectly causes to be emitted through importation – and usually purchase – of electricity, heat, cooling and steam. By contrast, Scope 3 covers all other indirect emissions from sources that are not owned or controlled by a company, but that occur as a result of its activities. Examples include emissions as a result of the extraction, manufacture and production of materials it has purchased, the transportation of purchased fuels or goods, the use of products and services it has sold, and business travel and employee commuting in vehicles not owned or controlled by the company.
Serious Diseases	Occupational or non-occupational related impairment of health with serious consequences for employees, their families, and communities, such as HIV/AIDS, diabetes, RSI and stress.
SHEC	Safety & Health Executive Committee
SH&E	Safety, Health & Environment
TAFE NSW	TAFE NSW is Australia's largest training provider, and it is among the largest in the world. The letters "TAFE" stand for Technical and Further Education. www.tafensw.edu.au/about/index.htm
T5 fluorescent light	T5 fluorescent lamps are the most efficient commercial fluorescent lamps. In most environments they offer energy savings of nearly 30% compared to other fluorescent lamps.
Vic EPA	Environment Protection Authority (EPA) Victoria, a statutory authority, was established under the Environment Protection Act 1970.

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