

WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

2005

**CORPORATE
SOCIAL
RESPONSIBILITY
REPORT**

**OUR COMMITMENT TO
EMPLOYEES. CUSTOMERS.
PRODUCERS. COMMUNITIES.
THE ENVIRONMENT.**



About this report

This is Woolworths Limited's first Corporate Social Responsibility Report presenting our activities and results for the financial year ended 26 June 2005. The report refers to our Australian operations, unless otherwise stated.

1 Message from the CEO	2
2 Woolworths Profile	3
2.1 History	3
2.2 Financial information	3
2.3 Corporate governance	3
3 Environment Policy	4
4 Environmental Performance	5
4.1 Electricity consumption and associated greenhouse gas emissions	5
4.2 Store waste going into landfills and recycling	7
4.2.1 Recycling activities	7
4.2.2 General waste	8
4.3 Packaging used in our operations and by our customers	9
4.4 Fuel consumption and associated greenhouse gases in our freight transport fleet	10
4.5 Petrol storage and management of leakage/spillage risks	10
4.6 Our Private Label product suppliers	11
4.7 Other	11
5 Social Performance	12
5.1 Anti-discrimination and equal employment opportunity	12
5.2 Training and education	14
5.3 Health and safety	15
5.4 Privacy and confidentiality	16
5.5 Conflicts of interest/gifts and gratuities	16
5.6 Other	16
6 Community Performance	17
Woolworths Australian Community Foundation – Our Focus	17

01

MESSAGE FROM THE CEO

Corporate social responsibility – ‘the Woolworths way’

As Australia’s leading food retailer and one of its largest public companies, we at Woolworths recognise that we have a significant environmental, social and economic impact in the communities in which we operate.

We are committed to ensuring that this impact is managed responsibly and in a way that balances the need to create shareholder value and the needs of the broader community, both now and in future generations.

A key element of our ‘Corporate Social Responsibility’ (CSR) commitment is transparency. For that reason we have sought to identify a number of environmental, social and economic indicators. Drawing on guidance issued by the Global Reporting Initiative (GRI), we believe the indicators selected provide a balanced view of our key environmental, social and economic impacts during the last year.

This CSR report represents a summary of our environmental and social performance. It also details examples of activities that are occurring in our business to improve this performance; real examples that are occurring today. Good CSR management is important to us and continues to receive our focus and attention, and as you will see we are justifiably proud of some of the initiatives we have undertaken.

That said, I believe it is equally important to demonstrate that at Woolworths, we take a practical approach to environmental sustainability, a key aspect of our CSR approach. Some of the environmental objectives we have set are straightforward – reducing energy consumption and increasing waste recycling, for example. However, some are more complex where finding a balance between competing objectives is more difficult to achieve. For example, how far do we reduce food packaging without compromising food safety? How do we continue to reduce general waste disposal against a backdrop of increased sales activity in our stores?

Another challenge is the use of targets in measuring our environmental and social performance. We take the view that a balance of quantitative and qualitative targets provides the best means of measuring our performance. As an example, whilst setting targets to reduce energy emissions to an absolute measure might be achievable, we place equal emphasis on targets that set the ‘right tone’ across our business. For example, as we refurbish our stores we attempt to reduce our operating costs and energy consumption by using more energy efficient lighting and refrigeration systems. Each refurbishment has its own set of unique challenges and therefore how we ultimately achieve these savings and efficiencies will vary from site to site. An effective target then is to continue exploring and examining ways to reduce energy usage in the store environment, in whatever form this might take, by way of ongoing trialling of alternative energy sources and efficiency techniques.

Similarly, in our community programs the form and nature of support and contributions is necessarily more important than the cost of rendering this support. To set a target of spending a given amount on a project rather than understanding the most effective way to deliver a project would shift the focus away from the true objectives of some of our programs. Here the targets are the impacts of our contributions rather than on dollar spend.

We know that if we do not take steps to manage our social and environmental impacts effectively, our sources of supply in the future may be jeopardised. We also recognise that optimising our economic performance often arises through our ongoing efforts in reducing our business costs and maximising our productivity. We do not claim to have all the solutions and we accept that what works today might not work tomorrow. That is why we are constantly looking at different mechanisms to improve our environmental performance and realise that this challenge will continue to evolve over time.

Our commitment is to continue to review and improve our management of environmental performance in partnership with our employees, our customers, our suppliers and all the communities in which we operate. We regard this as part of ‘the Woolworths way’.

We also value the community that has supported us for over 80 years and as we seek to constantly improve our business and environmental performance, we also look for more just and effective ways to support the communities which we serve: to be a responsible ‘corporate citizen’. Our support program is diverse and we have established a Woolworths Limited Australian Communities Foundation specifically to focus on our contributions and support network. These contributions are something we take a great deal of pride in and continue the longstanding commitment we have made to make a difference in this area.

We also recognise that our partnership with rural and regional customers, growers, suppliers and communities is integral to the operation of our business Australia-wide. We are proud of our strong commitment to rural and regional Australia and proud to be a part of these communities across Australia.



Roger Corbett AM
CEO WOOLWORTHS LIMITED

2.1 History

With 2,690 locations around Australia and New Zealand, Woolworths is the largest food retailer in Australia and has been serving customers across the nation for over 80 years. Woolworths is one of Australia's top industrial companies by market capitalisation and employs more than 170,000 people.

Woolworths has three primary business divisions – Supermarkets, General Merchandise and Hotels.

The Supermarkets division provides approximately 85% of Woolworths' total Group sales and includes Woolworths Safeway Supermarkets and liquor stores, Petrol (including Caltex alliance sites) and Ezy Banking businesses. Supermarkets are the core operating business of the Company. In November 2005 Woolworths acquired the New Zealand Foodland food retailing business comprising over 150 stores and 22 Action Supermarkets and development sites in WA, Queensland and New South Wales for an enterprise value of approximately A\$2.5 billion, following a demerger of those businesses.

The General Merchandise Division provides approximately 14% of total Group sales and includes BIG W, Dick Smith Electronics, Tandy and Dick Smith Electronics Powerhouse specialty stores.

Hotels provide less than 1% of total Group sales and include hotels acquired via our acquisition of the Australian Leisure and Hospitality Group Limited (ALH) in October 2004, and MGW Hotels Pty Limited. Hotels comprise businesses related to on-premise liquor, food, gaming and accommodation.

2.2 Financial Information

Highlights for the full year ended 26 June 2005

The Company reported net earnings before interest and tax of \$1,283 million for the full year ended 26 June 2005, an increase of 20.5% compared to the previous full year. During this same period sales from continuing operations increased 12.3% to \$31,210 million. More than 99% of revenue, operating profit before income tax and total assets relate to operations within Australia.

As at 26 June 2005, the Company had \$2,197.1 million in net assets and a market capitalisation of \$17,493.2 million. It is one of the top publicly listed corporations in Australia and the largest retailer by market capitalisation.

Key financial data broken down by division (as a % of total)

	SEGMENT SALES	EBIT (RETAIL OPERATIONS)	SEGMENT ASSETS	
Supermarkets	85.7%	86.8%	46.8%	
BIG W	9.3%	9.2%	8.3%	
Consumer Electronics	3.2%	4.0%	4.1%	
Hotels	1.3%	4.3%	17.0%	
Wholesale	0.5%	0.2%	0.6%	
Unallocated	–	(4.5%)	23.1%	<i>* Included in unallocated</i>

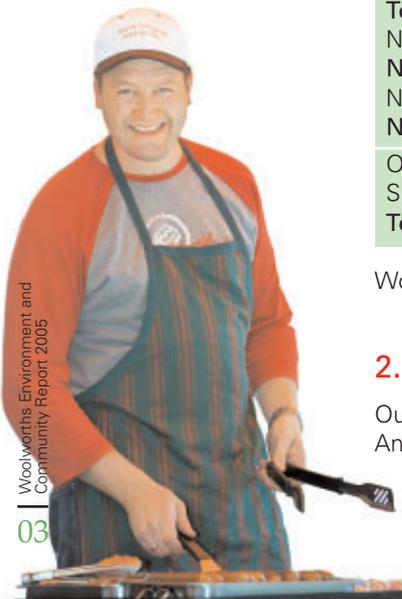
Woolworths' Group balance sheet as at 26 June 2005

	\$A MILLIONS	
Funds employed		
Inventory	1,977.3	
Accounts payable	(2,335.6)	
Net investment in inventory	(358.3)	
Fixed assets and investments	3,581.9	
Intangibles	2,011.4	
Receivables	689.9	
Other creditors	(1,457.8)	
Total funds employed	4,467.1	
Net tax balances	147.2	
Net asset employed	4,614.3	
Net repayable debt	(2,417.2)	
Net assets	2,197.1	
Outside shareholders equity	33.3	
Shareholders equity	2,163.8	
Total equity	2,197.1	<i>Tax expense (excluding GST) for the full year = \$1,227 million.</i>

Woolworths Limited financial results are available on www.woolworthslimited.com.au

2.3 Corporate governance

Our corporate governance position, practices and principles are set out in the Woolworths Limited Annual Report 2005 from pages 50 to 54 inclusive available online at www.woolworthslimited.com.au.



Woolworths environment policy statement

As Australia's leading food retailer, Woolworths has a responsibility for and is committed to the implementation of effective and efficient long-term management strategies which address issues arising from the Company's impact on the environment in which it operates.

Woolworths recognises that practical, efficient and sustainable environment strategies are frequently also preferred business strategies. The Company therefore encourages and supports practical, cost-effective and achievable environmental management which both recognises community and shareholder expectations and over time adds to shareholder value.

Our environment impacts

Our operations impact the environment in a number of ways. We therefore recognise the importance of having appropriate strategies in place in relation to the following five key impact areas:

- Electricity consumption and associated greenhouse gas emissions
- Store waste going into landfills and recycling
- Packaging used in our operations and by our customers
- Fuel consumption and associated greenhouse gases in our vehicle fleet
- Petrol storage and management of leakage/spillage risks

Our commitments

As part of our commitment to managing the environmental impacts in a responsible manner, we will undertake the following across our entire operation:

- Pursue a level of environmental performance which exceeds that required for regulatory compliance. We also require all our third party contractors to meet legislative requirements
- Support and encourage our management, staff and suppliers to identify and implement measures to help better manage our environmental impacts
- Identify our key environmental impacts on a bi-annual basis and develop strategies and actions to help manage these impacts as part of our routine business planning processes
- Monitor our performance in each impact area including status against objectives and where appropriate specific targets and action plans for each impact area
- Undertake independent audits of aspects of environmental strategies where considered relevant
- Periodically report to the Board of Directors on our performance in managing our environmental impacts
- Be transparent with our shareholders and other stakeholders and publicly report against our environmental performance

Responsibility

All senior management are responsible for ensuring compliance with this policy including the establishment of programs and reporting requirements throughout the business.



04

ENVIRONMENTAL PERFORMANCE

The environmental performance of Woolworths has been gauged as a result of assessing our progress against a series of quantitative and qualitative targets. Key impact areas have been assessed and our intent is to provide information of how we are progressing in each of these key areas. In addition we will provide information on what activities are currently underway, and in some cases initiatives being considered.

4.1 Electricity consumption and associated greenhouse gas emissions

Stores

We are committed to reducing our energy consumption and emission of greenhouse gases. In developing efforts to reduce consumption, it has been recognised that this is best achieved by targeting areas that use the greatest amount of energy. This tends to be refrigeration, lighting and temperature control. Initiatives undertaken to reduce emissions include:

Refrigeration – We recognised that refrigeration service providers were focusing heavily on ensuring Woolworths' refrigeration systems maintained product temperature and had minimal down-time. Little emphasis, however, was placed on operating the equipment energy efficiently.

Our three major refrigeration service providers were asked to undertake a program to cost-effectively improve system energy efficiency while maintaining product temperature and system up-time. By identifying high output sites and those that could be tuned remotely, substantial improvement was noted in the performance efficiency of many supermarket refrigeration systems (and an associated reduction in operating costs).

Steps are underway to commence a sophisticated refrigeration re-commissioning program where the selected service provider will re-tune then monitor and maintain system performance.

Trials have also commenced to examine the potential to integrate doors into our upright freezers that require no frame heating. Heat is still required on the glass on the door but the frame design is made of plastic and does not require heating.

35 stores in NSW, ACT, SA, WA and VIC were retrofitted with heat reclaim systems that utilised the waste heat out of the refrigeration compressor to provide warm water for heating in store air-conditioning systems. While not suitable for tropical environments it is believed that the possibility may exist to further extend the scope of this project.

Furthermore, the potential exists to further utilise heat reclaim with a view to provide not only space heating but also provide hot water for use within the supermarket.

Lighting – The current accepted industry energy efficiency benchmark (T5 lighting with electronic ballasts) is included into the Woolworths' electrical specification for all grocery aisle lighting. Since the middle of 2002, the majority of new Woolworths' sites (and numerous stores undergoing major refurbishments) include T5 lighting in grocery aisles. T5 lighting consumes 40% less energy, has twice the lamp life compared to conventional lighting tubes, and has little degradation (or light output reduction) over its operating life.

The roll-out of lighting control systems into all supermarkets nationally was completed in December 2003. The operation of these systems within supermarkets continues to be monitored. The installation of the lighting control system has resulted in energy reductions of around 3%.

The benefits of the lighting control system have been externally validated as part of a submission to the Independent Pricing and Regulatory Tribunal of NSW to offset the savings realised by the system against NSW Government imposed greenhouse levies.



04

ENVIRONMENTAL PERFORMANCE

Below is a breakdown of the savings delivered in a sample of our supermarkets once controlled lighting had been introduced. These examples illustrate the reduction in energy usage and will be used as a basis for setting future energy reduction targets.

SITE	PRE-INSTALLATION OF CONTROLLED LIGHTING (DAILY kWh MEASURED)	POST-INSTALLATION OF CONTROLLED LIGHTING (DAILY kWh MEASURED)	% REDUCTION IN ENERGY USE
Prospect	1,692 kWh	1,172 kWh	31%
Granville	1,822 kWh	1,627 kWh	11%
Moorebank	1,245 kWh	1,067 kWh	14%
Marrickville	1,515 kWh	1,383 kWh	9%
St Clair	1,986 kWh	1,777 kWh	11%
Balmain	1,465 kWh	1,269 kWh	13%
Chullora	1,840 kWh	1,338 kWh	27%
Fairfield	1,934 kWh	1,581 kWh	18%
Wentworthville	1,741 kWh	1,397 kWh	20%
Parramatta	2,256 kWh	1,860 kWh	18%
Hillsdale	1,563 kWh	1,378 kWh	12%
Richmond	1,914 kWh	1,675 kWh	12%

Note: As part of stage 2 of Project Refresh after hours lighting control cost reduction initiative, pre-and post-monitoring was conducted on 12 supermarkets (out of 60) to measure their energy cost saving performance.

Following trials in WA we intend to extend the use of the lighting control system to the operation of bakery equipment by linking it to staff occupancy.

Temperature control – Five recently opened Woolworths supermarkets have incorporated a new 6-Tier case using programmable ultra-high efficiency fans. The energy benefits of these fans are twofold. The fans have ultra-high efficiency motors, are constructed with superior materials with more copper and tighter tolerances, resulting in up to 4% energy reductions compared to conventional motors. The fans can be also programmed prior to installation to operate at optimal speed, resulting in marked energy savings. A reduction in fan speed of 20% will result in a reduction of 50% in the energy consumed by the fan.

In addition we have been trialling a product to reduce emissions associated with air-conditioning called Skycool. Skycool is a water-based acrylic polymer roof coating that significantly reduces the running costs of mechanical air-conditioning in buildings with metal roofs. The coating minimises heat gains through roofs as only a small fraction of solar energy is converted to heat by the roof (the rest is reflected) and significant amounts of heat is lost from the roof by radiation.

Tests undertaken at three trial Woolworths sites have resulted in a 35% reduction in site air-conditioning costs and, based on this, it is believed to be suitable for stand-alone sites in tropical areas.

Other

Various other initiatives are also underway in our stores including a reduction in the size of hot chicken cases from 8 feet to 6 feet in all new supermarket stores. This reduces the electrical energy consumption from 6.4kW to 4.9kW for these units.

Supply chain

As a significant retailer, our energy footprint is not only dictated by our store environment, but by the supply chain we operate.

Over the past five years, Project 'Refresh I' initiatives have provided substantially improved efficiency of our operations and this has been enhanced by 'Project Refresh Level II' (Supply Chain Improvement Program). Our supply chain strategy is a 'whole of business transformation' delivering value to our customers supported by cost efficient logistics systems, processes and facilities. A key part of this strategy is the number and location of our Distribution Centres (DCs).

Our 31 supermarket Distribution Centres will be reduced to nine Regional Distribution Centres (RDCs) and two National Distribution Centres (NDCs). The rationalisation of DCs will enable us to further manage our energy usage and is a significant step towards reducing our overall energy footprint. This also presents an opportunity to put into practice energy saving schemes that can deliver better results more quickly.

4.2 Store waste going into landfills and recycling

4.2.1 Recycling activities

We are committed to recycling significant amounts of dry, green and other waste produced in our transport, storage and handling systems and ensuring that we have a robust recycling program. Key to this program is the implementation of various recycling programs within the stores to minimise the amount of general waste.

The challenge we face is to make sure that the recycling programs we initiate absorb both the average annual increase in activity we encounter within our stores (which generate additional waste) and then reduce actual volumes of general waste disposed when compared to prior periods.

Another critical component of this program is to drive behavioural and cultural acceptance of the value of recycling activities within our store environments. Recognising this, we have altered our recognition system of rebates received for cardboard recycling. In 2005 these rebates were passed down to our business regions. We believe that this will further accelerate recycling efforts in respect to cardboard as the regions will see firsthand the financial benefits connected with a more vigilant recycling effort.

Recycling cannot be effective without the support of all our staff within our stores and therefore it is included in our training programs and store operational manuals as one of the work practices that we encourage in order to maximise our efficiency in this area.

Examples of programs currently being undertaken within the store environment are as follows:

Cardboard – Woolworths has a longstanding practice of having cardboard packaging recycled and each of our stores has been equipped with the necessary facilities to facilitate the separation of cardboard waste for collection. Volumes of waste in this area have grown year by year and our continued commitment to this program is one of the bedrocks of our recycling efforts.

One major initiative undertaken at Woolworths has been the introduction of returnable plastic crates for shipping fresh fruit and vegetables. This has reduced the volume of cardboard cartons used in our fresh fruit and vegetable departments. In addition, we continue to introduce 'Retail Ready' display fixtures in a number of our stores which enables fruit and vegetables to be displayed in crates within the supermarkets. Also see initiatives being undertaken to further reduce waste in 'Project Refresh' below.

Green waste – A green waste program is currently being trialled in 50 supermarkets within the Sydney Metropolitan area. In each case, green waste is separated from general waste and collected by a service provider for recycling into fertiliser. This program consists of various trials that we have undertaken in this area. However, recycling options for green waste continue to evolve and therefore we are also in the process of investigating other green waste disposal options to ultimately derive an optimum solution across all our businesses.

Putrescible waste – This waste is often referred to as matter that contains organisms capable of being decomposed, and presents new recycling challenges. We are currently undertaking a trial in some 20 supermarkets to separately collect this waste for recycling. If the results of these trials prove successful we will review an expansion of this program across our store network.

Fat and bone – Approximately 75% of our supermarkets have fat and bone waste which is collected for recycling.

Chicken – Chicken oil is another example of a product that is collected from our stores for recycling.

Project refresh – A number of initiatives being deployed through our business from Project Refresh have a direct bearing on the waste volumes generated. Examples include:

- Roll-Cages – the use of roll-cages significantly reduces the need for plastic shrink wrap and wooden pallets which in turn reduces waste in the stores and within our Distribution Centres (DCs). Roll-cages have already been successfully implemented in WA, with pilot stores and DCs operating roll-cages in QLD, VIC and NSW since September 2004.
- Shelf-Ready Trays – Shelf-Ready Trays enable product to be placed directly onto the shelf and remove the need for non-reusable transport packaging. Store training packages have been delivered to all stores and we would expect to see a notable reduction in waste arising from this new system.
- Unit-Load Devices – Unit-Load Devices (ULDs) are purpose-built units that are filled with one product (e.g. carbonated drinks) and can be 'rolled in' straight into shelf space. Prototypes have been trialled in pilot stores for high volume products including carbonated beverages and milk. Expanding the use of ULDs will have an impact on certain waste materials including reducing the use of cardboard boxes and shrink wrap.

Corporate Office – In the fourth quarter of 2005 we consolidated all of our support functions into one location at Norwest Business Park in Sydney accommodating over 2,600 employees. We have invested in a number of waste and recycling activities into this facility including

- (1) the installation of paper recycling bins comprising both 240 litre 'wheelie' bins and desk bins
- (2) the installation of cardboard collection units and baler machines and
- (3) bins for separating glass and plastic waste for disposal.

As part of our commercial arrangements with suppliers of recyclable waste disposal we have included an audit review program in our recycling contracts which allow us to confirm the success of the various recycling efforts we undertake, and identify areas requiring additional attention.

4.2.2 General waste

Recycling activities have a direct impact on the amounts of general waste required to be removed from stores. In understanding the impact of these recycling activities, one has to take into account the fact that store comparable sales grow year on year, and this increase contributes to the overall amount of waste that requires handling and management. An important indicator of our progress in waste management is the trend data we collect on general waste activity within our store network.

This enables us to identify sites that, on average, contribute greater volumes of general waste therefore allowing us to target these locations to ensure that recycling activities are being effectively managed. Secondly, this enables us to track overall weight volumes of waste disposal. If no recycling programs were in place this volume would be expected to grow at a rate consistent with our growth rate in comparable sales.

The important feature of the programs we undertake is to continue the trend of driving general waste disposal down. Our constant challenge is to manage our volume of waste, and as the recycling activities noted above show direct results we can take further advantage of these initiatives, and embed them into our store culture.

Finally, we recognise that we are not alone in facing waste challenges and we do not claim to have all the expertise in this area. Hence, our management of general waste is something we conduct in partnership with our waste disposal service providers and together we constantly both review performance and set ongoing targeted reductions.

Below is a schedule detailing the most recent February 2005 weight review of general waste from supermarkets with a comparison back to the high point of waste weightings over a measurement period spanning February 2002 to February 2005.

The following table shows a comparison between the results of weight band reviews that were conducted across NSW, QLD and VIC by the provider of general waste disposal services for our Supermarkets business.

Here we are able to see what decrease in general waste volumes we have been able to achieve when measuring our most recent disposal band weightings against the highest band weighting point captured over the reporting period. These metrics are one measure used to validate the effectiveness of our recycling programs.

It should be noted that during the period June 2002 to June 2005 supermarket sales grew at a rate of 29.8%.

STATE	HIGHEST BAND WEIGHT CAPTURED POST FEBRUARY 2002	FEBRUARY 2005 BAND WEIGHT	% CHANGE
NSW	181–190kg/m ³	171–180kg/m ³	(9.4%)
QLD	161–170kg/m ³	141–150kg/m ³	(14.1%)
VIC	181–190kg/m ³	161–170kg/m ³	(12.4%)

4.3 Packaging used in our operations and by our customers

Environment Protection

Woolworths pursues a 'lifecycle' approach to the management of packaging waste. This approach recognises the fact that retailers are an important link in the packaging supply chain – connecting product manufacturers with the general community.

The aim of major food retailers through a Code of Practice for the Management of Plastic Shopping Bags is to reduce lightweight bag usage, based on an agreed government and industry benchmark, by:

- 25% by the end of 2004; and
- a 'best efforts' target of 50% by the end of 2005.

We achieved the first target 25% reduction by the end of 2004, over six months in advance of the deadline through a number of initiatives including:

- Removal of smaller checkout bags from general use in most supermarkets
- Provision of alternative packaging, such as 'green' bags at the store checkouts
- Introduction of checkout bags with a greater capacity complemented with Checkout Service Staff training titled "Fill the Bag not the Environment"
- Measures designed to improve control and raise employee awareness of plastic bag stock levels within stores
- Measures designed to raise customer awareness including in-store signage and in-store radio messages

A number of other initiatives have also been undertaken by us under this Code to improve the total savings outcome and include:

- The introduction of recycled plastic checkout bags that have a minimum of 30% recycled content within all supermarkets; and
- The use of the "Packaging Materials Specification Guide" by our merchandise buyers during the purchasing process with a focus on working with our suppliers to reduce unnecessary packing and increase recycled content in line with the Environment Code of Practice for Packaging.

The Code of Practice for the Management of Plastic Bags was independently audited for the calendar year 2004 of the reduction in the rate of annualised plastic bags issued against the benchmark.

The results of this audit were as follows:

TARGETED REDUCTION IN PLASTIC BAGS CALENDAR YEAR 2004	REDUCTION ACHIEVED CALENDAR YEAR 2004	PERCENTAGE OVER ACHIEVEMENT
25%	31.3%	+ 6.3%

We will be reporting on achievement of our reductions to the end of 2005 following a further audit in 2006.

Other initiatives

We also recognise that we should continue to explore other alternatives to reduce plastic bag usage and increase recycling and the recycled content of plastic bags. These include:

- A nationwide "Think 8" program to encourage Service Cashiers to pack more effectively, reducing the number of checkout bags used. The program, which includes a training video, posters and ongoing monitoring, aims to reduce the number of checkout bags used by increasing the average number of items per bag from four to eight.

The use of recycling stations within stores to encourage customers to return used plastic bags which are then recycled. Woolworths was the first Australian retailer to introduce recycling of plastic shopping bags in the mid 1980s and is proud to see this initiative continue.

Finally, we continue to support the efforts to develop alternative packaging to reduce the use of plastic bags. We recognise that a suitable alternative that provides for the needs of our customers whilst delivering the optimal environmental outcome is yet to be available. As alternatives are developed we will continue to explore these, mindful of our customers' needs, and our ongoing desire to continue to contribute real outcomes in this area.

4.4 Fuel consumption and associated greenhouse gases in our freight transport fleet

Project Refresh initiatives

A number of initiatives within Project Refresh have a direct bearing on the volume of transport we will use to bring stock to our stores for our customers.

By improving our direct involvement in primary and secondary freight, Woolworths is seeking to leverage synergies and deliver stock to all stores consistent with consumer demand. Specifically, primary freight allows us to manage the transport from the supplier to the DC and secondary freight is the effective delivery of stock from the DCs to the stores and DC to DC.

The cost of inbound freight will be reduced by Woolworths' more efficient management of inbound freight volumes in our DC and utilising a Transport Management System (TMS). With TMS now implemented for primary freight, a new secondary freight system is being implemented to ensure the optimisation of transport loads and routes and visibility of stock-in-transit at any point in time.

Furthermore, a consolidation of deliveries to our stores (rather than multiple deliveries of varying sizes) presents a simple way of delivering more environmentally beneficial outcomes in our distribution methods.

We believe that increased efficiencies mean less actual trips are required and therefore a positive environmental outcome is the result. Cost savings convert to real energy savings and this is one of the real environmental benefits of responsible and effective transport management.

In addition to the structure and coordination of store deliveries we are also planning on making use of alternative and more energy efficient transport methods. For instance, some shipments will now use rail and a shift to rail has the potential to reduce transport-related greenhouse gas emissions.

Other activities

In addition to the energy efficiencies that we envisage arising from Project Refresh we also have a number of other initiatives underway including:

Alternative fuels – Woolworths, in partnership with a transport service provider in WA is using gas powered trucks for transporting groceries from our Distribution Centres to our supermarkets. The new trucks run on compressed liquid natural gas (LNG), which produces fewer greenhouse gases and less pollution than diesel fuel.

Fuel management – Within the Woolworths-owned fleet, fuel use is tracked and monitored against distances travelled. This review is designed to provide early warning of vehicles in our own fleet that might be using fuel inefficiently with resulting increased emissions.

Disposal of fleet by-products – We recognise that managing a fleet also brings with it certain parts and fuels that, once used, require careful disposal. We outsource the disposal of tyres and batteries to third parties expert in effective and low impact disposal methods. We also use grease traps at our truck cleaning facilities to prevent oil and fuel waste getting into the waste water systems.

4.5 Petrol storage and management of leakage/spillage risks

At Woolworths we recognise that as our network of petrol canopies has expanded we need to vigilantly manage our relationship with the environment given the unique impact petroleum products can have if not managed effectively.

One of the ways we are doing this is by looking at industry best practice on site management and then perform over and above these expectations.

A case in point is the process we use to monitor data on variances between actual fuel in a tank and fuel that should be in a tank, once accounting for fuel pumped into and out of a given tank. Any exceptions invoke an investigation process to ensure that such variations are not as a result of a leak from underground fuel storage systems.

All new installations have double-skinned fibreglass storage tanks and pipeline leak detection systems. Further carriers transporting fuel for Woolworths are subjected to strict and routine scrutiny. Data on sales deliveries and stock holding for each product at Woolworths-controlled sites is provided electronically on a daily basis to an independent third party who uses statistical and empirical tools to analyse the data and identify those sites where there could be a potential leak. Although such a monitoring system is only mandated in Victoria, we have now extended it to all sites nationally. Whilst this decision imposed additional cost on the Petrol division, this is an impost that is acceptable to the business as it helps in protecting our communities and environment from potential harm that cannot be always measured in financial terms.

Other Activities

- Woolworths is actively supporting moves by the Federal Government to strengthen current standards governing fuel storage tank installations. After extensive research, Woolworths has developed the most modern, safe and secure storage tanks and dispensing equipment for retail petrol sites in Australia.
- Electronic underground tank leakage detection equipment is also installed to provide preliminary warning of any potential leakage problems.
- Staff receive specialist training and have enhanced emergency notification systems to minimise the impact of any exceptional situations.

4.6 Our Private Label product suppliers

In respect of Woolworths Private Label brands a Quality Assurance ('WQA') standard exists in which trade partners are required to implement all relevant areas as part of the certification program in order to work with us. This is a program that both we at Woolworths and our suppliers take seriously and biannual audits are conducted to ensure compliance to the WQA standard requirements.

Included in the QA program are the following requirements:

Environment – Woolworths' commitment to protecting the environment from processing impact is an important consideration in the manufacture, processing and supply of products to our business. Where possible, Woolworths supports the use of recyclable packaging. Processing considerations should also be given for recycling, reducing and reusing process inputs to reduce any impact on the outside environment.

Social accountability and labour – Woolworths does not support or endorse the exploitation of labour. Trade Partners must abide by the International Labour Organisation requirements and ensure compliance with all legislative labour regulations.

These practices are supplemented by policies that have been developed within Woolworths to ensure our compliance with Trade Practices and Fair Trading legislated requirements. Embodied in our Code of Conduct are requirements that we will:

- Only supply products that are safe and free from major fault and respect the customer's rights to a refund should any product be unfit, faulty or mislabelled
- Clearly label our Home Brand products to show their origin, ingredients and any safety warnings
- Always be truthful in what we advertise and how we promote the products we sell
- Treat product recalls seriously by being quick to clear our shelves and inform our customers of any recall

4.7 Other

At any point in time a number of initiatives will be deployed, piloted or considered within our business that have environment outcomes. Some examples currently within the business that we can report on include:

Reticulation of Water – A trial is currently being conducted in five supermarkets to reticulate water for use in the air-conditioning systems. If effective, this will reduce water consumption and allow for more efficient air-conditioning. Also, at one of our DCs being constructed as part of our Project Refresh program we have established a process whereby water is captured externally and recycled within the sewerage system of the facility. At Norwest, our new support office facility, water is collected in a water harvest tank from stormwater and used for irrigation. As these examples deliver real benefits we will continue to look for ways to implement such schemes throughout our business.

Labelling – Woolworths is committed to ensuring that customers have sufficient information to make an informed buying decision. This is supported by our commitment to provide clear product labelling which meets labelling requirements under the Australian and New Zealand Food Standards Code.

New store construction – We continue to see real benefits in assessing all our new stores against environmental benchmarks. All new constructions are planned to take account of optimal energy consumption efficiencies and we continue to look at measurements provided by organisations such as the Australian Building Greenhouse (ABGR) ratings program.

05

SOCIAL PERFORMANCE

Social performance can take on a variety of forms and at Woolworths we are sensitive to make sure we constantly look to ensure that we both manage realistic expectations carefully and deliver practical and demonstrable outcomes.

However, we find that social performance is best delivered in a cooperative environment where mutually beneficial outcomes can be achieved. Key areas include:

- Anti-discrimination and equal employment opportunity
- Training and education
- Health and safety
- Privacy and confidentiality
- Conflicts of interest/gift and gratuities
- Other

5.1 Anti-discrimination and equal employment opportunity

All of our employees have a right to work in a safe and non-threatening environment.

This becomes a challenge with over 170,000 employees spread throughout Australia and New Zealand. These logistics have caused us to take extra steps to ensure that discrimination practices do not happen including embedding these ethics in our company Code of Conduct, and ensuring that all our employees have ready access to a process within which to lodge any questions in respect of treatment they may receive.

Woolworths is committed to providing an environment where everyone can expect to be treated fairly and with dignity, courtesy and respect in the workplace.

Woolworths' Anti-Discrimination and Equal Employment Opportunity Policy relies on our core values of respect, dignity and fairness.

All employees or anyone working on Company premises e.g. contractors, service providers and clients are required to conduct themselves in a manner that reflects the above principles.

Employees must not discriminate against an employee, potential employee, contractor, customer or service provider on the grounds of race, age, sex, sexual preference, disability and impairment, pregnancy, marital status, religious or political belief, trade union involvement and family/parental status, including status as a carer.

Woolworths endorses an employment principle where people are selected and promoted based on skill, qualifications and aptitude irrespective of gender, marital status, race, religion and ethnic origin. Woolworths does not tolerate discriminatory behaviour against any person in our workplace in relation to:

- Recruitment and selection
- Promotion and advancement
- Skill Development opportunities
- Customer service
- Disciplinary action; or
- Any other aspect of an employee's working life.

This policy is supported by a process that is in place to handle any grievances. This process has been documented and is displayed in all our workplaces so that all our people are aware of their rights.

We have also undertaken actions to ensure that our business continues to reflect the broad community within which we operate. To that extent certain activities have been undertaken to increase the number of women taking certain roles within our business.

As of 31 March 2005 some 55.4% of our total workforce are women.



Recognising this profile, we have undertaken a number of activities including increasing the number of women employed in non-traditional roles such as Petrol Team Leader, Head Reserve Stock Hand, Meat Managers, Bakery Managers and Systems Operations.

The focus on increasing the number of women in executive positions is reflected in the increase in the percentage of women in this group from 12.6% as of March 2003 to 19.4% as of March 2005. Analysis of Senior Executives shows that of those less than 35 years of age, 38% are women. Of that 38%, 80% have been assessed by their managers as having future potential for promotion, suggesting that the long-term trend for women in this category is positive.

Woolworths has put in place a number of development and support programs to increase the movement of women into senior management roles. These include piloting job share arrangements, mentoring, networking workshops and parental leave support programs.

Woolworths encourages all employees to achieve their personal career-based goals within the Company through the diversity of opportunities available. Key to our succession planning strategy is to grow and cultivate the talent already within our business to develop our future leaders.

This is not new for Woolworths. Many of our Senior Managers have come through the ranks of the Company and our employee's average length of service shows that this trend continues. As of the end of financial year 2005 we had 1,360 employees who have been with us for more than 25 years with the average length of service of a Supermarket Store Manager being 16 years.

We consider this a remarkable achievement in the current business environment. It demonstrates the diverse opportunities available to our people and the passion that they have for our Company.

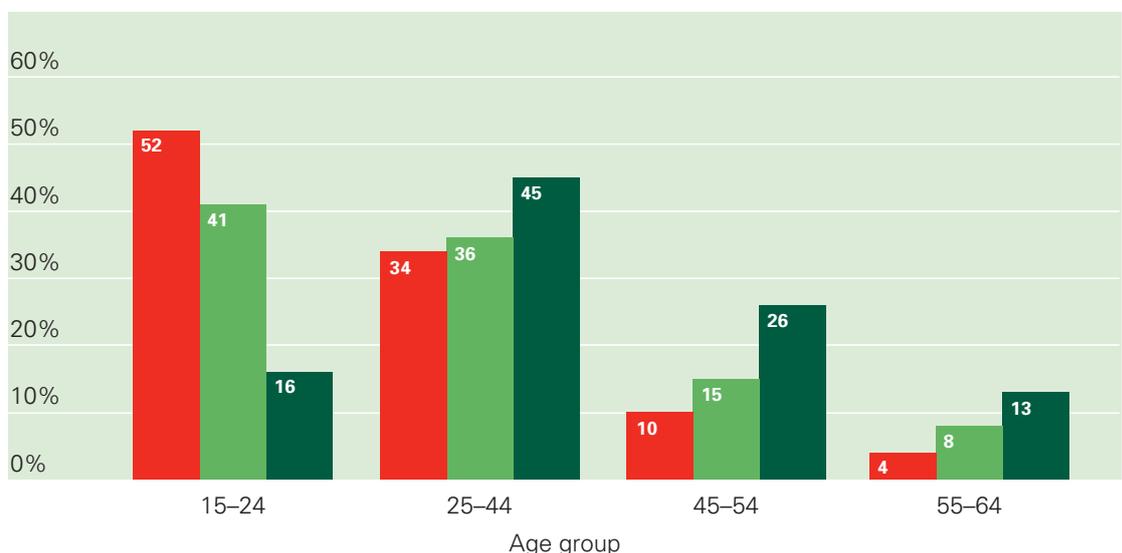
A breakdown of occupational categories for all employees as at 31 March 2005 is as follows:

OCCUPATIONAL CATEGORY*	WOMEN	MEN	TOTAL	% WOMEN	PRIOR YEAR TOTAL (2004)	PRIOR YEAR % WOMEN (2004)
Senior Executives	104	431	535	19.4%	508	16.7%
Senior Managers	383	1,210	1,593	24.0%	1,493	21.6%
Managers	3,277	5,545	8,822	37.1%	8,762	32.5%
Office/Support Employees	1,510	1,463	2,973	50.8%	2,761	50.5%
Store Employees	72,623	46,901	119,524	60.8%	121,551	61.0%
Distribution Employees	672	4,774	5,446	12.3%	5,285	12.3%
Tradespeople and Apprentices	305	3,244	3,549	8.6%	3,826	8.7%
	78,874	63,568	142,442	55.4%	144,111	55.4%

At Woolworths we also develop and deploy human resource practices and policies that recognise the diverse age of our people. The age profile of our people is as follows:

Woolworths, Australian and Retail Trade Industry Workforces by Age – June 2005

Woolworths
 Australian Retail Trade Industry
 Australian Workforce



Further analysis and planning

The following additional work in this area will be undertaken:

- Quarterly monitoring of key performance indicators related to women in management
- Extension of networking opportunities
- Increase support to those re-entering the workforce after parental leave

Flexible work patterns

Expansion of the work of our Buying and Marketing division through exploring additional part-time and job sharing positions where possible throughout the business. Our Supply Chain division has developed new part-time rosters and plans to offer significant numbers of part-time roles, which should assist them in increasing the number of women in front-line Distribution Centre positions.

There are also plans to communicate the availability of flexible work arrangements as an option for women returning from parental leave.

Ongoing education

In addition to regular induction training, we will conduct specific training programs for staff concerning the Group's equal employment opportunity and sexual harassment policies.

Promote management opportunities

Use the existing communication channels to employees to promote women in management by highlighting successful women managers in all company publications and communication platforms.

5.2 Training and education

All of our people, whether in stores or support functions, know our business extremely well. Our employees' experience and knowledge of how our business operates is one of our most valuable assets and contributes to our ongoing success.

We are the sum of our employees and therefore we place significant emphasis on training and education. As a major employer and Registered Training Organisation we are dedicated to developing the careers of over 170,000 employees, half of whom are under the age of 25.

A summary of training investment spend for financial year 2005 is as follows:

TRAINING METRICS – OFF JOB TRAINING	INVESTMENT (\$A)
Total dollar spend on management and executive development	5,596,926
Dollar spend per head	565
Total dollar spend on formal inductions	9,227,399
Dollar spend per head on total cost of formal induction	231
Total dollar spend on trainees and apprentices	3,154,586
Dollar spend per head	520
Total dollar spend on training	26,549,227

Training and development remains a key focus for Woolworths. The Woolworths Academy, formed in April 2004, offers structured formal education from induction through to university level programs for Woolworths' employees providing our people with the skills and knowledge they need to take our business into the future.

The Academy incorporates all Learning and Development programs across the Woolworths business and our partnership with Macquarie Graduate School of Management (MGSM), one of Australia's top business schools, completes our ability to offer nationally recognised, formally accredited, business related qualifications at all levels of our business from Certificate through to Masters degrees.

The strengths that our partnership with MGSM brings to our training program include:

- It is in the top 3 business schools in Australia, and top 50 worldwide
- It has strong relationships with a large number of major Australian and international businesses
- It has strong relationships with key overseas institutions
- It delivers education to Woolworths specific groups
- It has access to world class lecturers
- Key Woolworths Senior Managers are working with MGSM to develop and deliver components of the programs including projects and assignments relevant to our business

We run a hands-on human resources function focusing on activities that have a direct and positive impact on the success of our business. We have implemented a series of new initiatives to ensure we attract the best possible people to our team.

We are also one of the largest employers of part-timers, trainees, apprentices and casuals in the country and are proud of the career opportunities we offer to all Australians.

5.3 Health and safety

We are committed to ensuring the safety, health and welfare of all our employees, our customers and our contractors.

We believe that no task is so urgent and no service so important if we cannot do it safely. The safety and health of all our people carries the same priority as any other business function at Woolworths.

To ensure the wellbeing of our employees, customers and suppliers, we work through managers and supervisors to communicate and implement effective health and safety policies processed in accordance with the relevant Acts and Regulations. In addition, to ensure the appropriate level of executive focus our Risk and Safety function reports directly into our Audit Committee with regular updates on the status of incidents and initiatives being reviewed at the highest level of the business.

Supplementing our communication program, we ensure that employees are trained to do their jobs effectively and safely and that qualified supervision is provided to coach and help them achieve this.

All employees are required to comply with health and safety policies and processes at all times to protect their health and that of others, including our customers, from potential hazard.

These requirements form part of our Code of Conduct and are embedded in the various training programs that our employees undertake.

Clear guidelines also exist in the business to report any health and safety issues and these are given immediate attention in a manner commensurate with the event.

A number of health and safety initiatives that we are continuing to focus upon include:

- The development and implementation of a National Health and Safety Management system based on the Australian Standard AS 4801 and aligned to the various workers' compensation self-insurance licensing requirements in place across each state
- Implementation of spill control systems across our supermarkets
- Use of environmentally friendly products to clean spillages within the stores
- A commitment of over \$7 million in proposed investments in health and safety related projects

Examples also exist where we implement smart ways of dealing with health and safety exceptions. For example, in our petrol sites one button automatically triggers calls to emergency services in the event of an emergency. This helps to ensure that staff evacuate any dangerous areas immediately. Another example includes the provision of bins at our stores for the disposal of sharp waste (such as needles) to avoid issues associated with the inappropriate disposal of such waste.

One of the key features of a good health and safety culture is improved health and safety metrics in key areas.

Some key measures and key initiatives underway within the business are:

- Reduction in lost time injury frequency rate for employees
- Reduction in occupational illness frequency rate

5.4 Privacy and confidentiality

At Woolworths we aim to ensure that every employee has the necessary information to perform their job. However, we recognise that we are bound to protect this information and therefore we have incorporated into our Code of Conduct that all employees observe the following:

- Information can only be used for the purpose with which it was intended
- Information can only be shared on a need to know basis
- Information should not be given to a third party without the permission of the owner

This policy is enforced by obligations outlined in our Information Technology (IT) Usage Policy and inbuilt compliance mechanisms in our core applications that restrict access to information on a need to know basis.

5.5 Conflicts of interest/gifts and gratuities

Woolworths is committed to ensuring all business relationships with suppliers are legal and based on professional integrity.

As a matter of Company principle we do not receive gifts and gratuities as these could embarrass an employee, a supplier and compromise Woolworths. We understand, however, that small tokens of goodwill may be exchanged between us and our suppliers on special occasions, such as Christmas, and that from time to time employees may be offered an invitation to a social, sporting or cultural event because of the job they do.

Gifts like these can be accepted provided they do not exceed A\$100 in value and result in no personal gain for the receiver, or favourable treatment for the giver if they are someone from whom we buy, sell or receive goods and services.

During the Christmas period we ask that all gifts received from suppliers are donated to the Woolworths Australian Communities Foundation so that they can be used to benefit one of our many charity partners, through donation or forming part of fundraising activities.

Our Code of Conduct requires that an employee who receives a gift should declare this to their manager with failure to do so constituting a serious matter. We also accept that the Company has an obligation to fully cooperate with any investigation by law enforcement or regulatory authorities in cases where employees knowingly accept a gift that has been interpreted as a bribe.

5.6 Other

Woolworths is committed to taking an active role in contributing to, and participating in, various forums that help set out policy and community standards across a range of areas. One area where Woolworths takes a proactive role is the responsible service of alcohol and liquor licensing. As an example, Woolworths is an active participant in the following groups:

- Liquor Industry Consultative Forum
- Brisbane City Licensees Association
- Mooloolaba Safe Advisory Committee
- Gold Coast Liquor Industry Consultative Association
- Queensland Hotels Association
- Logan Liquor Industry Action Group
- Toowong Liquor Industry Action Group
- Ferny Grove Liquor Industry Action Group
- Australian Hotels Association (NSW)

At Woolworths, commitment to the community is a fundamental part of our culture which is why we raise millions of dollars each and every year to help create a brighter, healthier future for Australian families. Thanks to the hard work of our employees, the generosity of our customers and the kind support of our suppliers, we are able to make a real difference to the wellbeing of the local communities that sustain us.

To enable us to better support the efforts of our staff, customers and suppliers, the Woolworths Australian Communities Foundation (WACF) was established in 2004 to coordinate and focus our charitable activities. The WACF's purpose is to harmonise all the good work happening right across our whole family of retail brands, to provide guidance for the future development of our programs and to help define the scope and scale of our charitable contributions.

Essentially, the WACF is driven by the concerns and compassion of Woolworths people and its aim is to help encourage, recognise and support their endeavours.

Woolworths Australian Communities Foundation – Our Focus

The policy of the WACF is to provide a significant degree of support to a limited number of charity organisations and projects. As such, our activity currently centres on four main areas:

1. The wellness of children

Ensuring a healthy future for all our children is a fundamental priority for Woolworths' 175,000 employees. Supporting projects that promote children's wellbeing is a key focus of our giving programme.

Children's hospitals – Woolworths has been a major contributor to Australian children's hospitals for many years, with fundraising centred around our annual Fresh Future (supermarkets) and Big Heart (BIG W) campaigns. We are extremely committed to safeguarding the health and wellbeing of Australia's children, assisting in the fight to prevent, treat and alleviate disease. Each year, approximately \$4 million is raised by store staff across the country, helping to save lives and improved the long-term health prospects of sick children in every state and territory.

Carols in the Domain/Oasis Youth Support Network – As the major sponsor of this annual Christmas extravaganza, we are delighted to be able to spread the spirit of the season to communities and families across Australia. One very important part of our support involves the production and sale of 12,000 charity candle bags, with all proceeds going to the Oasis Youth Support Network, a service established by the Salvation Army for young people in crisis. Woolworths head office staff not only pack all the bags themselves, but also help to sell them on the day.

Bringing kids to the Games – As part of our sponsorship of the Melbourne 2006 Commonwealth Games, Woolworths created a unique and very special program that gave more than 3,000 Victorian schoolchildren the chance to attend an event at the Games. Each of our 180 stores in Victoria selected a group of local schoolchildren based on the contribution that the school had made to the local community over the previous year. Woolworths not only funded the cost of the tickets, but arranged the transportation to and from Melbourne.

2. Rural and Regional Australia

The sustainable future of Australia's rural communities is critical to Woolworths. As a major food retailer, we are mutually reliant on the country's farmers and growers to supply us with the produce to stock our shelves. In turn, we have a responsibility to provide those communities with access to good value and convenient shopping facilities.

Agricultural shows – As well as being an important contributor to the ongoing sustainability and employment of farming communities around the nation, Woolworths is a long-time supporter of Australia's Royal Agricultural Societies. Over three million people attend agricultural shows in Australia every year and Woolworths invites many of our supply partners, both large and small, to come along and educate visitors about the growing cycles, harvesting and processing of produce in their region.

Australia Day Ambassador Program – Woolworths is a long-standing partner of the Australia Day Council via our sponsorship of the inspirational Ambassador Program. The program arranges for high profile, respected Australians from a wide range of fields to participate in local community celebrations right around the country on Australia Day.

Indigenous affairs – Woolworths is engaged in several projects designed to support sustainable employment in indigenous communities and assists several charities with job skills and development training. We are also actively working with local communities in the Katherine area to assist with the sustainable and profitable operation of their locally run stores. In addition to providing greater access to nutritious food, this initiative is also generating employment, economic growth and educational development.



3. Education and employment

As one of the nation's largest employers and trainer of apprentices, recruiting and retaining talented people is essential to the ongoing growth of our company. By helping young people to discover their own skills and potential, we can put them on the right track to a successful future career.

Students in Free Enterprise (SIFE) – SIFE is a unique organisation which, through the support of the business community, invites university students to set up educational outreach projects that benefit the wider community. SIFE was established in Australia in 2000 and has grown from an initial involvement of five universities to participation by over 34 universities. Woolworths not only supports the program financially, but provides project management and other administrative services. It has also been instrumental in bringing an additional 20 sponsors on board.

Special employees – Woolworths works very closely with many training and charitable organisations to provide career and skills development opportunities for employees with a range of special needs. A great many such individuals go on to make a lasting and meaningful contribution to our business and we greatly value their achievements.

Heritage Posters – Now in their 25th year, Australian Heritage Posters have become an invaluable source of information and education for Australians of all ages. Distributed to schools in every state and territory, topics have included Prime Ministers of Australia, Australia's mineral wealth and new for 2005, the history of Australia's major cities. The Heritage Posters are Woolworths' way of helping Australians from all walks of life understand a little more about our great southern land.

4. Grassroots giving

The Woolworths family encompasses over 175,000 individuals, living and working in virtually every corner of the country. Our stores and our people help to make a difference to their local communities every day, which is why Woolworths endeavours to support their efforts wherever we can.

Woolworths in the community – With nearly 900 supermarkets across Australia and New Zealand, the local Woolworths store is frequently at the heart of community life. Each of our Store Managers develops a special understanding of the needs and concerns of their local community and has the capacity to assist good causes in their area by providing gift voucher donations. Every year more than \$3 million is channelled back into local communities through this scheme.

Employee Matching Award (EMA) Scheme – The EMA Scheme was initiated to support issues that are of particular concern to Woolworths people, thereby helping to make a positive contribution to worthy charities that are close to our hearts as well as our homes. The EMA Scheme matches, dollar for dollar, any amount raised by an individual employee for an approved charity up to \$1,000.

Harmony Day – Woolworths is a proud sponsor of Australia's largest multicultural event organised by the Federal Department of Immigration. In 2005 over 150 of our stores helped to organise special BBQs and events in order to celebrate the ethnic diversity of their communities.

In addition to the above special projects, the WACF also provides significant financial and in kind support for the following charities: Foodbank, Salvation Army, Canteen, Beyond Blue, Juvenile Diabetes Research Foundation, National Breast Cancer Centre, Cancer Council, Make a Wish and Starlight Foundation.

We hope you found the Woolworths Limited Corporate Social Responsibility Report informative. If you have any comments or questions about our CR reporting, please contact us via www.woolworths.com.au/contactus

We welcome your feedback or suggestions for future improvements

Woolworths Limited
Registered Office

1 Woolworths Way
Bella Vista NSW 2153
Tel: (02) 8885 0000

www.woolworthslimited.com.au



WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

