

WOOLWORTHS LIMITED  
Corporate Responsibility  
Report 2011

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Closer *every day.*



# WOOLWORTHS LIMITED

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## Scope of Report

Unless otherwise stated, this report covers all of our operations in Australia and New Zealand for the 2011 financial year (1 July 2010 to 30 June 2011). Data for Croma (our electronics joint venture with Tata in India which provides wholesale services to 64 stores) is only included in the Our Business and Our People sections (excluding Safety). Data for global sourcing offices in Hong Kong and China is only included in the Our People section (excluding Safety). With only 25% ownership and no operational control of Gage Road Brewery, there is no information reported for this business.

## Awards and Recognition

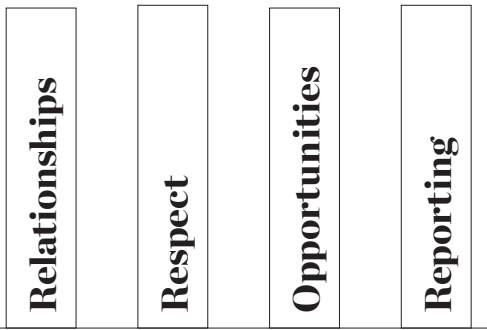
- Woolworths Supermarkets is Australia's most valuable brand, valued at \$7.59 billion by Brand Finance in accordance with the International Organization for Standardizations' (ISO) International Standard on Brand Valuation.
- 2010 Manukau Business Excellence Awards: the Accident Compensation Corporation (ACC) Workplace Safety Award was won by Progressive Enterprises Limited (NZ) for leadership demonstrated by senior management, their passion to make 'Progressive' a safer place for our team, customers and contractors, as well as the speed at which the business had turned around its performance and culture.
- Association of Chartered Certified Accountants (ACCA) Australia and New Zealand Sustainability Reporting Awards 2010: Best Report in the Retail Sector.
- Carbon Disclosure Project (CDP) Carbon Disclosure Leadership Index 2010: one of seven Australian companies, and the only Australian retailer, to be listed.
- Woolworths Limited is listed in the Dow Jones Sustainability Index in both the World and Asia/Pacific Indexes. We're also ranked as a Sustainability Leader in the Food and Drug Retailers Sector.
- Woolworths and CHEP won the 2011 NZ Environmental and Packaging Award for Supply Chain Influence on Packaging Systems with our reusable produce crates.



# Key Indicators – 2011

## RECONCILIATION ACTION PLAN

Woolworths launched its Reconciliation Action Plan in June 2011 to advance opportunities for Indigenous Australians.



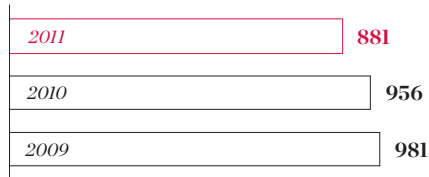
The plan is a practical pathway towards greater inclusiveness in the Company, leading towards our long-term goal to have a workforce that represents Australia's diverse population. The four key pillars in the plan are relationships, respect, opportunities and reporting.



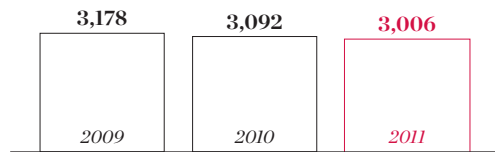
## EBIT

**\$3,276.4m**

## CARBON INTENSITY (T CO<sub>2</sub>-E/\$ MILLION EBIT)

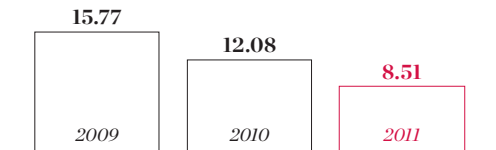


## ENERGY INTENSITY (MJ/m<sup>2</sup>)

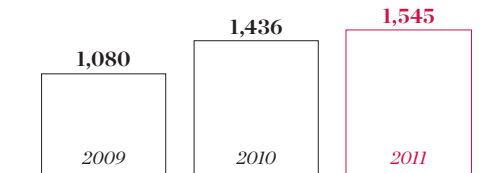


Note: Supermarkets Australia, Stationary Energy

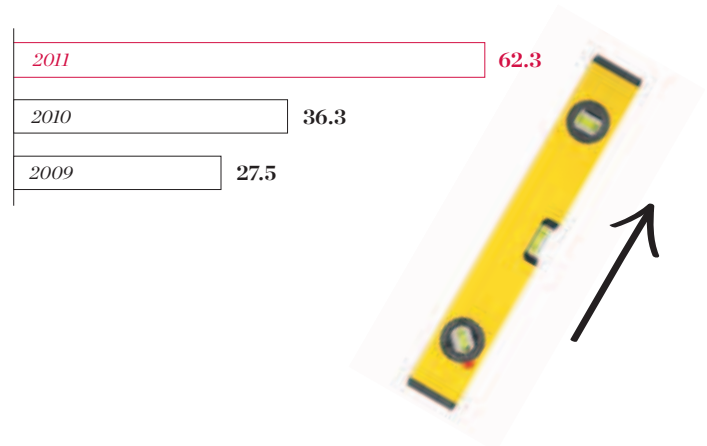
LOST TIME INJURY FREQUENCY RATE (LTIFR)



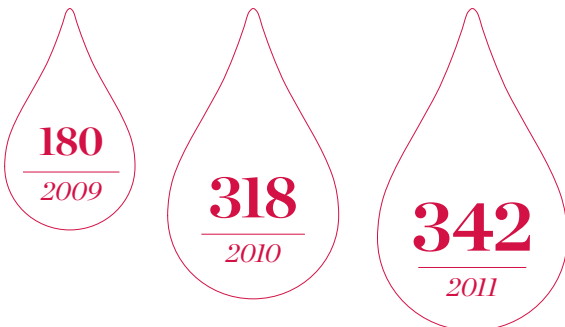
EMPLOYEES RECEIVING PAID MATERNITY LEAVE



COMMUNITY INVESTMENT (\$ MILLION)



WATER SAVINGS (ML)



DEVELOPING TALENT

**\$60m**  
invested in learning and  
development training.

# Statement from the CEO and CEO Designate

*“I’m enormously proud of what we have achieved at Woolworths Limited and firmly believe we have the team in place to achieve even greater things in the future.”*

In 2011, Woolworths continued to take a strong lead in corporate responsibility and made excellent progress towards the achievement of our sustainability targets.

Both domestically and globally, Woolworths is quietly earning respect and recognition for the integrity and depth of its corporate responsibility programs, and through our close association with global organisations such as The Consumer Goods Forum and the United Nations Global Compact Network, we are at the forefront of debate and central to the positive change taking place in critical areas such as ethical sourcing. Working collaboratively with the world’s best retail organisation, Woolworths is actively ensuring that Australian and New Zealand interests are

represented and paving the way for other retailers to follow and adopt more sustainable working practices.

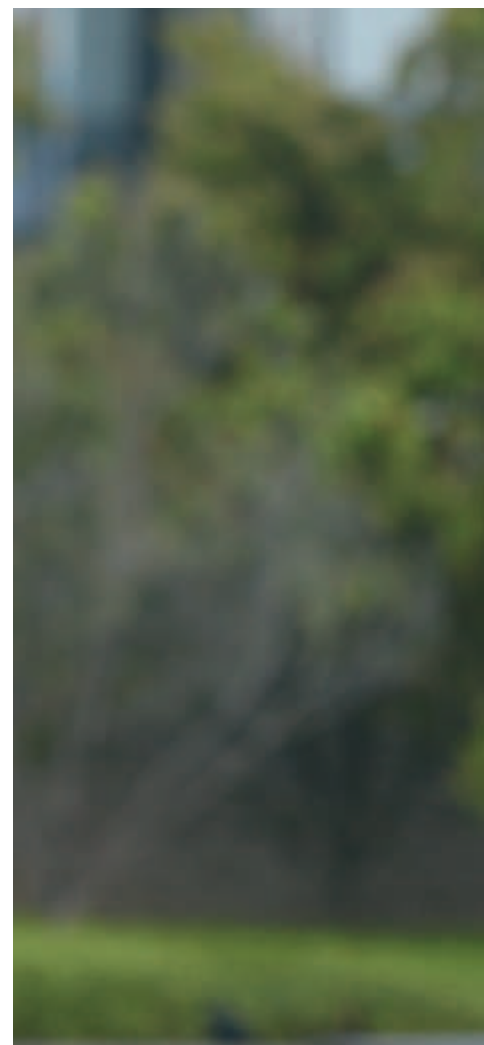
Woolworths Limited is a diverse and complex organisation that touches the lives of literally millions of people either as customers, investors, suppliers, employees or members of the communities in which we operate. We do our utmost to provide the very best choice, value, quality and service possible and to deliver these as responsibly as we can.

Of course, as a highly visible, diverse and consumer-facing business, we fully accept and welcome scrutiny. Undoubtedly, the scale and breadth of our business activities attract criticism from time to time. We fully acknowledge that we don’t always get it right and there are many

areas we know we can improve on but we work hard to strike a balance and to operate in a fair, open and conscientious manner – ever mindful of the broader resonance of our decisions.

Woolworths is a company I am very proud of and one that I know has an overall positive impact on society. As an employer of more than 190,000 people, we strive to provide security and opportunity for them to realise their potential (spending \$60 million this year on training and development). As a customer of many thousands of suppliers, we aim to be collaborative, fair and focused on mutual benefit (further advancing our Fresh Food Futures program during the year to improve agricultural sustainability). As an investment for more than

400,000 direct shareholders, we offer long-term, sustainable value creation (increasing dividends by 6.1% this year). And as a community neighbour we do our best to be a shoulder to lean on in a crisis and make a positive difference every day (contributing \$62.3 million to the community including \$21.5 million in emergency relief, including the Queensland floods and Christchurch earthquake). There are many achievements in this year’s Corporate Responsibility Report. Of particular note are the launch of our Reconciliation Action Plan, a 30% reduction in Lost Time Injury Frequency, the launch of an industry leading sustainable fish and seafood policy and a 10.9% reduction in carbon emissions.





My congratulations go to all our employees who have helped drive these important changes and demonstrate Woolworths' leadership.

Embedding sustainable principles remains a key focus for our organisation and, as I hand the CEO baton onto Grant O'Brien, I am extremely confident he will uphold those principles and lead the next generation of Woolworths towards a more sustainable retail future.

**Michael Luscombe**  
Outgoing CEO

My commitment to Woolworths' Corporate Responsibility agenda is integral to my vision for the long-term success of this company. I have been a staunch advocate on key areas of responsible retailing, particularly in relation to responsible service of alcohol, during my time leading our liquor business and I know first hand how important it is to use your size and scale to make a positive difference and to constantly raise the bar.

I am also aware of the fact that good corporate responsibility equals good business management, with a very real return on our investment.

For example, since 2007 we have invested \$55.7 million in energy efficiency projects right across our business – an investment that will realise approximately \$93 million in savings by 2015. On every measure, our efforts are certainly paying dividends.

I am very pleased our Corporate Responsibility Report has once again achieved an A+ rating from the Global Reporting Initiative, reflecting our ongoing commitment to transparent and accountable reporting practices.

Woolworths has achieved a great deal but there are many more opportunities open to us. By listening closely to our customers and working collaboratively with our

stakeholders, we will continue to drive positive change for our business, our community and our society.

**Grant O'Brien**  
Incoming CEO



**WE SUPPORT**

Woolworths is a signatory of the United Nations Global Compact and a member of the Global Compact Network Australia.

# Understanding our Stakeholders and What is Important to Them

The following stakeholders are critical to our business and influence our decision making.

Stakeholder group	Our engagement in 2011	What they told us they expect
<b>Customers</b>	<p>We monitor consumer sentiment and issues impacting on shopping behaviour through continuous qualitative research with focus groups and reviews of issues online, in social media and through our Customer Contact Centre.</p> <p>New products and brands are tested through concept clinics and workshops; we explore consumer reaction through online communities and quantitative research with our online panel of shoppers.</p> <p>Supermarket specific focus studies are undertaken where certain stores are placed on the customer feedback program and the Store Manager reviews ratings and verbatim feedback and follows up directly with all customers who require feedback.</p> <p>The Customer Contact Centre receives feedback via phone, email, online and in-store. Our systems monitor and track customer feedback and our responses to feedback. The goal is to respond to all our customers within 24 hours.</p>	<p>Value for money, choice, quality, good service and healthy options.</p> <p>The most common queries or feedback to our Contact Centre are regarding products, general queries and customer service.</p>
<b>Investors</b>	<p>Quarterly investor briefings, Annual General Meeting (AGM) open to all shareholders, investor call centre service, direct contact in writing with our CEO, Chairman and Company Secretary and an email contact page on the Investor Centre on the website.</p> <p>Submitted reports to the Carbon Disclosure Project on Carbon Disclosure and Water Disclosure.</p>	<p>Competitive returns on their investment.</p> <p>Received 318 written submissions from shareholders for the November 2010 AGM, with the most frequently raised topics being executive remuneration, gaming, shareholder incentives and Australian products.</p> <p>Disclosure on risk identification and mitigation in areas of climate change and water.</p>
<b>Employees</b>	<p>Focused on developing, building and diversifying the capability of our people for current and future opportunities. Invested over \$60 million in learning and development initiatives. Training programs include mentoring, networking, cross-divisional learning opportunities and targeted leadership programs.</p> <p>Launched Reconciliation Action Plan to advance opportunities for Indigenous Australians.</p> <p>Regular employee engagement surveys are conducted, with staff in Progressive Enterprises Limited, Dick Smith and Liquor surveyed in 2011.</p>	<p>Professional development and training, career opportunities and a safe and healthy workplace.</p>
<b>Suppliers</b>	<p>Hold regular planning meetings or develop Shared Objective Plans with our largest suppliers in Supermarkets and BIG W.</p> <p>Quarterly supplier newsletters on Trading and on Logistics, and a dedicated secure vendor website providing up-to-date trading information for better planning and more effective use of resources.</p> <p>Annual trading performance measurement program and awards event to recognise innovation and celebrate partnerships. Supplier of the Year in 2010/11 was Coca-Cola Amatil Pty Ltd. The winner of the \$100,000 Fresh Food Grant in 2010/11, awarded for a sustainable product, packaging or process, was Beak and Johnson Pty Ltd.</p>	<p>Fair treatment, the opportunity to develop long-term trade relationships, and ready access to, and prompt responses from, our people who deal with them.</p>



Stakeholder group	Our engagement in 2011	What they told us they expect
<b>Communities</b>	<p>Woolworths is committed to supporting quality, grassroots initiatives with sustainable outcomes. This is done by supporting partnerships with community organisations and charities in four core areas:</p> <ul style="list-style-type: none"> <li>– Health and wellbeing</li> <li>– Sustainability and environment</li> <li>– Education and employment</li> <li>– Rural and regional</li> </ul>	<p>Be good neighbours and invest in local communities.</p>
<b>Governments and regulators</b>	<p>Woolworths engages with government and regulatory officials regarding emerging and current retail, business and employment issues and economic, social and environmental policy matters.</p> <p>In 2011, Woolworths lodged 19 formal submissions to state and federal government inquiries in Australia and New Zealand. These submissions can be viewed at <a href="http://www.woolworthslimited.com.au">www.woolworthslimited.com.au</a></p>	<p>Compliance with laws and regulations.</p> <p>Proactive engagement in public policy discussions and constructive advice.</p>
<b>Non-government organisations (NGOs)</b>	<p>During the year, we continued our dialogue and engagement with many NGOs, some examples are:</p> <ul style="list-style-type: none"> <li>– Drinkwise Australia, which promotes a responsible and safer drinking culture.</li> <li>– Anaphylaxis Australia and Diabetes Queensland on food allergens and nutrition.</li> <li>– Sustainable Fisheries Partnership Foundation, Marine Stewardship Council and Taronga Conservation Society on our Sustainable Seafood sourcing strategy.</li> <li>– Landcare Australia on sustainable agriculture and food production.</li> <li>– Nuffield, Primary Industry Education Foundation, Primary Industries Centre for Science Education, Australian Rural Leadership Foundation on building capacity and leadership in the primary industry sector.</li> <li>– Foodbank and other food relief charities on food provision to those in the community in need of assistance.</li> <li>– WWF and Roundtable for Sustainable Palm Oil (RSPO) on implementation of our Sustainable Palm Oil policy.</li> </ul>	<p>Leadership on sustainable and ethical sourcing by influencing our supply chain.</p> <p>Clearly communicated policies and principles on issues of interest to society.</p> <p>Targeting our investment to adoption of sustainable farming methods and capacity building in the sector through supporting education and training.</p>

# Issues of Public Interest

## Cost of living

### Our response

Inflation across a range of utilities and living costs has grown considerably since mid-2010, significantly dampening consumer demand and slowing the retail economy. In Australia, there have been very large increases in electricity and water charges. These increases have hurt families and those people on fixed or low incomes, such as pensioners and self-funded retirees.

Woolworths is committed to bringing downward pressure on prices in both Supermarkets and BIG W. We have continued our campaign in Woolworths' Supermarkets to reduce shelf prices on thousands of products. We have also adjusted the prices across our private label ranges to ensure they meet or beat branded product. Private label has proven to be a key alternative for families looking for value when shopping, and the range has increased in Australia and New Zealand.

In many key categories, such as food and consumer electronics, consistent price deflation has been the norm and reported to the market by many retailers, which has benefited consumers.

## Competition and farm-gate prices

### Our response

Woolworths supports strong competition in the retail market. Competition keeps prices low for customers and drives improvements in products, range and services. Increasing competition has been present in all categories in which Woolworths operates. In supermarkets, the entry of global retailer Costco, as well as the continued growth and improvement from Coles, ALDI and the Metcash IGA group, has increased discounting activity. Retailers have also taken full advantage of the high Australian dollar to pass through cost savings in better prices.

Woolworths has developed strong long-term direct relationships with producers and suppliers across the primary industries sector. Some pricing action initiated by other retailers, for example private label milk reductions, has caused considerable concern among suppliers that long-term profitability will be impacted. Whilst Woolworths did not initiate this pricing we took the decision to match it so that we continued to offer our customers competitive prices. A Federal Parliamentary Inquiry has been held to consider these issues. Woolworths has participated fully in the Inquiry process, and has argued that delivering value to consumers has to be balanced with a sustainable return for the producer.

## Liquor retailing

### Our response

As a responsible retailer of alcoholic beverages, Woolworths goes beyond regulatory compliance with a strict set of processes and procedures that govern all aspects of our liquor operations to help protect individuals and society from the harm caused by excessive alcohol consumption.

Our processes include annual audits of licensing and responsible service compliance, our ID25 policy for serving alcohol, point of sale campaigns and a range of measures to better manage alcohol related issues in some communities. In specific communities, Woolworths has worked with local community representatives to adjust the liquor range and eliminate problem products such as cask wine.

## Gaming

### Our response

The ALH Group, a joint venture between Woolworths Limited and the Bruce Mathieson Group, is committed to providing responsible gaming in our venues. The Group acknowledges that problem gambling is a serious community concern.

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

ALH's objective, supported by our Hotel and Gaming Charter, is for the Group's facilities to be enjoyed as a social recreation by responsible individuals who choose to use them in a safe and supportive environment. ALH also supports voluntary initiatives that allow individuals to better exercise control over their spending.

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## Use of palm oil

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### Our response

Woolworths is a member of the Roundtable on Sustainable Palm Oil and has committed to use only certified sustainable palm oil by 2015 for all private label products.

Woolworths has commenced listing palm oil and derivatives greater than 5% on pack labelling for all private label products to facilitate customer choice. We have also introduced sustainably-sourced palm oil for our in-store bakery products.

## Food imports and import protections

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### Our response

Woolworths is committed to giving preference to domestic sourcing for our fresh produce. We have hundreds of direct trading relationships with the very best fruit, vegetable and meat farmers and growers in Australia and New Zealand.

In 2011, in our Australian Supermarkets, 100% of our fresh meat was sourced from Australian producers and 97.3% by weight (96.5% by value) of our fresh fruit and vegetables was grown in Australia.

In 2011, in our New Zealand Supermarkets, 100% of our fresh chicken, pork and lamb, and 90% of fresh beef, were sourced from New Zealand.

## Food waste

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### Our response

Woolworths has a target of zero food waste by 2015. All efforts are made to sell the food and products in our stores, and where products cannot be sold, our first choice is to donate surplus fresh food to local food relief organisations. In 2011, we donated enough food to produce over two million meals. We are also implementing other diversion programs for composting and waste to energy.

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# 97.3%

of fresh fruit and vegetables sold in our stores was grown in Australia.

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# 2m+

meals from food donated to food relief charity partners.

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# Our Business

Since 1924, Woolworths Limited has grown from a single store in Sydney's Pitt Street into a company with stores in most metropolitan and regional areas of Australia and New Zealand. In 2011, we celebrate our 87th year in retailing. Woolworths has been listed on the Australian Securities Exchange since 1993, under the code WOW.



Number of shareholders

**414,591**

Number of employee shareholders

**45,000+**

Total number of employees

**190,723**

**171,416** employees in Australia.

**19,104** employees in New Zealand.

**203** employees in India and China.

**20<sup>th</sup>**

**in global retailing, based on sales revenue – highest ranking Australian retailer.**

## Our Market Share in Food Retailing

Woolworths is the largest Australian retailer, by sales revenue; however, competition in food and grocery retailing is strong and the Australian consumer has benefited from competitive pricing in some staple products. Roy Morgan research showed that 72.5% of weekly spending on fruit and vegetables takes place outside of a Woolworths store.

## New Acquisitions

During 2011, Woolworths acquired Magnet Mart in the Australian Capital Territory and Flatman's Home Timber and Hardware in Victoria, as part of its growth into the Home Improvement sector.

In May 2011, we completed the acquisition of the Cellarmasters Group, which will accelerate growth in the liquor industry through new and enhanced capabilities in production, operational services and private label supply chain, enabling the Company to serve a new customer segment in the direct marketing channel.

### DIRECT ECONOMIC CONTRIBUTION

**\$6.3b**

in wages and benefits for our employees, 5.0% increase from 2010.

**\$2.0b**

in taxes to the government.

**\$62.3m**

investment in local communities, a 71.6% increase.

### INDIRECT ECONOMIC CONTRIBUTION

**\$101b**

indirect contribution to the Australian economy.

**686,000+**

full-time equivalent jobs.

**\$711m**

contribution to Australian economy from construction expenditure.

## Average number of weekly customers

**27m**

## Number of retail stores

**3,241**

## Sales revenue

**\$54.1b**

## EBIT

**\$3.3b**

## Net Profit After Tax

**\$2.1b**

### Global ranking of supermarket chains with stores in Australia

	2009 (52 weeks) ranking
Costco Wholesale Corp (USA)	7
Aldi Einkauf GmbH & Co oHG (Germany)	8
Woolworths Limited	20
Wesfarmers Limited (owns Coles supermarkets)	23

Source: Deloitte, Global Powers of Retailing 2011.

# Responsible Retailing

We believe in earning our customers' trust and respect by acting responsibly both inside and outside our stores and enabling them to make informed choices.



Buy and sell responsibly.  
Source sustainably and ethically.  
Ensure quality and safety.  
Deliver value and choice for customers  
with focus on health and wellbeing.

## Health and Wellbeing

Woolworths is committed to helping customers make informed health, ethical and environmental decisions when buying Woolworths brands. We do not want to dictate what customers should and shouldn't eat but we can help them to make more informed decisions for themselves and their families.

Woolworths is a member of the Australian Federal Government's Food and Health Dialogue, which works with industry on a range of voluntary reformulation of commonly consumed foods, including bread and cereals.

The Daily Intake Guide (DIG) was created to give customers more information about the pre-packaged food and drink they buy and consume. The DIG front-of-pack labelling provides a simple graphic showing the energy, fat, saturated fat, sugars and sodium content as a proportion of the recommended daily intake amount.

Already more than 65% of private label products have the DIG thumbnails and Woolworths has committed to front-of-pack nutritional information labelling on 100% of our private label products by June 2012.

Woolworths' Macro Wholefoods Market range has increased to more than 220 products under the Organic, Gluten Free, Free Range, Natural and Mini Macro ranges.

## Responsible Selling

### Selling alcohol responsibly

As a responsible retailer of alcoholic beverages, we go beyond regulatory compliance with a strict set of processes and procedures that govern all aspects of our liquor operations to help protect individuals and society from the harm caused by excessive alcohol consumption.

All Woolworths Liquor Group staff are trained in Responsible Service of Alcohol and regular refreshers of this training occurs. Compliance with responsible service and licensing is assessed in annual audits of our licensed outlets.

To limit the risk of selling alcohol to underage customers, or to people supplying them, we continue to apply the ID25 policy, which requires staff to ask customers for identification if they appear to be aged 25 or younger. The 'Don't buy it for them' point of sale campaign provides awareness

on the dangers of secondary supply of alcohol to minors.

Woolworths continues to participate with police, local councils and community groups in initiatives to tackle problem drinking. After extensive community consultation, we have implemented measures that include the removal of lower priced wine products for sale in some communities and voluntarily reducing trading hours.

Woolworths has approximately 514 licensed stores involved in local liquor accords, where licensees and other stakeholders take action to improve safety and reduce alcohol-related anti-social behaviour. Commitment to these accords involved an estimated \$468,000 in wages and 15,420 labour hours to attend local liquor accords.

Our Charter for ranging alcohol in our stores includes 10 principles that we assess any alcoholic or alcohol branded products against, before considering them for sale. These principles send a strong message against products that target minors or encourage irresponsible drinking.

**265t**  
salt removed from  
in-store bakery bread.



## Our Charter for ranging alcohol in our stores

### 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 confectionery 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.

### 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.

### PRINCIPLE 10

Ready to drink products containing more than two standard drinks per single serve container will not be ranged by Woolworths Liquor Group.

# Responsible Retailing

**71.5%**  
audit completions in  
2011 of factories making  
Woolworths branded  
products.<sup>(1)</sup>

## Responsible service of Gaming

The ALH Group continues to be committed to providing responsible gaming in its venues. ALH is aware that problem gambling is a serious community concern and that the Productivity Commission report into gambling (June 2010) estimated that between 0.5% and 1% of adult Australians are problem gamblers.

Industry, government, community and individuals have a shared responsibility for the promotion, development and practice of responsible gambling. ALH wants to ensure its hotels provide a safe and supportive environment where its customers make informed decisions about gambling. ALH complies with all applicable responsible gambling legislative requirements in each state and participates in many state and local government gambling working groups to assist in identifying and developing appropriate responsible gambling initiatives.

The ALH Group works with David Schwarz, a well known former AFL footballer and reformed problem gambler, as its Responsible Gambling Ambassador. David provides employee education and customer awareness about the importance of 'being honest with yourself about your gambling'.

## Responsible Buying

Woolworths publicly undertakes to deal fairly, act reasonably, and to negotiate outcomes with all its trade partners. We are committed to fair dealings with our partners while seeking the best deal for our customers. This is written into our corporate Code of Conduct.

Across our business, we abide by voluntary codes of conduct in supplier trading relationships. We were a founding member of the voluntary Produce and Grocery Industry Code of Conduct, promoting fair trading practices and building better business relationships.

## Ethical Sourcing

### Labour conditions in our supply chain

Woolworths is committed to upholding human rights, not only with respect to its own employees but also in its supply chain, and it has an Ethical Sourcing Policy which includes four key risk areas: bribery and corruption; labour rights; working conditions; and environmental compliance. The policy is available on our website. Woolworths is also a signatory to the United Nations Global Compact (UNGC). UNGC signatories embrace, support and enact, within their spheres of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Our policy is based on International Labour Organisation (ILO) conventions and the principles of the United Nations Universal Declaration of Human Rights.

## Our Hotel and Gaming Charter

- We strive to provide a safe and friendly environment in which all customers can socialise and enjoy themselves in a good atmosphere.
- We provide good value, good quality meals and family friendly dining experiences.
- We restrict gaming room access to adults and ensure gaming rooms are screened or separated from other areas of the hotel, so as to not attract children.
- We ensure responsible service of alcohol and provision of gaming, by making sure management and staff adhere to all applicable rules and regulations and are trained to encourage and promote responsibility.
- We believe we have a shared responsibility, along with individuals, governments, families and the community, to prevent harm.
- We actively support campaigns that warn of the dangers of drinking and gambling to excess and that inform people where to get help.
- We ensure that ATMs provided for the convenience of all patrons are in a safe, central location and not in gaming areas.
- We are committed to introducing voluntary pre-commitment – a system that helps players stick to their limit by nominating spending or time limits on gaming machines.
- We do not engage in promotions that could encourage irresponsible drinking or gambling or that are directed at minors or vulnerable groups.

(1) Factories in high risk regions and emerging economies.



All Woolworths' suppliers are expected to comply with requirements of our policy, which is complemented by a compliance audit program predominantly for suppliers of our own branded products. Audits are conducted by experienced third-party certification bodies. All audit criteria have been assessed according to the level of risk and categorised as critical and non-critical non-conformances. Non-critical is further categorised as 'high' or 'low' in severity.

Areas of significant risk deemed to be critical include specific criteria relating to child labour, imprisoned or bonded labour, health and safety, or bribery and corruption. Breach of any specific critical criterion will result in a request for immediate resolution or corrective action by the supplier.

Suppliers are categorised as 'approved', 'conditionally approved' or 'at risk' depending on the audit outcome and compliance with policy requirements. Our approach is to work with suppliers to help improve their labour and environmental practices no matter which category they are in.

The most common area of non-conformance is in safety and health, and working hours.

Woolworths is an active member of the Global Social Compliance Program ([www.gscpn.com](http://www.gscpn.com)), a multi-stakeholder program aimed at delivering a shared, consistent approach for continuously improving working and environmental conditions across all categories and sectors.

**Audit results**

**- Factory classifications in 2011**

Approved	42%
Conditionally approved	54%
At risk	4%

**Audit results**

**- Corrective actions raised in 2011**

Critical	2%
Non-critical high	75%
Non-critical low	23%

**Note:** As at 12 September 2011.

*Woolworths works with suppliers to address any issues that are identified in ethical audits. During the audit of an apparel factory, an incident of child labour was reported. Seven local students were found to be working in the factory during their summer vacation. The children were aged from 13 to 15 and had sought work during their free time. The factory employed the children as temporary staff, they did not sign labour contracts and could come and go freely.*

*The factory's management addressed this issue by paying out the underage workers with relevant wages, and establishing business rules prohibiting underage workers from working in the factory.*



# Responsible Retailing

**52%**  
of fresh pork is estimated to be produced in sow stall free conditions – to increase to 66% by end-2012 and 94% by end-2013.

*Fairtrade Australia and New Zealand awarded Woolworths Mordialloc, in Melbourne, the Most Fairtrade Friendly Major Supermarket Award, after it was nominated by our customers. Woolworths Balmain, in Sydney, was voted Leichhardt's Most Fairtrade Friendly Supermarket.*



Fairtrade Certified™ products all carry the Fairtrade Label.

## Animal welfare

We are committed to continually improving animal welfare standards in our supply chain in line with expectations of our customers.

Woolworths' approach to animal welfare is monitored through the Woolworths Quality Assurance (WQA) program. All vendors supplying private label products to Woolworths are required to participate in the program and to meet our standards and are audited by third-party certification bodies.

Our animal welfare criteria encompass whole-of-chain practices, including farm, transport, saleyard and processing, and set clear objectives that require verification by trained auditors in order for industries to supply livestock products to Woolworths. The criteria currently cover poultry meat, eggs, pork, sheep and beef.

We continue to work closely with our trade partners, supply chain, certification bodies and industry experts to help ensure that our standards, procedures and practices are in keeping with the community's expectations.

Our free-range pork range has increased significantly in the past 12 months. However, we are constrained by supply as industry builds its supply capacity.

Free-range pork is now available in 513 (or 61%) of our Australian Supermarkets. Primo brand RSPCA Approved pork is stocked in 240 stores in New South Wales, Australian Capital Territory and Victoria, the Plantagenet brand is stocked in 36 stores in Western Australia and the Riverview Farms brand has now been added to 246 stores in South Australia and Victoria.

Free-range and barn-laid eggs continue to grow in sales in Australian Supermarkets, but 59.8% of egg sales by volume are still caged eggs. This was a reduction of 2.6% compared to 2010. Our Select branded eggs are only free-range and barn-laid and most caged eggs sales are in Home Brand.

## Fairtrade

The demand for Fairtrade Certified™ products has steadily increased in recent years and our supermarkets range a number of Fairtrade Certified™ products in tea, coffee and chocolate categories.

## Genetically modified foods

Woolworths is absolutely committed to food quality and safety. We also know that our customers expect food labelling and advertising to be clear and accurate.

Woolworths is committed to meeting very high standards, through:

- A standard policy of avoiding genetically modified (GM) material in our private label food range;
- Requiring suppliers to declare GM ingredients;
- If GM ingredients are declared, working with suppliers to replace the GM ingredients;
- Contractually binding all suppliers to adhere to agreed product specifications and not changing any ingredients without our consent; and
- Complying with all relevant national, state and territory food standards.

Woolworths also fully complies with the Food Standards Australia New Zealand prescribed mandatory labelling requirements for GM foods. These standards recognise the possibility of unintentional minor traces



of GM material to be present and therefore don't require labelling if there is an unintentional trace of less than 1% of an ingredient. Under these standards, Woolworths has had no private label products labelled with GM ingredients in the last year. However, to ensure we are absolutely correct with our labelling, we do not use the term 'GM-free' or 'genetically engineered-free', because it is not possible to give an absolute guarantee that there could never be such an unintentional, minor trace of GM material. We also acknowledge we are unable to give an absolute guarantee that all stock feed used in the supply chain is completely GM free.

## Sustainable Sourcing

### Local fresh produce

Woolworths supports Australian farmers by sourcing local fresh produce. In our Australian Supermarkets in 2011, 97.3% of fresh fruit and vegetables by weight (and 96.5% by value) was grown in Australia. Woolworths only sells Australian produced fresh meat, and sells 7% of the beef and 15% of the lamb produced in Australia.

In New Zealand, 100% of the fresh chicken, pork and lamb sold in Countdown stores is produced in New Zealand, whilst 90% of beef is produced locally.

### Palm oil

Woolworths is committed to sourcing only Roundtable on Sustainable Palm Oil (RSPO) certified sustainable palm oil by 2015 for all Woolworths private label products.

Woolworths has been conscious of concerns about the impact that the growing demand for palm oil is having on rainforest areas in South-East Asia, West Africa and South America. Deforestation in Indonesia is threatening the survival of many native species and the draining of peatlands is contributing to climate change.

Palm oil is an efficient crop with significantly higher yields of oil per hectare than soya beans, rapeseed or sunflowers. On 5% of the world's vegetable oil farmland it produces 38% of output, more than any other oil crop, and any substitute would need more land<sup>(1)</sup>. Therefore, banning the use of palm oil could cause more deforestation as other oil crops have considerably less yield per hectare.

On-pack labelling of palm oil in all Woolworths private label products is progressing, and as of August 2011, 46% of our private label products that we know include palm oil are labelled as containing palm oil.

Woolworths will be submitting its first annual report to the RSPO and will be declaring that an estimated 4,400 tonnes of palm oil was used in our private label food and in-store bakery products. Certified Sustainable Palm Oil will be sourced for use in our in-store bakeries from late 2011, with an estimated 450 tonnes being used each year.

**We are a member of the Roundtable on Sustainable Palm Oil.**

### The Consumer Goods Forum

Woolworths is a member of The Consumer Goods Forum and a signatory to its Board resolution to achieve zero net deforestation through the consumer goods supply chain by 2020 through sourcing commodities like palm oil, soya, beef, paper and board in a sustainable fashion. The Consumer Goods Forum is a global industry network that brings together the CEOs of global retailers and consumer brand owners with combined sales of EUR 2.1 trillion.

## Growth for animal welfare products (Supermarkets Australia)

	Percentage increase of volumes in 2010 (%)	Percentage increase of volumes in 2011 (%)	Percentage of total category of volumes in 2011 (%)
Free-range chicken (Macro meat)	66.8	35.0	12.8
Free-range chicken (Macro deli)	359.1	212.9	2.3
Free-range eggs	51.5	12.8	27.6
Barn-laid eggs	138.2	8.7	10.7
Organic Macro meat	21.4	36.4	0.9*

All previous reporting has been based on the value of sales. Trends in volumes are reported this year.  
\* Percentage of category estimated from sales.

(1) The Economist, 24 June 2010.

# Responsible Retailing



PEFC certified Select toilet tissue.



FSC certified outdoor furniture from the Patio by Jamie Durie range at BIG W.

## Timber, pulp and paper

Woolworths is committed to purchasing timber, pulp and paper from legal, well managed or sustainable sources. We are progressively working through our range of products and revising specifications for purchasing of these products.

Our Select facial tissues, toilet tissue and kitchen towels are all Programme for the Endorsement of Forest Certification (PEFC) certified. The pulp is sourced from Brazil, Chile, Canada and Australia and the product is made in Australia.

Our copy paper used internally is certified by the Forest Stewardship Council (FSC) mixed source and our catalogue paper in Australia is PEFC certified.

BIG W retails exclusively an FSC-certified outdoor furniture brand, 'Patio by Jamie Durie'. Our home improvement business, Masters, has a detailed wood procurement policy available on [www.masters.com.au](http://www.masters.com.au), with its first store opened in September 2011.

## Fish and seafood

Global consumption of fish is at a record high. There has been a seven-fold increase in global fishing volumes over the past 50 or so years – from 19 million tonnes in 1950 to about 142 million tonnes in 2008<sup>(1)</sup>.

Demand for fish and seafood is increasing as our customers look for healthier options and, in response to this demand, we want to grow our seafood business.

Woolworths is a successful food retailer committed to providing quality fresh food at affordable prices. We want to remain successful in food retailing long into the future.

Our business prosperity depends on the availability of a secure and continued supply of quality fresh food offer to our customers.

Sustainable seafood is part of this equation and we want to be part of the solution in promoting sustainable seafood choices.

Our long-term goal is to have all our wild-caught seafood range certified to Marine Stewardship

Council (MSC) standards (or certified to equivalent schemes that comply with the United Nations Food and Agriculture Code of Conduct for Responsible Fisheries and International Social and Environmental Accreditation and Labelling guidelines for certification standards).

We recognise that certification takes time and resources and we will work with our suppliers to achieve this goal.

While we are working towards our long-term goal, we will:

- Increase our existing MSC certified products available in our stores;
- Partner with experts in this field to have our range assessed for sustainability based on objective and credible scientific information and evidence;
- Communicate the sustainability of our products to our customers; and
- Where the assessments show concerns with fisheries, assist suppliers to develop improvement plans and adopt more sustainable fishing practices.

For farmed seafood, our aim is to have all the products certified sustainable by credible third party certification schemes by 2015.

The certification schemes recognised by Woolworths at this time are:

- The Global GAP Aquaculture;
- The Global Aquaculture Alliance; and
- The Aquaculture Stewardship Council.

We may add other certification schemes to this list based on advice from experts in aquaculture fisheries management.

Our Policy is available on our website [www.woolworths.com.au/sustainableseafood](http://www.woolworths.com.au/sustainableseafood)

**Our aim is to ensure that all our seafood products come from sustainable sources.**

(1) United Nations (UN) Food and Agriculture Organisation (FAO) State of the World's Fisheries and Aquaculture report, 2010.



MSC certified Select tinned and frozen fish.

## Quality Assurance, Product Safety, Information and Labelling

The Quality Assurance (QA) function is an integral part of the Woolworths Limited business with over 70 staff engaged in quality assurance activities in Australia, New Zealand and Asia.

Private label, fresh food and exclusive brand products sold in Australia and New Zealand are governed by a comprehensive process which ensures we meet all regulatory and Woolworths' requirements.

Assessments are completed throughout the life of the product, which includes evaluation at concept, pre-production, artwork, production, pre-shipment and on-shelf stages.

Product packaging and labelling for our own brands are assessed at various stages of product development to ensure compliance with regulatory requirements. Products are assessed to ensure all required warnings, age grade recommendations, measurements,

labels, care instructions, environmental and country of origin claims are correct, properly verified and described in a way that does not mislead our customers or the general public.

## Product Recalls

Woolworths conducts consumer product safety recalls in line with the Food Standards Australia and New Zealand (FSANZ) Product Recall Protocol and the Australian Competition and Consumer Commission (ACCC) Product Recall Guidelines. Protecting our customers from potential product safety hazards is very important to us. Many product recalls are initiated by suppliers when they become aware of safety issues or by our quality assurance team as a result of compliance checks of products.

Woolworths has comprehensive processes for conducting recalls in a speedy and efficient manner.

Food and liquor recalls in 2011:

- Home Brand Frozen Mini Vegetable Spring Rolls 12PK 600g – undeclared allergen;

- Home Brand Lemon Flavoured Crumbed Fish 500g – undeclared allergen;
- Home Brand Fruity Rings 585g – metal contamination; and
- Almond Kernels 750g – salmonella detected.

Apparel and General Merchandise recalls in 2011:

- Dick Smith: DSE brand 7 inch portable DVD player model numbers G7152 and G7153 – internal lithium-ion rechargeable battery may overheat;
- BIG W: Tinkers Pull-A-Long Snake & Dog – dropping the product some parts may break off into small pieces;
- BIG W: Tinkers Wooden Toy Animal Car – dropping the product some parts may break off into small pieces;
- BIG W: Pink Sugar Sundresses – beading on dresses found to have sharp points and edges; and
- BIG W and Supermarkets: Abode and Home Collection Oscillating Fan Heater – manufacturing assembly fault.

# Our Community

Woolworths Limited has the simple philosophy of demonstrating corporate leadership by doing the right thing. Our community investment aims to create a positive impact for both the community and the business.



**\$62.3m**

was contributed to  
the community in 2011.

## Our Community Investment Strategy

### Target

We have a target of the equivalent of 1% of pre-tax profits going towards supporting our communities. Our businesses achieve this by supporting organisations, programs and initiatives in our core focus areas in a manner that is relevant to their business objectives, strengths and skills.

### Focus of our investment

Our initiatives are governed by four priority focus areas. Each of our businesses will address these focus areas in ways that relate to their customers and key stakeholders. The priority focus areas are:

- Sustainability and environment;
- Health and wellbeing;
- Education and employment; and
- Rural and regional communities.

### Evaluating and reporting our community investment

Woolworths Limited is an active member of the London Benchmark Group (LBG). The LBG provides a process for measuring, benchmarking and reporting our investments, with transparency in Australia and New Zealand.

For more information, go to [www.lbg-australia.com](http://www.lbg-australia.com)

## Our Programs

### Fresh Food Rescue

Focus area: Sustainability/ Health and Wellbeing

Woolworths has a proud record of food donation in partnership with food relief organisations in Australia and New Zealand. We work with many food relief charities that collect food from our stores and provide meals for people in need in our communities. Organisations that collect from our stores include Foodbank, OzHarvest, SecondBite, FareShare, Churchlands, House of Hope and The Salvation Army.

### Fresh Food Kids Hospital Appeal

Focus area: Health and Wellbeing  
Thanks to the generosity of our customers and commitment of our staff, \$9,063,176 was raised for the Woolworths Fresh Food Kids Hospital Appeal in 2011. These funds will help children's hospitals and children's wards around Australia.

### Technologies in the Territory

Focus area: Education and Employment

Through its partnership with Richmond Football Club's Tigers in the Community program, Dick Smith supported an education pilot Technologies in the Territory. The pilot aimed to increase attainment levels in six schools in Alice Springs.

Working with schools and Indigenous kids in the area, the program encourages attendance through live link-ups with some of the Australian Rules football players in Melbourne. The curriculum was developed by our community partner and endorsed by the Northern Territory Department of Education. As well as financial support of the pilot, Dick Smith leveraged its relationship with suppliers to organise interactive white boards for the participating schools.

### Fresh Food Future

Focus area: Rural and Regional Communities/ Sustainability and Environment

The United Nations Food and Agriculture Organisation (UNFAO) estimates that feeding a global population that is projected to reach 9.1 billion in 2050 would require a 70% increase in food production. The UNFAO projections indicate that 90% of the gains in production needed will be achieved by increasing yield growth and cropping intensity on existing farmlands rather than by increasing the amount of land brought under agricultural production<sup>(1)</sup>.

The challenge of boosting crop yields is made more pressing by climate change. In Australia, there is the additional concern of the ageing of the farm population which has been evident in official statistics in Australia since 1981<sup>(2)</sup>.

Our Fresh Food Future program aims to contribute to developing

**\$13.5m**  
cash.

**\$25.0m**  
leverage.

**\$6.7m**  
in kind.

**\$17.1m**  
in staff and management time.



Grab a piece of fruit and donate to Woolworths Fresh Food Kids Hospital Appeal.



Muirfield High School taking part in the Art4Agriculture Archibull Prize.

### A snapshot of the causes we supported in 2011

Fresh Food Kids Hospital Appeal	\$9,063,176
Fresh Food Future Program	\$2,282,837
BIG W Big Heart Appeal	\$1,331,764
Employee Matching Award Scheme	\$86,796
Head Office – Charity of the Month	\$648,958
Stock donations – food and emergency relief	\$2,250,201

(1) How to Feed the World in 2050 was the theme of the UN Food and Agriculture Organisation's (FAO) expert forum in October 2009.

(2) Garnaut & Helali 1999.

# Our Community

solutions for these challenges and it reaffirms our commitment to investing in the future of rural Australia and food security.

Fresh Food Future draws together a number of initiatives to address two main objectives:

- The advancement of agricultural sustainability; and
- Building leadership capacity in the sector.

Fresh Food Future has four program areas which help direct our initiatives and investment. These are:

- Foundations for the Future – includes research to support sound policy development.
- Powering Productivity – focuses on adoption of sustainable agriculture practices and increasing production capacity.
- Leaders for the Future – focuses on supporting training, capacity building and leadership in the rural sector.
- Consumer Connections – provides our customers the information they need to make more sustainable choices.

## Foundations for the Future

We have commissioned a comprehensive study in food security and future of food production in Australia. The study will investigate major impacts on food production and help us understand the overall policy landscape and the competing interests which impact the food production, future demands and consumer preferences, quality, supply availability and prices.

## Powering Productivity

In partnership with Landcare Australia, Woolworths has invested over \$6.5 million to support over 150 projects around Australia since 2007. Landcare oversees the progress of the projects and works to communicate the outcomes with the broader industry.

## Sustainable horticulture projects

In 2011, we committed a total investment of \$724,000 supporting sustainable agriculture in the horticulture sector across Australia. The projects funded improved water use, nutrient management

and the carbon footprint of farming businesses.

## Sustainable fisheries

In 2011, we invested and committed to investing a total of \$110,000 in partnerships focusing on promoting sustainable fishing. Woolworths partnered with Sustainable Fisheries Partnership Foundation, a US-based not-for-profit promoting sustainable fishing and Taronga Conservation Society's Fish4Life campaign to raise community and consumer awareness with regard to sustainable seafood consumption. We also provided a grant of \$25,000 to Northern Prawn Fishery Industry group to help them achieve Marine Stewardship Council certification. For more information, refer to the Fish and Seafood section in Responsible Retailing on page 18.

## Leaders for the Future

**Woolworths Agricultural Business Scholarships**  
Since 2007, in partnership with the University of Western Sydney and the Royal Agriculture Society

of NSW, every year Woolworths has offered 30 young Australians the opportunity to attend the Woolworths Agricultural Business Scholarship program. In 2011, \$140,000 was invested in this program.

The 12-day course at the Woolworths support office in north-west Sydney gives participants valuable insights into key issues and opportunities on the business of agriculture from academics, Woolworths' business leaders and other industry experts.

## Investing in Youth Studentship program

Woolworths funded \$38,000 for one participant in this program run by the Rural Industries Research and Development Corporation. The studentship offers, the undergraduate student financial support and a mentor who can provide valuable career advice. Under the program we offer relevant industry placements to gain experience in the student's chosen field of study.



Cassia Ferguson, from Mudgee, was one of 30 young people to take part in the Woolworths Agricultural Business Scholarship Program.



Outgoing CEO Michael Luscombe presents a cheque for \$15.8m for the Salvation Army's Flood Appeal.





Across New Zealand (left) and Australia (centre) our operations were affected by extreme weather events and earthquakes. In the aftermath of the earthquake, Auckland based staff don Canterbury colours in solidarity with those people affected (right).

**2,247t**  
of food, equivalent  
to 2,027,900 meals,  
donated to food relief  
charity partners.

### Art4Agriculture Archibull Prize

Art4Agriculture provides secondary school students with agricultural and environmental awareness through art, creativity and teamwork. Woolworths has been a sponsor of the program for the past two years, providing \$15,000 in funding in 2011.

### Primary Industry Centre for Science Education (PICSE)

In partnership with PICSE we promote agricultural sciences as part of the secondary school curriculum. We provided \$68,000 in support of this program. PICSE judged and awarded the Science Investigation Awards during September 2011.

### Australian Rural Leadership Foundation

Woolworths has been a long-term supporter of the Australian Rural Leadership Foundation, funding one scholarship annually. In 2011, we provided one scholarship to the value of \$55,000. The Foundation is committed to enhancing the nation's social, economic and environmental viability and resilience. To this end, it provides leadership programs for individuals, businesses, communities and organisations that have a commitment to rural, regional and remote Australia.

### Nuffield Australia Farming Scholarships

Woolworths is a Nuffield sponsor and we funded one Scholarship in 2011 to the value of \$52,800. Nuffield Australia provides a scholarship scheme with the objective to increase practical farming knowledge and

management skills and techniques in the primary production sector. These scholarships give Australian citizens the opportunity to study farming practices in New Zealand, Europe, Asia and the Americas and those countries best suited to the scholar.

### Consumer Connections

Our partnership with Art4Agriculture and Taronga Conservation Society's Fish4Life campaign are designed to help increase consumer awareness about sustainable food and agriculture. We will continue to develop more targeted partnerships and campaigns in the coming years

### Emergency Relief for Natural Disasters

#### Australian emergency relief

The Salvation Army is our official partner in the case of domestic natural disasters. During a severe domestic disaster, such as bushfires and floods, our stores also mobilise in-kind support and resources for their communities. Woolworths Limited businesses will only channel donations through the Company's appeals.

#### New Zealand emergency relief

In the face of a series of natural disasters and the tragic events of the Pike River Mine disaster, the team at Progressive Enterprises reacted quickly to the needs of the community. Over NZ\$235,000 was raised through donations from

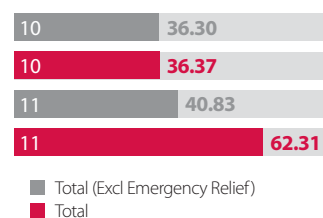
supermarket customers and team members to the Pike River Miners' Trust Fund. The funds raised supported the families of the miners lost at the Pike River coal mine.

In Christchurch's time of need following the series of devastating earthquakes, Countdown helped raise funds for the Salvation Army to support those communities affected. Customers and team members gave generously and over NZ\$735,000 was raised. Progressive Enterprises also contributed NZ\$100,000 towards the Salvation Army Canterbury Earthquake Appeal.

#### Overseas emergency relief and general aid

Oxfam Australia is our official partner in the case of overseas natural disasters. Oxfam Australia has the experience and knowledge required to run community programs in developing countries, including an understanding of the political situations and the ability to ensure funds are monitored and go to the intended recipients. During 2011, \$14,587 was donated to Oxfam.

#### Impact of emergency relief on community investment (\$m)



*During 2011, Australia and New Zealand were struck by significant natural disasters, including flooding in Queensland and Victoria, Cyclone Yasi in Queensland and earthquakes in Christchurch. These events provided challenges to the communities we operate in, our customers, employees and suppliers, but also led to an outpouring of support from the public, businesses and government.*

*In Australia, our staff and customers, through BIG W, Dick Smith and Woolworths Supermarkets, donated \$10,377,916. Woolworths' own contribution was a further \$7,900,000, with an additional \$250,000 donated by ALH. A total contribution of \$18,527,916 was donated to the Salvation Army flood appeal to families in need of immediate financial assistance, financial counselling and long-term community rebuilding projects.*

*Our customers and staff in New Zealand and Australia, through Supermarkets and Dick Smith, raised over NZ\$1.48 million for the Salvation Army Canterbury Earthquake Appeal.*

*As a business we hope that we never face these situations again, but nature is unpredictable. We will remain prepared to implement our programs, whether it is providing an avenue for donations or ensuring our stores are stocked to meet the needs of our customers in affected areas.*

# Our Environment

Woolworths' Sustainability Strategy 2007-2015 has set the main targets and commitments for the business. Ongoing investment and dedication to achieve targets and monitor results show that Woolworths continues to focus on improving its efficiency and performance.

## Resource efficiency

	2010	2011
Carbon intensity (t CO <sub>2</sub> -e/\$m EBIT) <sup>(1)</sup>	956	881
Energy intensity (GJ/\$m EBIT) <sup>(2)</sup>	3,497	3,325
Water intensity (kL/\$m EBIT)	586	560
Waste intensity (T/\$m EBIT)	48	45



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## CLIMATE CHANGE

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Through investment in energy efficiency and low carbon technology, Woolworths is minimising its impact on climate change and its exposure to carbon pricing.

## ENERGY EFFICIENCY

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137,979 MWh of electricity saved this year – a result of energy efficient technology installed prior to the end of 2011.

## EMISSIONS

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**10.9%**  
*reduction*

of carbon emissions in 2011, compared to business-as-usual projections.

**29.2%**  
*reduction*

achieved in vehicle fleet carbon emissions.

**342m**  
*litres*

saved through water efficient equipment and rainwater harvesting.

**\$55.7**  
*million*

has been invested in energy efficiency since 2007, which will deliver approximately \$93 million in savings by 2015.

**2.94m**  
*litres*

of biodiesel made from waste tallow and oil used by Logistics fleet.

**4,978**  
*tonnes*

of food waste, from 69 Supermarkets, sent to EarthPower, generating 1,593 MWh of electricity.

(1)  
Scope 1 and 2 emissions only, from stationary energy sources.

(2)  
Energy from stationary sources.

# Our Environment

## Summary of performance against sustainability targets and commitments

Target	Progress status		Comments
	2010	2011	
<b>CO<sub>2</sub>-e emissions reduction from facilities</b>			
Overall 40% CO <sub>2</sub> -e reduction by 2015 (on projected growth levels), bringing our emissions back to 2006 levels.	→	→	10.9% reduction in carbon emissions, compared to our original projected growth emissions for 2010.
Build all new Woolworths Supermarkets opening from September 2008 to conform to our sustainable design guidelines to minimise energy use and environmental impacts.	✓		
Achieve 25% reduction in CO <sub>2</sub> -e emissions per square metre for new sustainable store designs compared with business-as-usual designs.	→	→	22.8% reduction in carbon emissions per square metre, compared to business-as-usual Supermarkets in 2008.
<b>CO<sub>2</sub>-e emissions reduction from transport</b>			
Establish accurate baseline data in 2008 for all modes of transport.	✓		
Establish a forum with major transport suppliers to develop a low carbon strategy for our third party distribution network.	✓		
Conduct a comprehensive study on biodiesel availability in Australia, including quality, vehicle compatibility and cost impacts.	✓		
Trial the use of hybrid powered trucks for home deliveries.	✓		
25% reduction of CO <sub>2</sub> -e emissions per carton delivered by Woolworths owned trucks by 2012.	→	→	16.3% reduction in emissions achieved to date.
30% reduction on 2006 levels in CO <sub>2</sub> -e emissions from company car fleet of 3,100 cars (dependent on mix of car size and fuels chosen) by 2010.	⌚	⌚	29.2% estimated reduction in emissions when comparing 2011 emissions per vehicle and using baseline fleet numbers of 3,100 vehicles.
<b>Water efficiency</b>			
Develop a more complete baseline of water usage.	✓		
Roll out the Water Wise project nationally for all our Supermarkets.	✓		
Reduce water use by at least 200 million litres a year by 2010.	☆		Estimated 317 million litres of water saved in Australian Supermarkets in 2011.
<b>Ethical sourcing</b>			
Develop and implement an ethical sourcing policy.	✓		
Identify sustainable sourcing gaps and develop appropriate policies.	→	→	Sustainable seafood strategy now complements the palm oil policy and paper certification position.
Conduct staff training and capacity building for our buying teams to help them understand issues and types of third party certification required from suppliers.	→	✓	Ethical sourcing, environmental claims and sustainability issues for product development are covered in the Buying Skills Development Program.

→ In progress    ☆ Target Exceeded    ✕ Cancelled

✓ Completed    ⌚ Delayed

Target	Progress status		Comments
	2010	2011	
<b>Packaging</b>			
Establish a supplier forum to work together on more sustainable packaging.	→	→	Supplier and industry forum held on harmonisation of eco-labelling.
Establish more comprehensive baseline data for packaging of private label products, including information on materials consumption, local/imported origin, recycled content and recyclability.	→	→	Packaging categorisation has been conducted for private label and exclusive brands.
Review private label procurement policy and supplier guidelines.	→	✓	Sustainable packaging guidelines were finalised and are in use for packaging reviews.
Conduct an audit of compliance with the ECOPP and ISO 14021 for private label products.	✓		
Trial the use of PIQET for private label products.	✓		
Report annually to the National Packaging Covenant (NPC) and Woolworths Corporate Responsibility Report.	✓		Corporate Responsibility Reports delivered each year. NPC now superseded by Australian Packaging Covenant, which also includes annual reporting.
Provide training to 50 suppliers by 2008.	→	→	Sustainable Packaging Specialist will work with staff and vendors on implementing sustainable packaging options.
Use PIQET to evaluate 20 private label products by 2010.	✓		
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.	✓		Use of crates reduced cardboard box usage by an estimated 42.4 million boxes in 2011.
<b>Waste minimisation</b>			
Identify organics recycling technologies similar to EarthPower for recycling source separated food waste from supermarkets outside Sydney and determine commercial feasibility.	→	✓	Comprehensive assessment conducted on organic waste processing technologies and facilities. Priorities have been set for diversion programs and trials have commenced.
Implement a waste audit program for all stores and distribution centres.	✓		
Continue phasing out polystyrene.	→	→	Small reduction in polystyrene recycling, use continues to be minimal.
Implement a staff education program to encourage greater recovery of plastic and cardboard.	✓		
Eliminate food waste from the general waste stream by 2015 (where receiving facilities are available).	→	→	5,173 tonnes of food waste diverted to composting and waste to energy facilities, and 2,247 tonnes of fit for consumption food diverted to food relief agencies.
Reduce amount of plastic in the general waste stream to less than 1% by weight by 2010.	✗	N/A	No waste audits completed in 2011.
Reduce amount of cardboard in the general waste stream to less than 1% by weight by 2010.	✗	N/A	No waste audits completed in 2011.

# Our Environment

# 10.9%

lower carbon emissions achieved in 2011, compared to business-as-usual projections.

# \$55.7

million has been invested in energy efficiency since 2007, which will deliver approximately \$93 million in savings by 2015.

## Climate Change

### Why is this material to our business?

Climate variability and more frequent extreme weather conditions can affect the productivity of our suppliers. Extreme weather events, like flooding, cyclones and bushfires, can also cause disruptions to supply and affect food affordability.

The Australian Government's proposed carbon price will affect the business with pass-through costs from upstream, for example energy supplies and cost of goods, and downstream costs such as landfill levies. Woolworths has positioned itself through significant investment in low carbon technology to minimise the effect of a carbon price.

### What is our commitment?

In summary, our commitments and targets are:

#### Facilities

- Reduce our CO<sub>2</sub>-e emissions by 40% by 2015 (from projected growth levels), bringing our emissions back to 2006-07 levels.

- Achieve 25% reduction in CO<sub>2</sub>-e emissions per square metre for new sustainable store designs compared with business-as-usual designs.

#### Transport

- Reduce CO<sub>2</sub>-e emissions per carton delivered by Woolworths owned trucks by 25% by 2012.
- Reduce CO<sub>2</sub>-e emissions from company car fleet of 3,100 cars by 30% by 2010.

### Our 2011 performance

For 2011, our total carbon emissions in Australia and New Zealand were 4.09 Mt, remaining the same as the previous year, despite the business continuing to grow. The static level of emissions occurred through ongoing investment in energy efficiency, the changing to refrigerants with a lower global warming potential and through improvements in logistics.

### Facilities

Emissions from our facilities totalled 3.42 Mt in 2011, which is a 1.4% reduction in emissions compared to the previous year. The Group Engineering Team

commenced 37 new projects in 2011, which reduced electricity use by 18,842 MWh and reduced carbon emissions by 18,113 tonnes during the year.

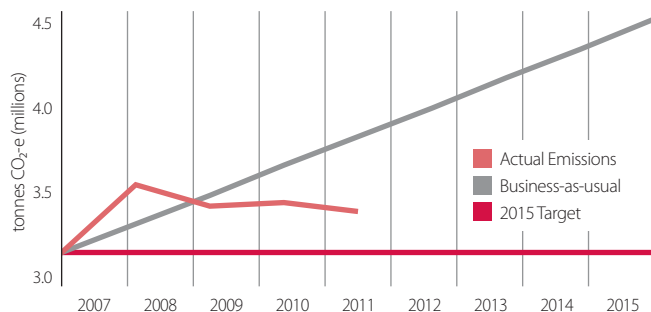
Energy efficient and low carbon technology continues to be implemented in existing and new stores. Project CO<sub>2</sub>, the retrofitting of energy efficient equipment in existing stores, has continued. Dan Murphy's and BWS stores are being trialled with similar technology from Project CO<sub>2</sub>.

Reflective roof surfacing and improved air conditioning controls are being implemented in BIG W stores and energy management systems are being installed in Dick Smith, Dan Murphy's, BWS and Petrol stores.

### Renewable energy

The two photovoltaic systems at Petrol sites in Hume and Belconnen in the Australian Capital Territory generated 84,087 kWh, reducing carbon emissions by 90 tonnes.

Total emissions from facilities (million tonnes of CO<sub>2</sub>-e)



Emissions from Woolworths-owned fleet (g CO<sub>2</sub>-e/carbon delivered)



### Emissions from facilities (tonnes of CO<sub>2</sub>-e)

	Scope 1	Scope 2	Scope 3	Total
ALH Group	18,533	236,557	31,045	286,135
BIG W	7,045	183,434	36,109	226,588
BWS	1,914	62,863	9,181	73,958
Corporate	659	36,858	7,338	44,855
Dan Murphy's	1,045	40,388	5,860	47,293
Dick Smith	259	32,548	4,942	37,749
Dick Smith NZ	0	1,296	171	1,467
Fabcot	0	17,084	2,663	19,747
Home Improvement	214	4,498	667	5,379
Langton's	24	249	35	308
Logistics	972	126,775	18,377	146,125
Progressive Enterprises Limited	76,895	35,840	22,692	135,427
Petrol	1,130	38,712	5,473	45,315
Statewide Independent Wholesalers	910	1,973	135	3,018
Supermarkets Australia	238,596	1,706,609	391,028	2,336,233
Thomas Dux	6	5,343	806	6,156
<b>Grand total</b>	<b>348,202</b>	<b>2,531,027</b>	<b>536,523</b>	<b>3,415,752</b>

# 22.8%

lower carbon emissions generated per square metre floor space by new Supermarkets built in Australia in 2011, compared to stores built in 2008.

# 34%

reduction in energy use achieved by BIG W Inverell, compared to a business-as-usual store.

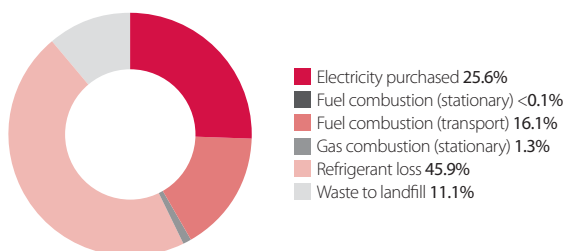
### Emissions from company cars (tonnes of CO<sub>2</sub>-e)

Country	2007	2008	2009	2010	2011
Australia	20,314	21,670	19,719	18,362	18,041
New Zealand	3,050	3,838	2,451	2,415	2,135
<b>Total</b>	<b>23,364</b>	<b>25,508</b>	<b>22,170</b>	<b>20,777</b>	<b>20,176</b>

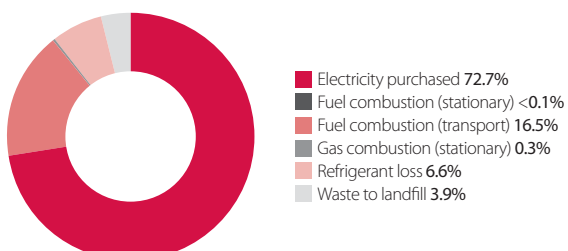
### Transport emissions by use (tonnes CO<sub>2</sub>-e)

End Use	New Zealand	Australia
Business travel	2,604	19,899
Home delivery		943
Victorian logistics fleet		18,653
Logistics third party rail		52,974
Logistics third party road	23,786	544,783
Trolley collection		12,898

### Total emissions by source – New Zealand



### Total emissions by source – Australia



# Our Environment

## 16.3%

reduction in carbon emissions per carton delivered has been achieved this year, compared to the baseline year.

## 29.2%

reduction achieved in company car fleet emissions (based on emission per vehicle and a fleet of 3,100 vehicles).

### Transport

The Woolworths owned logistics fleet has continued to reduce fuel use and emissions through improved consolidation of loads, network optimisation and the transition to biodiesel made from waste material.

Total emissions from Woolworths' company car fleet have reduced by 13.6%, compared to our 2007 baseline. This is a reduction of 3,188 tonnes of carbon emissions, or the equivalent of taking 741 vehicles off the road.

The company car fleet conversion to diesel and hybrid options is now 93% complete, but due to acquisitions and growth in the business the fleet is 20.7% larger than our baseline.

### Other Emissions

#### Ozone depleting substances

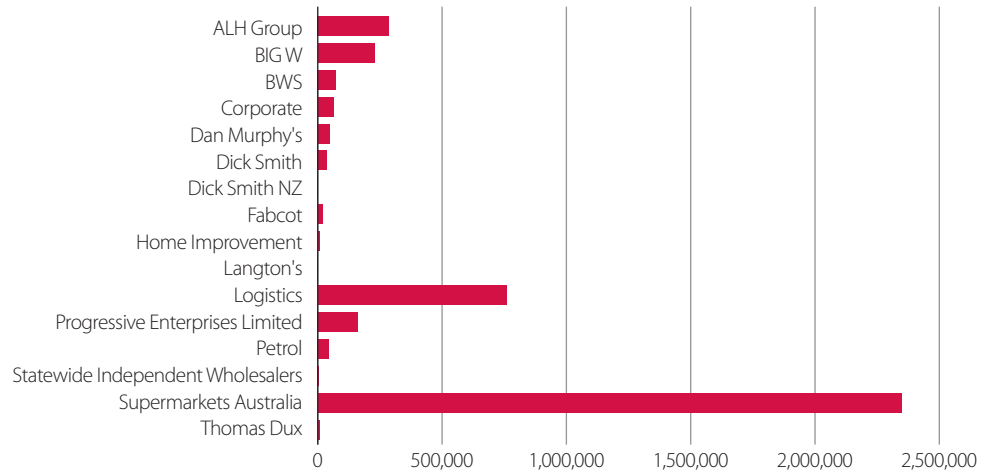
Total emissions of ozone depleting substances were 35.7 tonnes from refrigerant gas loss, primarily R22 from air conditioning. Emissions in 2011 increased by 45%, compared to the previous year.

### Water

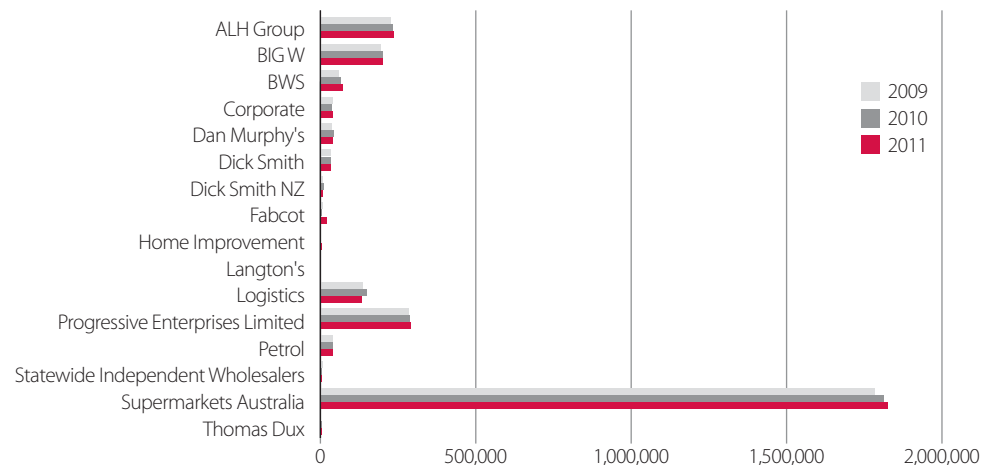
#### Why is this material to our business?

As with any resource used by Woolworths, it makes good business sense for us to use water efficiently. This reduces both costs and exposure to risks where water may have restricted supply. As a retailer of fresh food, we depend upon productivity and reliable supply from Australian farmers. Sustainable use of water in the supply chain is critical for food security.

Total carbon emissions by division (tonnes CO<sub>2</sub>-e)



Electricity use (MWh)





Most of our stores are located in shopping centres and we are billed for water through lease outgoings. With only 16% of our Supermarkets individually metered, our total water use is extrapolated from metered data.

All water supplied to and discharged from Woolworths' stores and sites is managed by licensed water authorities.

We draw no water directly from bores, rivers, or other natural sources. We treat wastewater for reuse in irrigation at one of our Supermarkets, a requirement of the development approval.

### What is our commitment?

In summary, our commitment and target is:

- Reduce water use by 200 million litres a year by 2010.

### Our 2011 performance

All of our targets were achieved in previous years, but we continue to monitor water use and the ongoing savings from investment in water efficient fittings, equipment and infrastructure.

For 2011, we have estimated the water use in our Australian Supermarkets to be 1.83 GL and average water use per Supermarket continued to decrease.

Another large scale rainwater harvesting project was installed at our Melbourne National Distribution Centre in Mulgrave. The Hawthorn Football Club invested in this infrastructure, with Woolworths providing the roofing for rainwater capture and land for installing tanks. The water is used to irrigate the Club's nearby training oval and in residential areas.

Our focus for water has shifted further towards the supply chain, particularly to the farmers who produce the food the business and our customers rely on. The Fresh Food Future program includes grants and funding to a range of suppliers. One example is funding

the development of a water footprint module for horticultural suppliers, with the module complementing the carbon calculator tool that was also developed with funding from Woolworths.

## Packaging

### Why is this material to our business?

Packaging serves a critical role in protecting products in transport, during handling, on shelves and when our customers take the products home. With thousands of private label and exclusive brand products there are opportunities to ensure that the packaging we use is 'fit for purpose' and uses materials efficiently.

### What is our commitment?

In summary, our commitments and targets are:

- Increase the number of reusable produce crates to 3.4 million;
- Review private label procurement policies and supplier guidelines;
- Establish more comprehensive baseline data for packaging of private label; and
- Review the packaging of 50% of our existing private label products by 2015.

### Our 2011 performance

We finalised our sustainable packaging guidelines and will use them to review the packaging of new and existing private label products. To ensure compliance with these commitments, we have recruited a Sustainable Packaging Specialist to conduct the reviews on packaging and identify opportunities for improvement.

A project has also been completed on identifying all of the packaging systems used by private label and exclusive brands. Using sales volumes, priorities have been set for reviewing certain packaging types, products and suppliers.

Our Liquor division implemented a project to reduce the weight of glass used in the bottles of 17 of our private label wine products. The reduction in the individual weight of bottles ranged from 70 grams to 140 grams, and when comparing this reduction to the volumes sold since the changes, we have estimated a 854 tonne saving in glass use.

## Waste and Recycling

### Why is this material to our business?

Woolworths prides itself on being an efficient business throughout the whole of its supply chain. This focus on efficiency helps us reduce waste, improve the profitability of the business and provide benefits to customers through lower prices.

### What is our commitment?

In summary, our commitments and targets are:

- Zero food waste in the waste stream by 2015 (where facilities are available);
- Identify organics recycling technologies for recycling food waste from Supermarkets outside Sydney, and determine commercial feasibility;
- Implement a waste audit program for all stores and distribution centres;
- Increase the number of Sydney stores using EarthPower from 53 to 100 by 2010; and
- Reduce the amount of cardboard and plastic in the general waste stream to less than 1%, by weight, by 2010.

### Our 2011 performance

The business continues to reduce waste within the business. Waste to landfill from Supermarkets in Australia and New Zealand reduced by 0.7%, whilst recycling volumes increased by 2.7%. Waste volumes are now available for BIG W and will be reported in the future.

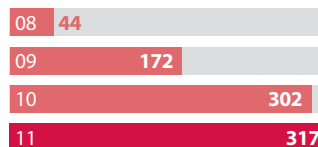
# 317

million litres of water estimated as saved through water efficient equipment in Australian Supermarkets.

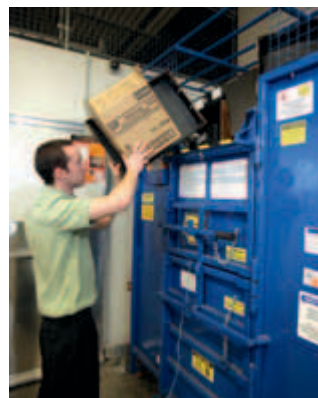
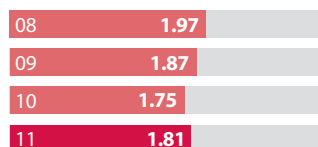
# 25

million litres of rainwater harvested at Sydney and Wyoong regional distribution centres.

### Annual water savings from Water Wise Project (ML)



### Plastic bags issued per customer transaction (Supermarkets Australia only)



# Our Environment

**213,105**  
tonnes of material  
diverted from landfill.

## Food waste

Our target of zero food waste to landfill by 2015 continues to be a key driver in the business.

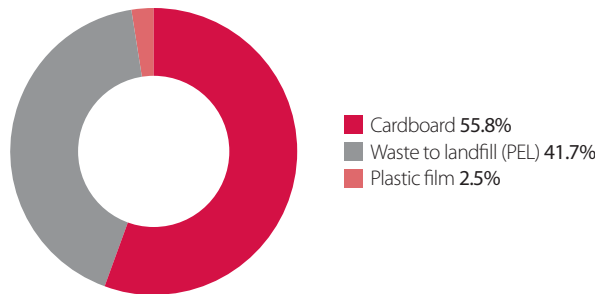
Woolworths is constantly looking for opportunities to avoid food waste and we will continue to review how we manage our stock. Focused efforts have successfully led to reduced food waste in our diversion programs, which include energy generation and food rescue.

We will continue to minimise waste and, where products cannot be sold, our first choice will be one of our diversion programs.

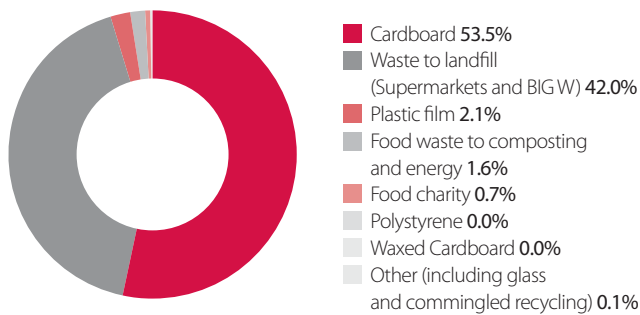
A comprehensive assessment was conducted on all opportunities for diverting food waste from Australian Supermarkets to beneficial reuse, whether to farmers for stock feed or composting, commercial composting, and waste to energy.

One of the opportunities identified led to a trial in Adelaide with the diversion of organic waste material from nine stores to a commercial composting facility, with 194 tonnes of food waste diverted in eight months. Supported by staff training and regular reporting, this trial will expand to include over 30 stores.

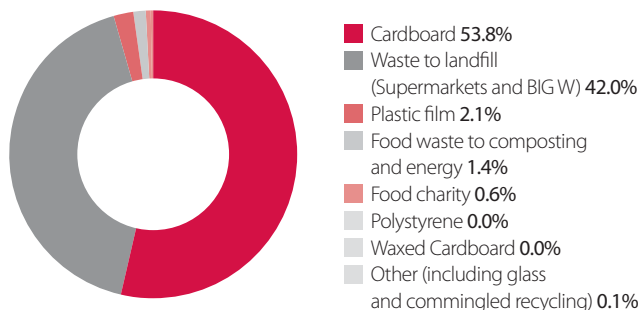
Waste disposal and recycling – New Zealand



Waste disposal and recycling – Australia



Waste disposal and recycling – Australia and New Zealand



## Waste audits

A waste audit program was implemented for Supermarkets in 2009, but no waste audits were conducted during 2011.

## Electronic waste

Through our membership of Product Stewardship Australia we have been an active participant in the consultation with the Federal Department of Sustainability, Environment, Water, Population and Communities on the development of appropriate legislation for an end-of-life recycling program for televisions and computers.

## Eco Ambassador Program

Our Eco Ambassador Program trains staff on sustainability and how to engage their co-workers in sustainable work practices. The Program continues to be successful in our Australian Supermarkets division, with a calendar of environmental events now used to engage all staff on sustainability initiatives. Active participation has occurred in Clean Up Australia Day, Earth Hour, World Environment Day and National Tree Day.

An internal review has been conducted to identify opportunities to expand the Program further.

## Paper Use

Office paper use in our support offices was 51,396 reams of paper, an 18.4% reduction compared to the previous year. We have completed the transfer to FSC certified office paper for all Australian businesses (excluding ALH) and total office paper use for the divisions supplied by this contract was 416,641 reams.

In 2011, the Woolworths business divisions of Supermarkets, BIG W, Dick Smith and Dan Murphy's distributed 862.2 million catalogues in Australia. In New Zealand, our Supermarkets and Dick Smith issued 133.4 million catalogues. This combined quantity of catalogues required

55,560 tonnes of paper to produce and was a 2.6% reduction in paper use compared to the previous year. The Australian catalogues continue to be produced on Programme for the Endorsement of Forestry Certification (PEFC, [www.pefc.org](http://www.pefc.org)) certified paper, which promotes sustainable forest management.

## Biodiversity

Of the 104 property development projects that were completed, under construction or in planning during 2011, biodiversity assessments were only required for 12 of these projects. Seven Vegetation Management Plans have been prepared to minimise the impacts to any threatened species, habitats for threatened species or ecological communities.

## Environmental Compliance

### Regulatory reporting

Woolworths Limited submitted reports for the Energy Efficiency Opportunities (EEO) Act and the National Greenhouse and Energy Reporting (NGER) Act. The 2010 EEO report is available at [www.woolworthslimited.com.au](http://www.woolworthslimited.com.au).

The second NGER report for the Company was submitted before 31 October 2010 and covered the Scope 1 and 2 emissions for the 2010 financial year. The emissions

reported differed to those reported in the Corporate Responsibility Report as the latter includes all refrigerants and Scope 3 emissions. All emission calculations complied with the methodology set by NGER.

### Spills

In 2011, there were eight incidents of spills at Woolworths Petrol sites, with three of these requiring notifications to a regulatory body. The largest spill was an estimated 1,300 litres of unleaded petrol at our site in Gunghalin, ACT. Emergency services and regulators attended the site, clean-up was implemented and the incident investigated, identifying the cause and corrective actions issued to the fuel carrier.

### Fines

There were no significant environmental incidents that incurred monetary fines for Woolworths.

**2,477**  
kg of mobile phones,  
106,131 printer  
consumables  
(including cartridges)  
and 1,656 kg of  
batteries recycled  
at Dick Smith. BIG W  
issued satchels in  
stores for the recycling  
of 881 mobile phones,  
which generated  
\$1,554 in donations  
to cerebral palsy  
charities.

**38.9**  
million clothes hangers  
were reused and  
recycled by BIG W.

## Materials diverted from landfill (tonnes)

	2007	2008	2009	2010	2011
<b>Australia</b>					
Food waste to composting and energy	4,860	5,354	5,785	5,948	5,173
Food to charity	700	1,251	1,354	3,069	2,247
Cardboard	147,189	165,908	167,787	170,585	175,518
Plastic film	6,055	6,057	6,207	6,956	6,807
Polystyrene	–	589	99	98	81
Other	–	220	604	312	323
<b>Total (Australia)</b>	<b>158,804</b>	<b>179,379</b>	<b>181,836</b>	<b>186,968</b>	<b>190,149</b>
<b>New Zealand</b>					
Cardboard	–	20,547	19,105	20,559	21,987
Plastic film	–	641	–	–	969
<b>Total (Group)</b>	<b>158,804</b>	<b>200,567</b>	<b>200,941</b>	<b>207,527</b>	<b>213,105</b>

# Our People

Woolworths' key people focus is on 'developing talent – realising potential'. The Company remains one of the largest employers in Australasia with over 190,000 team members.



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## EMPLOYEE CAPABILITY

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As our organisation continues to change and grow, our focus has remained on developing, building and diversifying the capability of our people for current and future opportunities. In addition, developing our female team members and tapping into under-utilised talent groups continues to be a key objective.

Over the last 12 months, we invested over \$60 million in learning and development initiatives across the organisation. Our training programs are built on the foundation of our Leadership Qualities to help drive the desired behaviours from our teams. Some of these programs include: mentoring, networking sessions, cross-divisional learning opportunities, targeted leadership programs for our management and executive teams and special project work.

We are proud that in 2011, 47% of our new Executive appointments and 73% of our new Future Leader appointments were internal candidates<sup>(1)</sup>.

## COMPANY FOCUS

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**Our key people focus is on 'developing talent – realising potential'.**

## WORKFORCE

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**30%**  
*decrease*

in Lost Time Injury Frequency Rate.

**47%**  
*decrease*

in discrimination claims lodged in discrimination tribunals.

**43,000**  
*new employees*

commenced work in Woolworths businesses.

## DEVELOPING TALENT

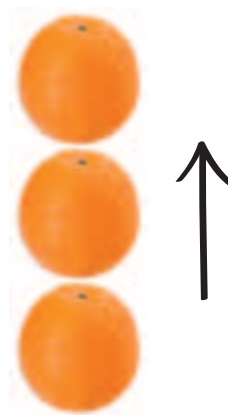
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**47%**

of Executive appointments were internal candidates.

**\$60m**  
*invested*

in learning and development training.



<sup>(1)</sup> Woolworths paid employees only.

# Our People

At Woolworths, we are committed to protecting the safety, health and welfare of our employees, customers, contractors, visitors and the community. Safety is a key aspect of our business and underpins all operational activity.

## Safety and Health

Our vision for safety at Woolworths is 'Destination ZERO' – zero harm to our people, environment and community. We will do this by encouraging people at all levels of the organisation to actively care about their own safety and the safety of others. We are passionate about safety and its integration into the way we do business.

Destination ZERO is supported 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; and
- We will recognise and promote excellence in safety and health performance.

## Our 2011 performance

In 2011, we achieved a reduced Lost Time Injury Frequency Rate (LTIFR) of 8.51, 30% lower than 2010. Unfortunately, we missed our target of 8.0 by 6%. In addition, we experienced an 11% reduction in the number of our customers injured in our stores compared to 2010.

## Prosecutions

The Victorian WorkCover Authority has issued separate proceedings against Woolworths Limited in relation to:

- An incident that occurred at the Westfield Shopping Centre, Southlands on 23 November 2008; and
- An incident that occurred at the Eastlands Shopping Centre, Ringwood on 17 November 2008.

## Strategy

### Key strategic imperatives

The Woolworths Safety and Health Strategy was developed

by the Woolworths Management Board and Executive Leadership Team in February 2010. The Strategy resulted in the agreement of four key imperatives that were finalised and rolled out during 2011. The four key strategic imperatives are:

- Recruitment and induction;
- Non-trading area standards;
- Safety leadership; and
- Safety communication.

### Key Risk Working Groups

Our Safety Health & Executive Committee (SHEC) has taken a risk-based approach aimed at delivering a step change in the safety performance of our businesses. The SHEC has formed sub-committees referred to as the 'Key Risk Working Groups' (KRWG) that will develop strategies to minimise our businesses' key safety risks.

The first key risk working groups are targeting manual task injury reduction.

## Culture/Leadership/Recognition

### Safety Leadership (Safety Code)

In April 2011, the Safety Leadership (Safety Code) program was released, which is a program that outlines the businesses' non-negotiable commitments to safety and provides a framework in which to make decisions (positive and negative consequences) based on behaviours and safety outcomes.

The three critical safety messages that are delivered by this program are:

- Our Safety Definition;
- Our Safety Code; and
- Our Safety Behaviours.





**Woolworths Limited occupational disease rate (OCDR) results from 2009-2011**

KPI	2009	2010	2011
Occupational disease rate (per 200,000 hours worked)	1.27	1.12	1.28
% change on previous year	(15)%	(12)%	14%

Excludes ALH Group, Progressive Enterprises Limited (PEL) and Dick Smith NZ.

**Divisional LTIFR results for 2011**

	Per Million Hrs	Per 200,000 Hrs	% change on last financial year
Supermarkets	9.94	1.99	(22)
Logistics	12.41	2.48	(30)
BIG W	5.23	1.05	(36)
Dick Smith	5.63	1.13	(25)
Langtons	0	0	0
BWS	9.16	1.83	(49)
Dan Murphy's	6.23	1.25	(53)
Petrol	1.06	0.21	(74)
Progressive Enterprises Limited	5.71	1.14	(57)
Thomas Dux	12.65	2.53	21
Corporate	1.91	0.38	48
Woolworths Group	8.51	1.70	(30)

Excludes ALH Group, Masters and Danks.

**74%**  
reduction in Lost Time Injury Frequency Rate in the Petrol division.

**Woolworths Limited LTIFR results from 2009-2011**

09	15.77
09	3.15
10	12.08
10	2.42
11	8.51
11	1.70

■ LTIFR (million hours worked)\*  
■ LTIFR (200,000 hours worked)

\*Excludes ALH Group, Masters and Danks.



# Our People



Some of the staff now working in stores following their participation in the innovative Woolworths Indigenous Pre-employment Program.

## CEO Safety Award

The CEO Safety Award was awarded to the Petrol division in 2010. The award recognises excellence in safety leadership and the criteria that the award is judged on includes results, innovation, leadership and ‘winning the hearts and minds’ of our frontline staff.

Petrol achieved a 74% reduction in its Lost Time Injury Frequency Rate and demonstrated a high level of visible leadership commitment. Through engagement with employees and launching ‘Stop Think Safety’ it has made safety personal and visible throughout its operations.

## Progressive Enterprises Limited Awards

Progressive Enterprises Limited won the ACC Workplace Safety Award at the 2010 Manukau Business Excellence Awards in New Zealand.

## Training

### Education and training

Comprehensive training and assistance programs are conducted for safety and health

communication, hazard and risk management, incident reporting and analysis and safety leadership. These include Drive 4 Life (driver education), Move 4 Life (manual task) and Safety the Woolworths Way (leading through safety). In addition, employees receive training through standard operating procedures where safety requirements are integrated and part of the way we do the task.

## Move Smart Stay Safe (manual task injury prevention)

‘Move Smart Stay Safe’ (MSSS) is a manual task injury prevention education program that has been developed to complement our businesses’ existing manual task injury prevention strategies. MSSS was initially developed for the Supermarket business to mitigate the key manual task risks within our stores. This program has evolved from its original format – a DVD and fact sheet – to an interactive online training program. The program is aimed at raising the awareness of manual task hazards and to provide our staff with a structured risk mitigation process.

## Monitoring

### Benchmarking

We benchmark ourselves against a mix of both international retailers and companies in heavy industry. In the 2010 Citigroup Global Markets Safety Spotlight report, which is a comprehensive report reviewing the safety performance of ASX-listed companies, Woolworths was highlighted for its improvement in the logistics business.

### PULSE

In 2011, the Company commenced a roll out across most divisions of the electronic system PULSE, which is used to capture Safety Hazards, Incidents and Investigations. The PULSE system will enable Woolworths to produce intelligence reports that will highlight trends in our safety performance and provide Woolworths with the ability to better manage corrective actions to closure.

## Other safety and health key performance indicators 2009 – 2011

KPI	2009	2010	2011
Employee work-related fatalities	ZERO	ZERO	ZERO
Contractor fatalities	ZERO	ZERO	ZERO
*Other fatalities	1	2	1
% change in LTI frequency rate	(16)%	(23)%	(30)%
% change in new claim frequency rate	(4)%	2%	1%
% change in customer claims	10%	(7)%	(11)%
% change in hours lost as a result of an injury in the last 12 months	2%	(5)%	14%

Excludes ALH Group, Masters and Danks.

\* Customers/visitors.

## Assistance programs

Program recipients	Education/ training	Counselling	Prevention/ risk control	Treatment
Workers	YES	YES	YES	YES
Workers’ families	NO	YES	YES	YES Expatriate family members
Community	YES In-store radio and print messages	YES Customers involved in trauma	YES	YES Customers involved in injury



## Inclusive Workplace

Woolworths is committed to an inclusive workplace that embraces and promotes diversity. We value, respect and leverage the unique contributions of people with diverse backgrounds and experiences, to provide exceptional customer service to an equally diverse community.

We have a public commitment to a diversity policy which applies to the Board of Directors, all employees of Woolworths Limited and its subsidiary companies.

## Multicultural diversity

We recognise that our employees represent the customers that we serve and in turn we celebrate the diversity that exists in our organisation. We foster a culture where people treat each other with dignity, courtesy and respect and ensure employees are prepared to act quickly and responsibly to address any behaviour that does not align with these values or our Leadership Qualities.

We recorded a 47% decrease in discrimination claims lodged in discrimination tribunals (both state and federal) during 2011<sup>(1)</sup>. Ten claims were lodged compared with 19 in 2010. None of these claims were lodged by an employee who had recorded that they were of Indigenous heritage.

## Gender balance

Women constitute 54% of our workforce. We continue to focus on the progress of gender diversity, particularly in leadership roles.

In 2004, 16.7% of leadership roles in Woolworths Limited were held by women. By comparison in 2011, 27.8% of our leadership roles are held by women<sup>(2)</sup>.

We have agreed to become an early adopter of the new Australian Securities Exchange Corporate Governance guidelines for diversity. As part of this commitment, we

aim to have a 33% representation of women at Board level and within our senior executive group by 2015. There are a number of objectives in place to work towards our vision, which includes:

- Continue to incrementally grow the number of women performing senior roles;
- Continue to create programs that prepare women to take on senior roles within the business both in operational and specialist support areas; and
- Ensure that leadership programs constitute 50% women participants.

## Indigenous

We continue to focus on building relationships with Indigenous communities and targeted Indigenous pre-employment programs.

### Reconciliation Action Plan (RAP)

We launched our RAP in June 2011. The RAP is our formal commitment to assisting in closing the gap between Indigenous and non-Indigenous people. As one of the largest employers in Australia, we recognise the practical contribution we can make in this area.

### Indigenous employment

Pre-employment programs are designed to provide Indigenous Australian job seekers with a solid pathway into productive long-term employment within the retail sector. The past 12 months has seen the recruitment, placement and mentoring of unemployed Indigenous Australians in Woolworths Supermarkets, BIG W, Dick Smith, Dan Murphy's, BWS and Logistics. These programs have seen an increased retention rate and a number of candidates promoted within the year of commencement.

In 2011:

- 615 of our Australian employees identified themselves as Indigenous (an increase of 294 from 2010)<sup>(3)</sup>.
- Approximately 280 people attended pre-employment programs, run in collaboration with Indigenous communities and employment groups. 167 participants of these programs were made offers of employment with Woolworths, with 92 people still in pre-employment programs.
- Our labour turnover percentage for people with Indigenous heritage is higher than average at 54%<sup>(3)</sup>. Our goal is for it to be no higher than our total average labour turnover.
- Some of our pre-employment programs have had far higher employee retention rates than this average.

We have focused on delivering employment outcomes which have assisted the long-term unemployed to return to work. The success of this program has been sustained with mentor support which has been critical for staff retention. In addition, cultural awareness training has also been run for management teams supporting Indigenous employment initiatives.

We have also signed an agreement with the Australian Indigenous Minority Supply Council to look for opportunities to work with Indigenous suppliers of both goods and services.

## Disability

We record the number of people who identify themselves as having a disability. Currently, this number is 567 in Australia<sup>(3)</sup>. Our labour turnover for this group is 25%<sup>(3)</sup>.

We are currently reviewing with the Australian Disability Network the impact of the Disability (Access to Premises – Buildings) Standards that commenced operation in May 2011, on our staff and customers with disability.

**54%**  
of our workforce  
are women.

**27.8%**  
of our leadership roles  
are held by women.



The Woolworths Limited Reconciliation Action Plan artwork, produced by Gilimbaa, represents creation of country and the connection of people through trade.

(1) Excludes Cellarmasters, Hong Kong and India.

(2) Excludes PEL, Dick Smith NZ, Hong Kong, Danks, Becks, Gunns, India and Cellarmasters.

(3) Excludes PEL, ALH Group, India, Hong Kong, Danks, Becks, Gunns, BMH and Cellarmasters.

# Our People

During 2010, we partnered with Workfocus, the National Disability Recruitment Coordinator appointed by the Federal Government, to identify opportunities for disability employment. Through this partnership we have employed 119 people with disability for 2011.

## Human rights

Woolworths is committed to upholding the human rights of its employees and is a signatory to the United Nations Global Compact. UNGC signatories embrace, support and enact, within their spheres of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. As part of the Company's sphere of influence, Woolworths is also committed to upholding human rights through its supply chain (refer Ethical Sourcing, page 14).

(1)  
Excludes PEL, ALH Group, Hong Kong, India, Dick Smith NZ, Cellarmasters, Danks, Becks, Gunns and BMH in 2011.

(2)  
2011 data includes Woolworths, ALH Group, PEL and India, where 2010 data did not include ALH Group.

## Recruitment

We source candidates through a variety of channels to ensure we locate those best suited to the role and company. During 2011, more than 43,000 employees commenced work with Woolworths businesses, with 66.5% of these employees aged under 25<sup>(1)</sup>. Of the new executives we have appointed during 2010, 16% had international work experience bringing diversity of experience to our leadership teams. We have continued to appoint both internal and external female talent to fill a number of key roles including: Senior Business Managers, Regional Managers and Regional Property Developers. The Woolworths Graduate Program continues to be a key source of talent. Open to existing employees in their final year of a tertiary qualification, it provides tailored job rotations and development experiences in the graduate's chosen field.

## Retention and engagement

Close monitoring of labour turnover (LTO) provides us with trend information which helps us identify opportunities to better engage and retain talent.

Woolworths Liquor Group, BIG W, Progressive Enterprises Limited and Consumer Electronics (India) have recorded a reduction in LTO when compared to the same time last year. With the exception of these four divisions, an increase in LTO of 2.1%<sup>(2)</sup> was recorded across all divisions during 2011, when compared to the same time last year.

To help retain our employees, we offer a range of financial and non-financial employee benefits. These include professional development options, access to flexible work arrangements, paid maternity leave and a range of health and wellbeing programs.

## Workforce by employment type

2011 – Headcount	Female	Male	Total
Full-time	26,280	34,458	60,738
Part-time	46,742	24,484	71,226
Casual	30,022	27,809	57,831
<b>Total</b>	<b>103,044</b>	<b>86,751</b>	<b>189,795</b>

Excludes Cellarmasters.

## Workforce by state/country

2011 – Headcount	Female	Male	Total
Australian Capital Territory	1,273	1,542	2,815
New South Wales	28,330	24,111	52,441
Northern Territory	1,033	797	1,830
Queensland	21,623	16,340	37,963
South Australia	6,186	5,920	12,106
Tasmania	2,611	1,724	4,335
Victoria	22,200	21,022	43,222
Western Australia	8,673	6,168	14,841
New Zealand	10,729	8,375	19,104
India	18	73	91
Hong Kong	64	48	112
<b>Total</b>	<b>103,044</b>	<b>86,120</b>	<b>188,860</b>

Excludes Cellarmasters, Danks, Becks, Gunns and Blue Mountains Hardware (BMH).

## Board by age

2011	Female	Male	Total
<25			0
25-<35			0
35-<45			0
45-<55	1	2	3
55-<65	1	2	3
≥65		5	5
<b>Total</b>	<b>2</b>	<b>9</b>	<b>11</b>

## Executive Leadership Team by age

2011	Female	Male	Total
<25			0
25-<35			0
35-<45		2	2
45-<55	4	15	19
55-<65		5	5
≥65		1	1
<b>Total</b>	<b>4</b>	<b>23</b>	<b>27</b>

## Workforce by age ratio

	2010			2011		
	Female %	Male %	Total %	Female %	Male %	Total %
<25	38.2	48.6	<b>42.9</b>	37.6	47.5	<b>42.1</b>
25 - <35	19.4	24.4	<b>21.7</b>	19.5	24.8	<b>21.9</b>
35 - <45	17.9	13.3	<b>15.8</b>	17.5	13.5	<b>15.7</b>
45 - <55	16.4	8.7	<b>12.9</b>	16.6	8.9	<b>13.1</b>
55 - <65	7.6	4.4	<b>6.1</b>	8.0	4.6	<b>6.5</b>
>65	0.7	0.6	<b>0.7</b>	0.8	0.7	<b>0.8</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Excludes Dick Smith NZ, Cellarmasters, Danks, Becks, Gunns and BMH.

## Workforce by division by gender

	2010 Total	2011 Female	2011 Male	2011 Total
Supermarkets	110,774	62,692	48,612	111,304
BIG W	23,526	15,444	7,269	22,713
Logistics	7,611	1,200	6,383	7,583
Petrol	2,950	1,580	1,478	3,058
Liquor	3,959	1,405	2,809	4,214
Corporate	1,882	969	1,040	2,009
Thomas Dux	444	209	236	445
Dick Smith	4,240	1,129	2,931	4,060
Masters	56	114	174	288
Dick Smith NZ	911	221	674	895
Progressive Enterprises Limited	18,256	10,508	7,701	18,209
Hong Kong	93	64	48	112
India	84	18	73	91
Danks	-	303	632	935
ALH Group	13,279	7,188	6,691	13,879
Cellarmasters	-	357	571	928
<b>Total</b>	<b>188,065</b>	<b>103,401</b>	<b>87,322</b>	<b>190,723</b>

## Females by employment category

	Full time %	Part time %	Casual %	Total %
Senior Executives	25.5	91.7	0.0	<b>27.8</b>
Senior managers	23.8	90.2	100.0	<b>25.5</b>
Managers	38.9	75.2	50.0	<b>40.4</b>
Office/support employees	51.6	73.7	57.5	<b>56.2</b>
Store employees	53.3	67.2	53.1	<b>59.1</b>
Distribution employees	12.4	26.6	17.2	<b>16.1</b>
Tradespeople & apprentices	8.5	21.0	6.2	<b>9.4</b>
<b>Total</b>	<b>41.8</b>	<b>66.2</b>	<b>51.9</b>	<b>54.1</b>

Excludes PEL, Dick Smith NZ, Hong Kong, BMH, Gunns, Becks, India and Cellarmasters.

## Ratio of basic salary of male to female by employment category Australia

	Salary (\$)	Ratio
Non-managerial female average of annualised	\$47,872	98.1%
Non-managerial male average of annualised	\$49,578	101.6%
Average of annualised	\$48,796	
Managerial female average of annualised	\$70,239	93.2%
Managerial male average of annualised	\$78,556	104.2%
Average of annualised	\$75,380	

Excludes ALH Group, PEL, Dick Smith NZ, Hong Kong, BMH, Gunns, India and Cellarmasters.

# Our People

**1,545**  
employees received  
paid maternity leave.

## Flexible work options

Flexible work options tailored to individual needs have proven to be an important factor in retaining people as their work-life balance needs evolve. The number of part-time roles at Woolworths accounts for 37.5% of the total workforce<sup>(1)</sup>. Females constitute the highest number of part-time employees, with 45.4% of female employees working on a part-time basis<sup>(1)</sup>.

## Parental leave

We continue to offer paid maternity leave to eligible employees, which includes six weeks paid maternity leave, two weeks return-to-work bonus and up to 104 weeks parental leave. This entitlement is in addition to the Australian Government's Paid Parental Leave Scheme which was introduced in January 2011.

During the 2011 financial year, 1,545 employees accessed paid maternity leave out of a total of 2,201 employees who took parental leave<sup>(2)</sup>. We are pleased to have retained all executive women who were due to return from parental leave in the 2011 financial year.

## Engagement

As we undergo significant growth and transition, improving employee engagement is critical for our business. We have continued to develop new and improved communication methods, supporting line managers and their teams through successful transformation.

Our employee engagement surveys continue to be a useful tool to help monitor our current workforce and their engagement levels within the organisation. As surveys are run biannually for each division, during 2011 we surveyed over 31,000 employees in PEL, Dick Smith and Liquor with an average response rate of 31%. The survey results identified an increase in employees' rational and emotional commitment to the team and to their manager, compared to the divisions surveyed in 2010.

Social media has emerged as a new way of communicating, sharing and learning. Our new employee website, AllYours, commenced our journey down the social media pathway and we now have over 75,000 employees registered across the organisation.

## Promoting from within

Building internal capability is a key enabler to deliver the right skills and capability to meet our strategic objectives.

Our diverse operations provide employees an unusually broad range of careers within the one company. Work experience in multiple divisions is a common characteristic of a Woolworths' career. 8.9% of Executives moved across divisions (90 people) in 2010, compared to 7.2% the previous year<sup>(3)</sup>.

We have also promoted a number of talented internal women into senior line management positions within the organisation. Some of these roles include: Head of Buying & Marketing (Dick Smith), National Operations Manager – Food & Liquor (Logistics), Area Manager (Supermarkets) and Senior Property Manager (Corporate).

Long service is valued. Many employees have had long service, including our newly appointed CEO Grant O'Brien, who has spent over 24 years with Woolworths. While 16% of all employees have more than

(1) Excludes Cellarmasters.

(2) Excludes PEL, ALH Group, Cellarmasters, India, Hong Kong, Danks, Becks, Gunns, and BMH.

(3) Includes all Woolworths paid Executives only.

## Training on human rights policies and procedures

Recorded training attendances	140,248
Total hours	518,060

Excludes PEL, ALH Group, Dick Smith NZ, Hong Kong, India, Danks, Becks, Gunns, BMH and Cellarmasters.

## Employee turnover by region

2011	Total turnover			% Labour turnover		
	Female	Male	Total	Female %	Male %	Total %
Australian Capital Territory	594	657	1,251	45.8	42.7	44.1
New South Wales	5,948	6,215	12,163	21.0	25.6	23.2
Northern Territory	582	561	1,143	60.2	72.2	65.5
Queensland	6,822	5,788	12,610	31.1	34.7	32.7
South Australia	1,725	1,878	3,603	27.8	31.1	29.4
Tasmania	569	483	1,052	21.5	27.4	23.8
Victoria	4,865	5,397	10,262	21.8	25.5	23.6
Western Australia	3,500	3,060	6,560	40.5	49.2	44.1
New Zealand	2,700	2,444	5,144	25.5	31.6	28.1
India	2	11	13	12.0	15.5	14.9
Hong Kong	13	20	33	21.6	40.5	30.1
<b>Total</b>	<b>27,320</b>	<b>26,514</b>	<b>53,834</b>	<b>26.5</b>	<b>30.7</b>	<b>28.5</b>

Excludes Danks, Becks, Gunns, BMH, Dick Smith NZ and Cellarmasters.

10 years of service<sup>(1)</sup>, 46% of Executives have been with the Company for 10 years or more<sup>(2)</sup>. In addition, over 6,100 past and present employees are members of the 25 Year Club<sup>(3)</sup>.

The nature of retailing means a high proportion of our team join on a casual basis, while still at school. A range of pathways are available to allow these new employees to build their careers, develop their skills and then convert to permanent employment. Programs include school-based and certificate traineeships and apprenticeships. A number of pathways exist for store staff to progress to management roles, including the Store Management Trainee Program and the Woolworths Graduate Program.

## Developing Talent

### Training and development

In 2011, we invested over \$60 million in learning and development training. This spanned core training programs, training for new employees and leadership programs for managers and executives.

One of our most important priorities remains the development of young Australians. We are proud that our Supermarket division has one of the largest groups of apprentices and trainees in Australia.

Other training examples include:

- The 12-month Future Leader Program targeted at managers early in their careers and designed to develop leadership skills to position participants for future promotion;
- The 18-month Engaging Leaders Program targeted at leaders who have the potential to move into executive positions in the future; the 18-month Human Resources Strategic Development Program; the 18-month Buying Skills Development Program; the Day-to-Day Management Program, which provides core management principles and is targeted at new frontline managers; and
- Personal Leadership, which enables employees to develop insights into their leadership styles and develops personal effectiveness and resilience.

### New employees by division

2011	Female	Male	Total
Supermarkets	16,220	14,881	<b>31,101</b>
BIG W	3,722	2,827	<b>6,549</b>
Logistics	119	1,009	<b>1,128</b>
Petrol	530	493	<b>1,023</b>
Liquor	543	1,095	<b>1,638</b>
Corporate	59	68	<b>127</b>
Thomas Dux	76	56	<b>132</b>
Dick Smith	351	814	<b>1,165</b>
IT	13	20	<b>33</b>
Home Improvement	71	72	<b>143</b>
<b>Total</b>	<b>21,704</b>	<b>21,335</b>	<b>43,039</b>

Excludes PEL, ALH Group, Hong Kong, India, Dick Smith NZ, Cellarmasters, Danks, Becks, Gunns and BMH.

### New employees by age

2011	Female	Male	Total
<25	13,663	14,937	<b>28,600</b>
25-<35	3,612	3,781	<b>7,393</b>
35-<45	2,558	1,541	<b>4,099</b>
45-<55	1,521	720	<b>2,241</b>
55-<65	335	337	<b>672</b>
>65	15	19	<b>34</b>
<b>Total</b>	<b>21,704</b>	<b>21,335</b>	<b>43,039</b>

Excludes PEL, ALH Group, Hong Kong, India, Dick Smith NZ, Cellarmasters, Danks, Becks, Gunns and BMH.

### New employees by state

2011	Female	Male	Total
Australian Capital Territory	557	656	<b>1,213</b>
New South Wales	5,903	6,027	<b>11,930</b>
Northern Territory	678	630	<b>1,308</b>
Queensland	4,893	4,203	<b>9,096</b>
South Australia	1,616	1,729	<b>3,345</b>
Tasmania	405	353	<b>758</b>
Victoria	4,264	4,880	<b>9,144</b>
Western Australia	3,388	2,857	<b>6,245</b>
<b>Total</b>	<b>21,704</b>	<b>21,335</b>	<b>43,039</b>

Excludes PEL, ALH Group, Hong Kong, Dick Smith, NZ, Cellarmasters, Danks, Becks, Gunns and BMH.

### Employee turnover by age

2011	Total turnover			% Labour turnover		
	Female	Male	Total	Female %	Male %	Total %
<25	15,452	16,066	31,518	39.2	38.5	38.9
25-<35	5,280	6,337	11,617	26.6	30.0	28.4
35-<45	3,316	2,279	5,595	18.3	19.9	18.9
45-<55	2,181	1,101	3,282	12.9	14.7	13.5
55-<65	941	601	1,542	11.8	15.6	13.0
>65	150	130	280	20.2	22.6	21.3
<b>Total</b>	<b>27,320</b>	<b>26,514</b>	<b>53,834</b>	<b>26.5</b>	<b>30.7</b>	<b>28.5</b>

Excludes Dick Smith NZ, Danks, Becks, Gunns, BMH and Cellarmasters.

(1) Excludes Dick Smith NZ, Danks, Becks, Gunns, BMH and Cellarmasters.

(2) Includes all Woolworths paid executives only.

(3) Includes full-time, part-time Woolworths, PEL, Dick Smith NZ, Hong Kong and India.

# Our People

## Parental leave

2011	Number of employees who accessed parental leave during 2011			Number of employees returned from parental leave during 2011	Employee turnover while on parental leave during 2011
	Paid	Unpaid	Total		
Male	0	14	14	12	1
Female	1,545	642	2,187	1,738	307
<b>Total</b>	<b>1,545</b>	<b>656</b>	<b>2,201</b>	<b>1,750</b>	<b>308</b>

Excludes PEL, ALH Group, Cellarmasters, India, Hong Kong, Danks, Becks, Gunns and BMH.

## 25 year club

	%	Number
New inductees 2011	10.7	663
Current serving	53.7	3,311
Old Woolworthians	31.6	1,952
Resigned < 55 years old	4.0	246
<b>Total</b>	<b>100</b>	<b>6,172</b>

Includes full-time and part-time employees in Woolworths, ALH Group, PEL, Dick Smith NZ, Hong Kong and India.

## Training participation

Training attendances	2010	2011	% Change
Induction	71,311	100,768	41.3
Trainees & apprentices (indentured)	5,060	4,607	(8.9)
Systems & general training	308,798	1,379,472	346.7
Management development	7,270	7,700	5.9
Executive development	685	591	(13.7)

**Note:** Significant increase in training figures resulted from improvement in recording training. This includes on job and off job induction. 120 = MGSM Students 118 = Exec 360's

### Training attendances – gender

	Female	Male
Induction	47,078	40,758
Trainees & apprentices (indentured)	1,554	2,898
Systems & general training	801,340	558,399
Management development	3,332	4,368
Executive development	192	399

### Training attendances – employment type

	Casual	Part-time	Full-time
Induction	43,947	30,194	13,695
Trainees & apprentices (indentured)	–	252	4,200
Systems & general training	381,255	575,903	402,581
Management development	352	1,784	5,564
Executive development	–	4	587

Induction data excludes PEL.

Training participation data excludes ALH Group.

## Code of Conduct training

	2010 trained	2010 % trained	2011 trained	2011 % trained
ALH Group	19	0.1%	13,879	100.0
Progressive Enterprises Limited	5,200	28.5%	15,740	86.4
Woolworths Group	129,293	83.1%	142,407	91.5
<b>Total</b>	<b>134,512</b>	<b>71.9%</b>	<b>172,026</b>	<b>91.6</b>

All training data on this page excludes Dick Smith NZ, Hong Kong, BMH, Gunns, Becks, India and Cellarmasters.

## Graduate program

The Woolworths Graduate Program offers employees career opportunities during their transition from tertiary studies to full-time employment. Those who have either recently graduated or are in their final year of tertiary studies are eligible to apply; we currently have 56 employees participating.

The retention of graduates is particularly high – with over 87.4% of participants staying with the Company.

## Macquarie Graduate School of Management (MGSM)

Our academic programs through our partnership with MGSM are designed to broaden thinking and expose employees with future management potential to contemporary business thinking beyond the Company. In 2011, there were 120 employees enrolled in study programs.

## Mentoring and networking

Mentoring is one way our people can actively drive their own development. By partnering with more experienced executives, employees can build knowledge, develop their skills and support their own career growth. Specific recent initiatives include:

- Cross-divisional mentoring for Executives;

- Leadership development programs which foster mentoring relationships within function or division or across the broader business; and
- The Executive Leadership Team’s active role in mentoring talent.

To provide additional informal learning opportunities, we continue to run a range of networking activities. These include:

- The Chief Executive Officer Network Forum, which provides young leaders with a forum to discuss and debate key business and community issues in an informal setting with the CEO; and
- Senior management forums.

## Compliance training

Woolworths operates in an environment which carries many compliance risks; however, with clear boundaries, strong support, leadership and guidance, our people can focus on what they do best.

Woolworths’ 11 Leadership Qualities provide a consistent and clear understanding of expected employee behaviours. These qualities are outlined in the Code of Conduct, for which 91.6%<sup>(1)</sup> of employees have received training (an increase from 71.9% last year). Examples of training that enable employees to operate in

accordance with regulations and legislation include:

- Trade practices training;
- Responsible Service of Alcohol (RSA) – which we deliver in all states, even those where we are not legislatively required to do so;
- Safety training;
- Fire safety training;
- Food safety training;
- Sale of tobacco training; and
- Weights and measures training.

## Health and Wellbeing

Showing care and commitment to our employees’ health and wellbeing continues to build employee engagement and reinforces our commitment to health and safety.

Through the executive health check program, there has been an improvement in cholesterol, glucose levels and blood pressure levels against both the Australian norm and last year’s figures.

Woolworths is currently participating in the Victorian Government’s WorkHealth initiative. The initiative targets the relationship between chronic disease and workplace injury, using the workplace as a setting to educate workers about the risk of developing chronic disease, and to empower line managers to value worker health as a key to successful business.

# 91.6%

of our employees received training in the Code of Conduct.



(1) Excludes Dick Smith NZ, Hong Kong, Gunns, Becks, BMH, India and Cellarmasters.

# Our People



Commencing in March 2011, more than 400 employees have already participated. In partnership with Nicabate, we launched a QUIT Smoking program through the employee website “AllYours” where employees receive discounts on Nicabate products and regular updates and advice via email. Since commencing in May 2011, we have had 225 employees participate in this program.

A range of other initiatives continue, including our partnerships with MBF, Fitness First and Weight Watchers to enable employees to access discounted membership rates. At our support offices in Pennant Hills and Norwest, employees are encouraged to participate in flu vaccination and Red Cross blood donation programs.

## Employee Assistance Program

Woolworths offers employees and their immediate families access to an Employee Assistance Program which enables access to a confidential counselling service free of charge. During the year, 1,256 employees used the service, with 62% of referrals for personal, non-work related reasons.

## Rewarding Performance and Remuneration

### Leadership and performance culture

Key to our success is the alignment of our leadership behaviour and culture with our business strategy. The Leadership Qualities provide a framework with clear expectations for all of our team and are a key focus of consideration when making management appointments.

As part of our ongoing HR framework, the Leadership Qualities have been incorporated in all activities including Recruitment, Performance Appraisal, Succession, Remuneration and Career & Development.

### Performance development

All salaried employees complete an annual performance review with their managers based on key performance indicators (KPIs) developed after the Company’s business plans have been set. The outcome of the review is reflected in the employee’s annual remuneration review and Short Term Incentive Plan (STIP).

## Share purchase plan

	2011 – 2012 SPP	
Final uptake	16,107	15.3%
STIP eligible employees	2,685	15.3%
Salaried employees	13,422	15.3%

## Liability for defined benefit obligation

As at	June 11 \$m	June 10 \$m
Defined benefit obligation	(2,104)	(1,837)
Fair value of assets	2,016	1,753
Liability for defined benefit obligation	(88)	(84)



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

### Remuneration

Woolworths continues to provide market competitive benefits and remuneration. Our remuneration structure includes fixed and variable, performance-based components, depending on the employee's position.

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

### Share purchase plan

The Woolworths Share Purchase Plan plays an important role in encouraging employees to build an ownership stake in the business. Under the plan, an annual invitation allows participating employees to acquire Woolworths shares using pre-tax rather than

after-tax income. Participation is entirely voluntary. Under the 2011 plan, 16,107 employees participated. We now have approximately 45,000 employee shareholders.

### Superannuation

Woolworths Limited makes superannuation contributions for employees of the Company to certain Company sponsored superannuation funds at rates set out in Trust Deeds and Rules governing these funds and in accordance with legislative requirements.

Extracts from the Company's 2011 Annual Report covering the Woolworths Group Superannuation Plan's (WGSP) financial position are shown in the table opposite. More details are available in Notes to the Financial Statements (Note 23) contained in the Annual Report.

### Recognition

Recognition of our high achievers, who have gone above and beyond their everyday work, is an important part of our company culture. The annual Woolworths Heroes Program recognises



### Enterprise Agreement (EBA) employees

	% 2010	% 2011
ALH	0.1	0.0
PEL	28.5	31.5
WOW	83.1	84.5
<b>Total</b>	<b>71.9</b>	<b>73.1</b>

Excludes Dick Smith NZ, Hong Kong, India, Cellarmasters, Danks, Becks, Gunns and BMH. There is a notable difference in the definition of an EBA employee in Australia compared to New Zealand. For PEL, union membership = 5,729.

### Annual performance reviews

	Female %	Male %	Total %
ALH Group	9.2	14.4	11.7
Progressive Enterprises Limited	16.2	23.2	19.2
Woolworths Group	11.2	18.8	14.7
<b>Total</b>	<b>11.6</b>	<b>18.8</b>	<b>14.9</b>

Only salaried employees complete annual performance reviews. Excludes Dick Smith NZ, Hong Kong, Danks, Becks, Gunns, BMH, India and Cellarmasters.

## Our People

**73.1%**

of our workforce covered by enterprise agreements.



outstanding contributors to our business, community and environment. This year we also recognised Company Legends, people who assisted in communities affected by natural disasters over the past 12 months.

Established in 1995, the Paul Simons Award is an annual program that recognises the development of young people within the Company. Participants are nominated from all divisions and a winner is selected in each of the following categories:

– Apprentice of the Year;

- Certificate III of the Year;
- Certificate IV of the Year;
- Graduate of the Year; and
- Trainee Buyer/Planner of the Year.

The Joe Berry Award is an external competition acknowledging and recognising outstanding young (35 years and under) achievers in retail. Some of the country's most prominent retail and supplier managers have won this competition, which began in 1986. Woolworths had one finalist in the Joe Berry 2011

Young National Executive of the Year: Mitch Proestos, Store Manager Woolworths Noosa.

(1) Excludes Dick Smith NZ, Hong Kong, India, Cellarmasters, Danks, Becks, Gunns and BMH.

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# Our Approach to Corporate Responsibility and Sustainability

Woolworths Limited has made commitments and implemented strategies to position itself as a leader in corporate responsibility. To always be a responsible and sustainable business, our commitments must be supported at all levels of the business.

We focus on issues that are material to our business and aim to achieve alignment with overall business objectives, manage our risk and take advantage of emerging trends and opportunities.

## Mainstreaming corporate responsibility in our business

Key strategies within the business detail our corporate responsibility priorities. The Destination ZERO safety strategy, Sustainability Strategy 2007-2015 and Community Investment Strategy assist in providing the direction and focus for practices, policies and investment.

## Governance framework

Corporate governance is at the core of Woolworths' and the Board's approach to the enhancement of shareholder value and the protection of shareholder funds. Integral to shareholder value is protecting and enhancing our reputation and this is why the Board oversees the Company's approach to corporate responsibility and sustainability.

The Woolworths corporate governance framework meets the relevant regulatory requirements in Australia along with established best practice standards. As a listed Australian company, Woolworths follows the Australian Securities

Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (second edition). Our Directors are committed to ethical conduct by the Company.

Relevant documents outlining our corporate governance framework are publicly available at [www.woolworthslimited.com.au](http://www.woolworthslimited.com.au). Additional information about the Woolworths corporate governance framework is available in the Corporate Governance Statement in our 2011 Annual Report.

## Board of Directors

The Board of Directors is accountable to shareholders for the Company's performance and its responsibilities include Woolworths' corporate governance practices. The Board's principal objective is to maintain and increase shareholder value while ensuring Woolworths' overall activities are properly managed.

The Board of Directors has 11 Directors, eight being Non-executive Directors, including the Chairman and three Executive Directors, the Managing Director and Chief Executive Officer, the Finance Director and the Chief Executive Officer-designate. Key details for each Director, including qualifications, special responsibilities and other directorships of listed companies,

are available in our 2011 Annual Report and on our website.

The Board views its ongoing support of the highest standards of corporate governance as fundamental to its commitment to business integrity and professionalism in all its activities. It regularly reviews the practices and standards governing its composition, independence and effectiveness, and the accountability and compensation of its directors and senior executives.

The Board has established a number of committees to support it in matters that require more intensive review. More information on Board committees, their roles and responsibilities can be found in the Annual Report 2011 and the Company's website.

Corporate responsibility and sustainability performance is reported to the Board on a monthly basis, whilst greater details are provided in quarterly presentations to the Board on key performance indicators, emerging issues and reputation.

## Risk management framework

Woolworths has an enterprise-wide risk management framework to effectively identify and manage its material business risks. As part of the company-wide strategic planning process, all trading and

non-trading divisions develop individual risk management plans using a common risk rating methodology. Divisional risks are then rolled up into an indicative group risk profile, which is then reviewed by the Management Board, tabled and reviewed at the Board off-site, and formally reported to the Audit, Risk Management and Compliance Committee.

The Risk Steering Group, a group-level management committee, meets regularly through the year to review and discuss material business risk reports. There is also a wide range of operational risk management programs across the Company, including safety and health, product safety, compliance, sustainability, IT security, project management, WOW Care, business continuity and risk financing.

## Senior management

Woolworths' safety culture is a daily consideration for all staff. The effectiveness of our safety and health vision, principles, policy, standards, initiatives and procedures is evaluated during the monthly meetings of the Safety and Health Executive Committee, which is comprised of divisional management and chaired by the CEO.

Progress on our targets and commitments in the Sustainability Strategy are monitored by the

# Our Approach to Corporate Responsibility and Sustainability

Sustainability Executive Committee, which is chaired by the CEO and attended by the Directors and General Managers of trading and support divisions.

## Divisional level

Every employee is responsible for safety and health and they are supported by specialist advice from Safety, Health & Environment (SH&E) personnel. Woolworths' workforce is represented in formal joint management-worker health and safety committees. These safety teams operate in the workplace and their functions are formalised through charters, procedures and legislative requirements where applicable.

Sustainability Coordinators and essential support staff implement sustainability initiatives in key businesses and logistics.

## Corporate Responsibility Panel

Woolworths continues to seek advice and new perspectives on corporate responsibility from an advisory panel of Australian and New Zealand leaders in this field. Our CEO and senior management have engaged with the panel and obtained fresh insights into key strategies.

During the past year, the panel has consisted of:

- **Stephen Dunne**  
MD, AMP Capital Investors;
- **Dr Cassandra Goldie**  
CEO, The Australian Council of Social Service;
- **Dr Simon Longstaff**  
Executive Director, St James Ethics Centre (Panel Chair);
- **Sam Mostyn**  
Non-executive Director and Board Member for a number of companies and organisations;
- **Dermot O’Gorman**  
CEO, WWF Australia;

- **Guy Salmon**  
Executive Director, Ecologic Foundation, New Zealand;
- **Bob Welsh**  
CEO, VicSuper (until December 2010); and
- **Leann Wilson**  
Strategic Relationships Manager, Department of Education, Employment and Workplace Relations.

## Transparency and reporting

Woolworths has company policies and practices that meet high levels of disclosure and compliance. As a large business, with global investors, we receive many requests for disclosure so we rely upon the Company’s Corporate Responsibility Report to address most of these queries.

Woolworths uses the globally recognised reporting framework developed by the Global Reporting Initiative (GRI). The GRI reporting framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. This report was prepared in line with the G3.1 Guidelines.

Woolworths reported to the Carbon Disclosure Project (CDP), both on carbon disclosure and water disclosure. The CDP is an investor driven disclosure initiative enabling companies to report on risk identification and mitigation processes related to climate change and water security.

Woolworths also participates in the Dow Jones Sustainability Index, a global index that tracks the financial performance of leading sustainability-driven companies.

## Anti-corruption

Woolworths’ Code of Conduct is the cornerstone for how we expect our employees to work and represent the Company.

The Code of Conduct provides guidance on our commitment to the highest legal, moral and ethical standards in our dealings with customers, suppliers, employees and local communities.

The Code of Conduct clearly details expected behaviours in how we engage with vendors and also employees’ responsibility in declaring conflicts of interest. The Code of Conduct was updated to formally include content on the “Speak Up” whistle-blower program so that all new employees receive this information. For more information, refer to page 45 in Our People section.

The Code of Conduct is supported by processes like our vendor dispute resolution and incident escalation process which is communicated through our vendor website and Vendor Guide.

Business Review conducts analysis reviews in response to specific requests by management. Reviews conducted by Business Review, in 2011, included specific supplier product pricing trends, lost time injury reporting, service contractor charging behaviour and stock loss analysis. Trading and support divisions are assessed as required.

## Political donations

Recent Federal and State Government elections continue to offer an ever-changing policy and political landscape. Woolworths prepares for legislative and regulatory reforms through direct engagement with political parties in Australia and New Zealand. Our policy is to not make outright

cash donations to political parties; however, we do permit attendance as business observers at political conferences which may require an admission fee. Woolworths adheres to all relevant political disclosure laws and regulations and strives to make contributions in a bi-partisan manner.

In 2011, we contributed (for attendance to conferences and other functions) \$55,190 to the Australian Labor Party and \$60,750 to Coalition parties (Liberal Party and the Nationals) across Australia. Woolworths did not make political donations in New Zealand.

## Privacy policy

Woolworths is committed to meeting the National Privacy Principles for the Fair Handling of Personal Information, which sets standards for the collection, use, disclosure, access, storage and destruction of personal information that we collect as part of our business operations.

Our respect for our customer’s right to privacy of their personal information is paramount. We have a general privacy policy and a number of product specific privacy policies covering various aspects of our business. Our privacy policy is available on all our websites.

In line with our focus on continuous improvement, we are currently reviewing the implications of the proposed Australian Privacy Principles which are designed to replace the current National Privacy Principles.

## Corporate Responsibility Panel meetings in 2011

Meeting	Agenda items
11 August 2010	Responsible Service of Gaming
6 December 2010	Greening the Supply Chain; Sustainable Supply Chain Certifications and Consumer Products
18 March 2011	Cost of Living and Competition; Reconciliation Action Plan

# Independent Assurance Statement



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## INDEPENDENT ASSURANCE STATEMENT

To the Board of Directors and Management of Woolworths Limited:

Woolworths Limited (Woolworths) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of Woolworths' 'Corporate Responsibility Report 2011' (the 'Report'). The Report presents Woolworths' corporate responsibility performance over the period 1 July 2010 to 30 June 2011. Woolworths was responsible for the preparation of the Report and this statement represents the assurance provider's independent opinion. In performing its assurance activities, Net Balance's responsibility is to the Board and Management of Woolworths 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 Standard and Objectives

The assurance engagement was undertaken in accordance with the AA1000 Assurance Standard (AA1000AS (2008)). Assurance using this standard provides a comprehensive process of ensuring an organisation is responsible for its management, performance and reporting on corporate responsibility issues. This is achieved through the evaluation of the organisation's adherence to the AA1000 AccountAbility Principles (2008), and by reviewing the accuracy and quality of disclosed corporate responsibility performance information.

The AA1000 Accountability Principles (2008) against which Woolworths' processes are assessed include:

**Inclusivity:** An assessment is made on whether the organisation has included stakeholders in developing and achieving an accountable and strategic response to corporate responsibility.

**Materiality:** An assessment is made on whether the organisation has included in its Report the material information required by its stakeholders to be able to make informed judgements, decisions and actions.

**Responsiveness:** An assessment is made on whether the organisation has responded to stakeholder concerns, policies and relevant standards and adequately communicated these in its Report.

### Assurance Type and Scope

Net Balance provided 'Type 2' assurance in accordance with the AA1000AS (2008). This involved an assessment of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and an assessment of the accuracy and quality of the Report's corporate responsibility performance related information.

The review of accuracy and quality of corporate responsibility performance information was undertaken using Woolworths' internal protocols and the Global Reporting Initiative's (GRI) G3 principles of quality.

### 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 covered the whole Report and focused on systems and activities of Woolworths during the reporting period, with the following exceptions:

- The scope of work did not involve verification of financial data, other than that relating to environmental, social or broader economic performance.
- The verification process was conducted primarily at Woolworths' Bella Vista Head Office as well as the Pennant Hills office, both located in New South Wales, Australia.

### Assurance Methodology

The assurance engagement was undertaken from July to October 2011, and the process involved:

- Development of a materiality register using the AA1000 AS (2008) 'five-part materiality test', including a comparison of Woolworths against selected peers, a risk review, a review of selected Australian media, a policy review and review of stakeholder feedback.
- Divisional senior management interviews to assess the effectiveness of policy, procedures and frameworks in place to manage corporate responsibility across various Woolworths' divisions.

# Independent Assurance Statement



- A review of Woolworths' key corporate responsibility strategies, policies, objectives, management systems, measurement and reporting procedures, background documentation and data collection and reporting procedures.
- Interviews with key staff responsible for preparing the Report to ascertain their views, understanding and response to material corporate responsibility issues faced by the organisation.
- Interviews with key personnel responsible for collating and writing various parts of the Report in order to substantiate the veracity of selected claims.
- 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 112 selected data points and statements made in the Report and evaluation of the data and statements against Woolworths' internal data protocols and the GRI G3 Principles of Quality.
- Collecting and evaluating evidence to support the assurance work undertaken.
- A GRI G3.1 Application Level Check.

## Our Independence

Net Balance was not responsible for preparation of any part of the Report. The assurance team's independence was ensured by selecting a team that had no other significant involvement with Woolworths during the reporting period that could impair the team's independence or objectivity. Net Balance also completed the Global Reporting Initiative (GRI) G3.1 Application Level Check for the Report and undertook verification of Woolworths' 2010/11 reporting data in relation to the National Greenhouse and Energy Reporting (NGER) Act 2007. These projects were deemed complementary to the assurance function and therefore were deemed not to impact upon the team's independence or objectivity.

## Our Competency

The Woolworths' assurance engagement was carried out by an experienced team of professionals led by a Lead Certified Sustainability Assurance Practitioner (Lead CSAP), accredited by AccountAbility UK. The project included specialists with expertise in environmental, social and economic performance measurement across a range of industry sectors. Net Balance is a global leader in the use of AccountAbility's AA1000AS, having undertaken over 100 assurance engagements in Australia over the past five years.

## Findings and Conclusions

### Adherence to AA1000 Principles

**Inclusivity:** Woolworths has effective systems in place to collect feedback from key stakeholders to ensure that the organisation appropriately measures, monitors and manages its material corporate responsibility issues. Specialist teams that are responsible for keeping abreast of corporate responsibility related issues are regularly engaged by senior management to ensure the Group is aware of emerging issues arising from the range of stakeholders. Woolworths demonstrates the resource capacity and capability to effectively include its stakeholders in management dialogue, and is continually improving the information systems used to support these processes. During the reporting period, Net Balance observed continued improvements in the customer feedback information systems and processes, as well as continued focus by senior management to review and understand stakeholder concerns. Feedback channels continue to work well across a range of corporate responsibility issues including corporate governance, anti-corruption, community engagement, government relations, responsible service of alcohol and gaming, employee and safety programs, and quality assurance of private label products.

**Materiality:** Woolworths determines its material corporate responsibility issues through two main channels within its operations. Firstly, through specialist teams responsible for monitoring and identifying issues within their fields of expertise. These teams are either stand-alone within a Group function or embedded within relevant divisional teams. Secondly, through divisional operational management teams and their identification of issues arising during day-to-day operations and subsequently addressed in consultation with specialist teams, where required. A number of divisional heads were interviewed during this assurance process. They demonstrated a robust understanding of corporate responsibility issues material to their division.

**Responsiveness:** Woolworths continues to become more sophisticated in its responses to material corporate responsibility issues and efficiency in addressing them. Net Balance has noted an increased focus on the speed of response and management focus on feedback channelled through its customer service centres, stores and increasingly, social media. Management of responses to issues is also shared between divisional management teams as well as specialist Group teams charged with managing specific corporate responsibility related issues. The Group's management approach is central to driving a genuine culture that is focused on adequate responsiveness to its stakeholders on issues that matter to them. Net Balance also notes as good practice Woolworths' approach to responding to issues of shareholder concern through the 2010 AGM Chairman's Address, which covered formal responses to issues including executive remuneration, sourcing Australian products, shareholder discount card, and gaming operations.

#### Reliability of Performance Information

Based on the scope of the assurance process, the following was observed with regard to performance information:

- The findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting corporate responsibility performance information.
- The level of accuracy of corporate responsibility performance information was found to be within acceptable limits.
- Data trails selected were generally identifiable and traceable, and personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The corporate responsibility performance disclosures presented within the Report appropriately reflect environmental, social and economic performance achieved during the period.
- The GRI G3.1 Application Level Check found the Report was classified as A+.

Overall, it is Net Balance's opinion that the information presented within the Report is fair and accurate and that the Report is a reliable account of Woolworths' corporate responsibility performance during the reporting period.

#### The Way Forward

Woolworths continues to demonstrate leadership in the retail sector globally in regards its corporate responsibility disclosures and performance. This year, Net Balance has identified improvements in corporate responsibility performance information across the following areas:

- customer feedback collection and responses are being increasingly centralised and more systematically managed
- quality assurance and the embedding of ethical sourcing requirements continue to be enhanced through a more consistent approach across divisions
- occupational, health and safety performance management and data quality have both improved
- most report content providers are better engaged, trained and prepared for the independent assurance process.

To remain at the forefront of corporate responsibility performance in relation to its industry peers and other publicly listed companies, Net Balance would like to see Woolworths focus on:

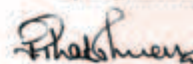
- some planned additional improvements to its management information systems in relation to product quality assurance as well as human resources
- continuously ensuring capacity building and support to staff responsible for data collection and analysis processes, particularly where new resources are tasked with reporting responsibilities
- further improving consistency in data collation across all reporting areas and divisions by using more consistent categories and boundaries for performance data aggregation
- establishing and documenting formal data management and reporting protocols and procedures for performance metrics
- formalising the process for corporate responsibility issues identified through stakeholder engagement channels and for informing report content on an annual basis
- enhancing current processes for reviewing material issues on an annual basis to feed into existing risk management frameworks, including a focus on potential cross divisional financial impacts of corporate responsibility related risks and issues
- considering additional channels for providing concise and relevant corporate responsibility performance information to select specific communities, customer groups and other stakeholder to extend its disclosure reach.

Net Balance has provided recommendations and suggestions that have been outlined in a separate, more detailed report presented to Woolworths' Board and Management.

On behalf of the assurance team

18 October 2011

Sydney, Australia



Terence Jeyaretnam, FIEAust  
Director, Net Balance & Lead CSAP (AccountAbility UK)



AA1000  
Licensed Assurance Provider  
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# United Nations Global Compact

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Woolworths Limited addresses the 10 accepted principles of the UNGC in the following manner:

Principles	Actions
<b>Human Rights</b>	
<b>Principle 1</b> Protection of Human Rights	Ethical Sourcing Policy and audit program, Pages 14-15
<b>Principle 2</b> No Complicity in Human Rights Abuse	Ethical Sourcing Policy and audit program, Pages 14-15
<b>Labour</b>	
<b>Principle 3</b> Freedom of Association and Collective Bargaining	Ethical Sourcing Policy and audit program, Pages 14-15 Freedom of Association and Union Engagement, Page 48
<b>Principle 4</b> Elimination of Forced and Compulsory Labour	Ethical Sourcing Policy and audit program, Pages 14-15
<b>Principle 5</b> Abolition of Child Labour	Ethical Sourcing Policy and audit program, Pages 14-15
<b>Principle 6</b> Elimination of Discrimination	Diversity and equal opportunity, Pages 39-40
<b>Environment</b>	
<b>Principle 7</b> Precautionary Approach	No explicit reference to precautionary approach. Approach to risk management, Page 49
<b>Principle 8</b> Environmental Responsibility	Environment, Pages 24-33
<b>Principle 9</b> Environmentally Friendly Technologies	Technology addressing climate change, water conservation, transport and packaging, Pages 28-31
<b>Anti-Corruption</b>	
<b>Principle 10</b> Work Against Corruption	Anti-corruption, Page 50



# Global Reporting Initiative

The Woolworths Limited annual corporate responsibility reports are prepared in accordance with the Global Reporting Initiatives (GRI) Sustainable Reporting Guidelines (G3.1). This index contains a summary of the guidelines indicators that have been reported on, and where they were reported; a more comprehensive index is found at [www.woolworthslimited.com.au](http://www.woolworthslimited.com.au).

GRI	Description	Page	GRI	Description	Page
1.1	Statement from the Chairman and CEO	4-5	<b>Disclosure on Economic Management Approach</b>		
1.2	Key impacts, risks, and opportunities	2-5, 49-50	<b>EC1</b>	Direct economic value generated and distributed	11, 20-21, AR ii-iii, 18-19
2.1	Name of the organisation	Front cover	<b>EC2</b>	Financial implications of climate change	28
2.2	Primary brands, products, and/or services	1, 11-19	<b>EC3</b>	Defined benefit plan obligations	46-47, AR 101
2.3	Operational structure of the organisation	1, 11, AR 156-159	<b>EC4</b>	Significant financial assistance received from government	GRI Index
2.4	Location of organisation's headquarters	59	<b>EC5</b>	Ratios of standard entry level wage compared to local minimum wage	46
2.5	Number of countries where the organisation operates	1, 10	<b>EC6</b>	Policy on locally-based suppliers	17
2.6	Nature of ownership and legal form	10, AR 167	<b>EC7</b>	Procedures for local hiring	40-43, GRI Index
2.7	Markets served	10-11, 57, AR 42	<b>EC8</b>	Infrastructure investments and services for public benefit	20-23
2.8	Scale of the reporting organisation	10-11, 34-35	<b>EC9</b>	Indirect economic impacts	11, 21-23
2.9	Significant changes during the reporting period	11, AR 14-16	<b>Disclosure on Environmental Management Approach</b>		
2.10	Awards	1	<b>EN1</b>	Materials used by weight or volume	17, 31, 33
3.1	Reporting period	1	<b>EN2</b>	Percentage of materials used that are recycled input materials	31, GRI Index
3.2	Date of most recent previous report	10-11	<b>EN3</b>	Direct energy consumption by primary energy source	28-30
3.3	Reporting cycle	Annual	<b>EN4</b>	Indirect energy consumption by primary source	28-30
3.4	Contact point for the report	Contact details, 59	<b>EN5</b>	Energy saved due to conservation and efficiency improvements	28-30
3.5	Process for defining report content	8-9, 50	<b>EN6</b>	Initiatives to provide energy-efficient products and services	28
3.6	Boundary of the report	1	<b>EN7</b>	Initiatives to reduce indirect energy consumption	28-30
3.7	Limitations on the scope or boundary	1	<b>EN8</b>	Total water withdrawal by source	30-31
3.9	Data measurement techniques	Where relevant	<b>EN9</b>	Water sources significantly affected by withdrawal of water	30-31
3.10	Explanation of restatements	Nil	<b>EN10</b>	Percentage and total volume of water recycled and reused	30-31, GRI Index
3.11	Significant changes from previous reporting periods	Nil	<b>EN11</b>	Location and size of land owned near areas of high biodiversity value	33, GRI Index
3.12	Table of Standard Disclosures	55-56	<b>EN12</b>	Description of significant impacts on biodiversity in protected areas	33, GRI Index
3.13	External assurance for the report	51-53	<b>EN13</b>	Habitats protected or restored	33, GRI Index
4.1	Governance structure of the organisation	49, AR 69-76	<b>EN14</b>	Managing impacts on biodiversity	17-18, 33
4.2	Chair of the highest governance body	49	<b>EN15</b>	IUCN Red List species	33, GRI Index
4.3	Independent and/or non-executive members	49	<b>EN16</b>	Total direct and indirect greenhouse gas emissions	28-30
4.4	Mechanisms for providing recommendations to the Board	49-50, AR 79, GRI Index	<b>EN17</b>	Other relevant indirect greenhouse gas emissions	28-30
4.5	Linkage between compensation and performance	AR 46-51	<b>EN18</b>	Initiatives to reduce greenhouse gas emissions	28-30
4.6	Avoiding conflicts of interest	AR 71	<b>EN19</b>	Emissions of ozone-depleting substances	30
4.7	Determining the qualifications and expertise of the Board	49, AR 71	<b>EN20</b>	NOx, SOx, and other significant air emissions by type and weight	GRI Index
4.8	Mission statements, values and code of conduct	14-15, 24-27, 36, 50, AR 77-79	<b>EN21</b>	Total water discharge by quality and destination	30-31
4.9	Management of performance	49-50, AR 77	<b>EN22</b>	Total weight of waste by type and disposal method	33
4.10	Performance evaluation	AR 46-51, 64-66	<b>EN23</b>	Total number and volume of significant spills	33
4.11	Addressing precautionary principle	28	<b>EN24</b>	Hazardous wastes	33
4.12	External corporate responsibility charters	14-15, 21, 33, 50	<b>EN26</b>	Mitigating impacts of products and services	17-18, 31
4.13	Memberships in associations	15, 21, 32, 39, 40	<b>EN28</b>	Non-compliance with environmental laws	33
4.14	List of engaged stakeholders	6-7	<b>EN29</b>	Impacts of transporting products and other goods	30
4.15	Basis for identification and selection of stakeholders	6-7			
4.16	Approaches to stakeholders	6-7			
4.17	Key topics and concerns for stakeholders	6-9			

**NOTE:** Woolworths Limited Annual Report 2011 (AR); Online GRI Index (GRI); Indicators not reported were deemed not material.

# Global Reporting Initiative

GRI	Description	Page
<b>Disclosure on Labour Management Approach</b>		
LA1	Total workforce	40-41
LA2	Employee turnover	42-43
LA3	Benefits for full-time employees	46-47
LA4	Collective bargaining agreements	48
LA5	Minimum notice periods for significant operational changes	48
LA6	Workforce represented in joint management-worker health and safety committees	36, 48, GRI Index
LA7	Rates of injury, occupational diseases, lost days, and absenteeism	37, GRI Index
LA8	Education, training and risk-control programs regarding serious diseases	38, 45-46
LA9	Health and safety topics covered in formal agreements with trade unions	36-38, GRI Index
LA10	Average hours of training per year per employee	44
LA11	Career and skills management	43-45
LA12	Employee performance and career management reviews	47
LA13	Governance bodies and breakdown of employees relating to diversity	40
LA14	Ratio of basic salary of men to women by employee category	41
LA15	Return to work and retention rates after parental leave	44
<b>Disclosure on Human Rights Management Approach</b>		
HR1	Significant investment agreements that include human rights clauses	GRI Index
HR2	Supplier screening on human rights	14-15
HR3	Employee training on human rights	42
HR4	Total number of incidents of discrimination and actions taken	39
HR5	Risks to right to exercise freedom of association and collective bargaining	14-15, 48
HR6	Risks of incidents of child labour	14-15, 48
HR7	Risks of incidents of forced or compulsory labour	14-15, 48
HR9	Incidents involving rights of Indigenous people	40
HR10	Human rights reviews and impact assessments conducted on operations	40
HR11	Grievances related to human rights	40

GRI	Description	Page
<b>Disclosure on Society Management Approach</b>		
SO1	Operations with implemented local community engagement programs	13-14, 20-23
SO2	Analysis of business units for risks related to corruption	50, GRI Index
SO3	Employees trained in anti-corruption policies	44-45, 50
SO4	Actions taken in response to incidents of corruption	50
SO5	Participation in public policy development	7
SO6	Financial and in-kind contributions to political parties	50
SO7	Legal actions for anti-competitive behaviour	GRI Index
SO8	Non-compliance with laws and regulations	33, 36
SO9	Significant potential or actual negative impacts on local communities	13-14
SO10	Prevention and mitigation measures for significant impacts on local communities	13-14
<b>Disclosure on Product Responsibility Management Approach</b>		
PR1	Life cycle stages of products and services	13, 19
PR2	Non-compliance regarding health and safety impacts of products	19
PR3	Product and service information	19
PR4	Non-compliance regarding product and service information	19
PR5	Practices related to customer satisfaction	6
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing	13, 14, 19
PR7	Non-compliance with regulations and voluntary codes concerning marketing	Nil
PR8	Complaints regarding breaches of customer privacy	50
PR9	Monetary value of significant fines	GRI Index

# Store and Trading Area Analysis

Stores (number)	2011	2010	2009	2008	2007
<b>Supermarkets</b>					
NSW & ACT	255	248	241	234	237
Queensland	194	189	186	177	168
Victoria	203	200	192	187	183
South Australia & Northern Territory	76	74	72	72	72
Western Australia	83	83	82	81	79
Tasmania	29	29	29	29	27
Supermarkets in Australia	840	823	802	780	766
Supermarkets in New Zealand	156	152	149	149	149
<b>Total Supermarkets</b>	<b>996</b>	<b>975</b>	<b>951</b>	<b>929</b>	<b>915</b>
Thomas Dux	11	11	3	1	–
Freestanding Liquor	305	281	256	233	212
ALH Group Retail Outlets	488	480	463	434	424
Caltex / WOW Petrol	132	132	133	133	134
WOW Petrol – Australia	449	429	409	389	371
WOW Petrol – New Zealand	–	22	22	22	22
<b>Total Supermarket Division</b>	<b>2,381</b>	<b>2,330</b>	<b>2,237</b>	<b>2,141</b>	<b>2,078</b>
<b>General Merchandise</b>					
BIG W	165	161	156	151	142
Dick Smith Electronics	390	394	349	310	277
Tandy	4	22	87	106	123
<b>Total General Merchandise</b>	<b>559</b>	<b>577</b>	<b>592</b>	<b>567</b>	<b>542</b>
Hotels (ALH Group) (includes eight clubs)	282	284	280	271	263
Danks (Home Improvement Retail)	19	8	–	–	–
<b>Total Group</b>	<b>3,241</b>	<b>3,199</b>	<b>3,109</b>	<b>2,979</b>	<b>2,883</b>

	2011	2010	2009	2008	2007
<b>Area (sqm)</b>					
Supermarkets (Australia)	2,202,620	2,127,195	2,037,680	1,945,641	1,848,792
Supermarkets (New Zealand)	333,274	325,256	303,889	296,549	291,092
General Merchandise	1,086,082	1,061,934	1,038,561	989,767	930,288
<b>Sales per square metre</b>					
Supermarkets (Australia)	15,894.9	15,764.3	15,641.1	14,934.0	14,570.6
Supermarkets (New Zealand)	14,949.6	14,548.0	14,820.4	14,634.1	14,382.5
General Merchandise	5,241.0	5,389.8	5,588.3	5,295.9	5,106.2

# Glossary

## Australian Competition and Consumer Commission (ACCC)

ACCC is an independent Commonwealth statutory authority responsible for promoting competition and fair trade in the marketplace to benefit consumers, business and the community. [www.accc.gov.au](http://www.accc.gov.au)

## Australian Packaging Covenant (APC)

APC 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 reuse and recycling of used packaging materials. [www.packagingcovenant.org.au](http://www.packagingcovenant.org.au)

## Carbon dioxide equivalent (CO<sub>2</sub>-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 21 tonnes of carbon dioxide emissions.

## 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.

## 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](http://www.energyefficiencyopportunities.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. [www.foodbank.com.au](http://www.foodbank.com.au)

## Food Standards Australia New Zealand (FSANZ)

FSANZ is the statutory agency that develops food standards. [www.foodstandards.gov.au](http://www.foodstandards.gov.au)

## Forest Stewardship Council (FSC)

FSC is an independent, not-for-profit organisation established to promote the responsible management of the world's forests. [www.fsc.org](http://www.fsc.org)  
[www.fscaustralia.org.au](http://www.fscaustralia.org.au)

## Global warming potential (GWP)

The index used to translate the level of emissions of various gases into a common measure without directly calculating the changes in atmospheric concentrations.

## Greenhouse gases

Gases that absorb infrared radiation in the atmosphere. The six greenhouse gases under the Kyoto Protocol are: carbon dioxide, methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), halogenated fluorocarbons (HCFCs), ozone (O<sub>3</sub>), perfluorinated carbons (PFCs) and hydrofluorocarbons (HFCs).

## kt

A kilotonne is equal to one million kilograms.

## Lost Time Injury (LTI)

An LTI is defined as an injury or illness that resulted in an employee being unable to work a full scheduled shift (other than the shift on which the injury occurred).

## ML

Megalitres or million litres.

## Mt

A million tonnes or megatonnes, equates to one billion kilograms.

## MWh

Megawatt hours is a unit of measurement for electricity use, referring to the amount of electricity needed to supply power to 1,000 homes for one hour.

## National Greenhouse and Energy Reporting (NGER) Act 2007

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](http://www.climatechange.gov.au/reporting/publications/index.html)

## 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. Dick Smith is a member of PSA. [www.productstewardship.asn.au](http://www.productstewardship.asn.au)

## Program for the Endorsement of Forest Certification (PEFC) Council

The PEFC Council is an independent, non-profit organisation that promotes sustainably managed forests through independent third party certification. [www.pefc.org](http://www.pefc.org)

## Scope 1 emissions

Direct greenhouse gas emissions from sources owned or controlled by a company, such as combustion facilities (e.g. generators) and combustion of fuels in company-owned or company-controlled transportation (e.g. cars, trucks, 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 and 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 from waste disposed to landfill.

# Company Directory

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## Woolworths Limited

### Principal registered office in Australia

1 Woolworths Way  
Bella Vista NSW 2153

Tel: (02) 8885 0000

Web: [www.woolworthslimited.com.au](http://www.woolworthslimited.com.au)

## BIG W

Web: [www.bigw.com.au](http://www.bigw.com.au)

## National Supermarkets

Web: [www.woolworths.com.au](http://www.woolworths.com.au)

## Woolworths Petrol

Tel: 1300 655 055

Web: [www.woolworthspetrol.com.au](http://www.woolworthspetrol.com.au)

## BWS

Web: [www.beerwinespirits.com.au](http://www.beerwinespirits.com.au)

## Dan Murphy's

789 Heidelberg Road  
Alphington VIC 3078

Tel: (03) 9497 3388

Fax: (03) 9497 2782

Web: [www.danmurphys.com.au](http://www.danmurphys.com.au)

## Dick Smith/Tandy

2 Davidson Street  
Chullora NSW 2190

Tel: (02) 9642 9100

Fax: (02) 9642 9111

Web: [www.dicksmith.com.au](http://www.dicksmith.com.au)

## Progressive Enterprises Limited

80 Favona Road  
Mangere 2024 Auckland New Zealand

Tel: +64 (9) 275 2788

Fax: +64 (9) 275 3074

Web: [www.progressive.co.nz](http://www.progressive.co.nz)

## Cellarmasters

Web: [www.cellarmasters.com.au](http://www.cellarmasters.com.au)

## Masters Home Improvement

Web: [www.masters.com.au](http://www.masters.com.au)

## Danks

Web: [www.danks.com.au](http://www.danks.com.au)

## ALH Group Pty Ltd

### Registered Office

1 Woolworths Way  
Bella Vista NSW 2153

Tel: (02) 8885 0000

Web: [www.alhgroup.com.au](http://www.alhgroup.com.au)

### Victorian Office

Ground Floor  
16-20 Claremont Street  
South Yarra VIC 3141

Tel: (03) 9829 1000

### Queensland Office

Level 1  
152 Oxford Street  
Bulimba QLD 4171

Tel: (07) 3909 4800

## Company Secretary

Peter Horton

## Share Registrar

Computershare Investor Services Pty Limited

Level 4  
60 Carrington Street  
Sydney NSW 2000

Tel: 1300 368 664

Fax: (02) 8234 5050

Web: [www.computershare.com.au](http://www.computershare.com.au)

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