WOOLWORTHS LIMITED Passionate About Retail

Australian Packaging Covenant Action Plan 2011-2016

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Executive summary

Woolworths Limited

Woolworths Limited is a signatory to the Australian Packaging Covenant (APC), and was also a signatory to its predecessor, the National Packaging Covenant (NPC). We are committed to achieving the Covenant objectives.

Woolworths Limited is an Australian public corporation that employs about 188,000 people in almost 3,200 stores, petrol sites, support offices and distribution centres in Australia and New Zealand, with sales of \$51.7 billion for 2009-10.

Our major brands in Australia are Woolworths supermarkets, Woolworths Liquor, Woolworths Petrol, Dick Smith, BWS, Dan Murphy's and BIG W.

This Action Plan has been prepared for Woolworths Limited as required by the new APC. The Plan is prepared for the 5-year period of July 2011 – June 2016. It includes commitments of all of our business divisions.

This Action Plan presents a summary of initiatives implemented to date and outlines future actions for developing more sustainable packaging practices, and reducing waste. It also sets out the purpose of the Woolworths Packaging Sustainability Guidelines (PSGs), and how we intend to use the PSGs to help improve the design of our packaging.

A schedule has also been developed for reviewing the packaging on 3,000 of our existing products, and over 1,000 product Sub-Classes in BIG W, to comply with the APC target of 50% of products reviewed by 2015.

A.	04/04/2011
Mr Michael Luscombe Managing Director and Chief Executive Officer	Date

1 Introduction

1.1 Woolworths commitment

Woolworths Limited is committed to reducing its environmental footprint and improving our overall sustainability performance. This commitment is borne out of the understanding that, in order to be successful in the long term, our success must not come at the expense of the societies, economies and environments we are a part of.

In line with this commitment, in 2007 Woolworths Limited developed a Sustainability Strategy to addressing the most significant environmental issues 'At Woolworths, with our dual role as both a retailer and a brand owner, we are committed to improvement by finding costeffective ways to reduce packaging and minimise waste from private label products, while continuing to deliver quality products to customers at low prices.'

Woolworths Sustainability Strategy 2007

facing our business operations through to 2015. These issues include energy use, greenhouse gas emissions, water use, waste and packaging materials. Our commitment to the previous National Packaging Covenant was a key component of our Sustainability Strategy, and the Strategy will be update during a mid-cycle review to incorporate the Australian Packaging Covenant.

We report on our environmental performance – including packaging – every year through our Corporate Responsibility report, and were awarded the Association of Chartered Certified Accountants Australia and New Zealand (ACCA) 2010 Sustainability Reporting Award in the retail sector for our 2009 report.

1.2 Purpose of the Action Plan

This Action Plan has been prepared for Woolworths Limited as required by the new Australian Packaging Covenant. This Action Plan presents a summary of initiatives implemented to date, and outlines future actions for reducing packaging and waste across the Woolworths Limited Group.

As much as possible, this Action Plan has been developed as a continuation of the Action Plans we developed under the National Packaging Covenant (NPC).

1.3 Period and scope of the Action Plan

This Action Plan is prepared for the 5-year period of 2011 to 2016 and it covers support offices, stores and distribution centres. However, Woolworths Supermarkets division accounts for more than 80% of the Group's total sales and it is the key focus area of this Action Plan.

The APC covers all products for which Woolworths is considered to be the Australian 'brand owner' and which Woolworths owns the trademark for.

In-scope brands are defined in the table below:

Brand types	Definition	Examples
Private label	Brands where Woolworths has undertaken product development from	Home Brand, Select, Macro, Dick Smith, Dry Dock, Baily & Baily
	the beginning and the brand is owned	

Brand types	Definition	Examples
	by the business.	
Exclusive brand	Brands stocked exclusively in Woolworths and possibly developed in conjunction with an external manufacturer or supplier.	Abode, Dymples, AWA*, Patio by Jamie Durie*, Gadget Geek, Distinct
Controlled brand	Brands where Woolworths has an exclusive license to distribute, and holds the trademark.	Highland Legend

Two Exclusive Brands that are included in the scope but differ slightly under the trademark conditions are AWA and Patio by Jamie Durie. The trademarks for these brands are held by other entities but BIG W holds a licence to the brands, which includes product development and decision making on packaging. For the purpose of the Action Plan and all commitments and documents related to the APC, these two brands will be included as Exclusive Brands for the business.

1.4 Covenant contact

For further information on matters relating to the Australian Packaging Covenant and this Action Plan please contact:

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2 Company summary/history

2.1 Company overview

Woolworths Limited is a signatory to the Australian Packaging Covenant and is committed to achieving the Covenant objectives.

Woolworths employs about 188,000 people in almost 3,200 stores, petrol sites, support offices and distribution centres in Australia and New Zealand, with sales of \$51.7 billion for 2009-10. The Woolworths Group is comprised of retailers of a range of everyday goods at locations in every state and territory across Australia. Woolworths is Australia's largest retailer and second largest private employer. The Group brands of Woolworths Limited are shown below.



2.2 Company history

Woolworths opened its first store, the Woolworths Stupendous Bargain Basement in the old Imperial Arcade in Pitt Street, Sydney on December 5, 1924. Our nominal capital was just £25,000 (approximately \$70,000 today) and the initial share offer attracted 34 people, including our 5 founders - Percy Christmas, Stanley Edward Chatterton, Cecil Scott Waine, George William Percival Creed and Ernest Robert Williams.

2.3 Main product brands

The Supermarkets, Liquor, Dick Smith and BIG W divisions are all brand owners (ie. they hold the trademark for some of the products sold within their stores) as shown in the table below:

Division	Product brands (examples)				
Woolworths supermarkets	■ Homebrand	Bakery		Fresh	
	Select	Macro	•	Essentials	
BIG W	Abode	Allsorts	•	PerfectPet	
	■ Pink Sugar	Dymples	•	Tinkers	
Dick Smith	■ Dick Smith	■ Gadget Geek	•	Distinct	
Woolworths Liquor	Cleanskin wines	Platinum Blonde		Mishka Vodka	

2.4 Stores

The distribution of Woolworths Limited stores (as at 30 Jun 2010) is shown in the table below:

Division	Number of stores	Locations
Woolworths supermarkets ¹	986	All states and territories in Australia and NZ
BIG W	164	All states and territories in Australia
Dick Smith ²	416	All states and territories in Australia and NZ
Woolworths Liquor Group ³	761	All states and territories in Australia

Our stores have on-site recycling systems for recycling of trade unit packaging, including cardboard and plastic film.

2.5 Distribution centres and support offices

Woolworths Limited operates 17 distribution centres across Australia. Woolworths Limited Corporate Support Office is located in Bella Vista, Baulkham Hills, NSW. This purpose built state-of-the-art facility accommodates more than 3,500 employees and incorporates recycling services for commingled, paper, cardboard and organics. Woolworths also operates a number of smaller support offices across state capitals.

All of our distribution centres and support offices have on-site recycling facilities.

2.6 Position in the packaging supply chain

The range of products retailed by Woolworths Limited includes the following:

- branded packaged products supplied by a number of third party brand owners
- private label packaged products where Woolworths is the brand owner (eg. Homebrand and Dick Smith)
- fresh food products which in most cases are not packaged (eg. fresh vegetables and fruit).

Therefore, in the context of the APC, Woolworths Limited is both a retailer and a brand owner.

2.7 Packaging materials and formats used in the supply chain

Woolworths Limited stocks a large number of in-scope products, and uses proportionately diverse packaging materials and formats to protect and transport these products. The table below outlines the ten main packaging categories used based on sales volumes.

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¹ Includes Thomas Dux, does not include petrol stations

² Includes Tandy stores

³ Includes Woolworths Liquor, BWS and Dan Murphy's

Primary Packaging Type	Primary Packaging Material	Examples of products
Plastic Bags	Polypropylene Laminate	Sugar, Biscuits, Cheese
	LDPE	Fresh Produce, Bread, Frozen Vegetables
	Plastic (7 Other)	Cheese, Pasta, Soup, Rice
Bottles/Jars	HDPE	Milk, Dishwashing Liquid, Cordial
	PET	Water, Soft Drink, Juice
	Glass	Sauce, Garlic, Jam
Trays	Polystyrene	Meat Trays
Box/Carton	Cardboard	Eggs, Milk, Cream
	Liquid paperboard	Longlife Milk, Juice, Stock
Cans	Steel	Produce, Baked Beans, Fish

2.8 Work completed to date

The following list outlines actions that we have been completed to promote the sustainable packaging agenda within the business.

Packaging design

- In 2009, Woolworths Packaging Sustainability Guidelines (PSGs) were developed, Woolworths' internal equivalent of the APC's Sustainable Packaging Guidelines. The PSGs will be used to guide the reviews of new, refurbished and existing in-scope products. The PSGs are covered in more detail in Section 4 of this Action Plan.
- Lightweighted many of our cleanskin wine bottles by up to 140g. This will result in annual savings of 589 tonnes of glass.
- Introduced the first concentrated cordial in Australia, using smaller bottle sizes and reducing environmental impacts from transport.

Recycling

- In 2009, we increased the number of reusable produce crates to 3.4 million. In 2010 we estimate that 41.2 million less cardboard boxes ended up in landfill because of our use of crates. The crates are circulated from farms, to Distribution Centres, to stores and back, reducing emissions through their collapsible design and reducing damage to produce, meaning less food waste.
- Decreased the volume of paper and cardboard in the general waste stream to 4% (from 8% in 2009). We also decreased the volume of plastic in the general waste stream to 6% (from 7% in 2009).

 Decreased waste to landfill volumes as we continued our efforts to improve recycling and divert waste from landfill. In Australia and New Zealand the volume of materials recycled or diverted in 2010 has increased by 2.8% and 7.6% respectively.

Product stewardship

- Continued Dick Smith's involvement in Product Stewardship Australia, an industry-led organisation that is developing nationally consistent solutions for end-of-life electronic and electrical products.
- Continued Dick Smith's e-waste collection programs, with mobile phones and accessories
 collected under the Mobile Muster program increasing by 70% and batteries recycled
 increasing by 125%. Printer cartridges recycled through the Cartridges for Planet Ark
 program decreased by 2%.

Systems, policies and training

- Developed a Packaging Sustainability Strategy to deliver long-term improvements in our inscope packaging from an environmental, social and economic perspective. The strategy also aims to ensure Woolworths' compliance with the APC.
- Ran a supplier forum to discuss the PSGs with suppliers of in-scope products, industry groups and suppliers of packaging materials to obtain feedback.
- Continued training of Eco Ambassadors, with over 1,500 employees receiving training on sustainability. There is now an Eco Ambassador for every one of our stores.

3 Sustainable packaging design

The Sustainable Packaging Guidelines (SPGs) are a key element of the Australian Packaging Covenant. The SPGs are designed to 'assist Covenant signatories and others to review and optimise consumer packaging to make efficient use of resources and reduce environmental impact without compromising product quality and safety⁴. Covenant signatories are required to adopt the SPGs, or a comparable set of guidelines, as a core part of their packaging strategy.

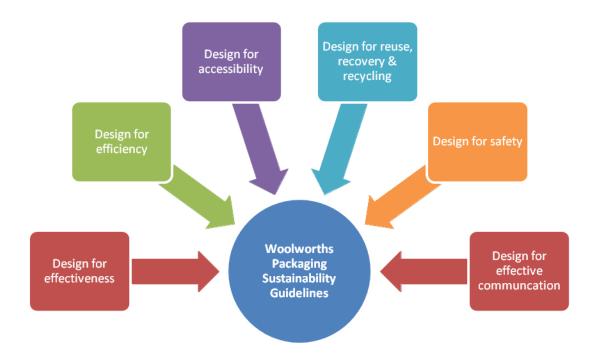
3.1 Woolworths Packaging Sustainability Guidelines

Woolworths Limited has developed its own set of guidelines, called the Packaging Sustainability Guidelines (PSGs), to integrate into the business. The PSGs are fully aligned with the SPGs and, in many areas, go further. This is demonstrated in the table below:

SPG design principle	SPG aspect	Link to Woolworths PSGs
Fit for purpose	Meet technical performance requirements	Covered in section 4.1 ('design for effectiveness').
parpess	Meet consumer needs and expectations, including for accessibility	Covered in section 4.3 ('design for accessibility').
	Minimise supply chain costs	Covered in section 4.1 ('design for effectiveness').
Resource efficiency	Minimise materials	Covered in section 4.2.1 ('design for materials efficiency').
oo.	Use recycled materials	Covered in section 4.4.3 ('recycled content').
	Minimise transport impacts	Covered in section 4.2.2 ('design for transport efficiency').
	Maximise water and energy efficiency	Covered in section 4.2.1 ('design for materials efficiency').
Low impact materials	Minimise risks associated with potentially toxic and hazardous materials	Covered in section 4.5 ('design for safety').
	Use renewable or recyclable materials	Covered in sections 4.4.3 (recycled content) and 4.4.4 (design for composting).
	Use materials from responsible suppliers	Covered in section 4.2.1 ('design for materials efficiency').
Resource recovery	Design for reuse where appropriate	Covered in section 4.4.1 ('design for reuse').
recovery	Design for recovery	Covered in sections 4.4.2 ('design for recycling') and 4.4.4 ('design for composting').
	Design for litter reduction	Covered in sections 4.4.5 ('design for litter reduction') and 4.6.6 ('anti-litter claims and symbols').
	Inform consumers about appropriate disposal	Covered in sections 4.6.1 ('Woolworths policy'), 4.6.2 ('plastics identification code') and 4.6.3 ('recyclable claims and symbols').

The PSGs are constructed around six main principles, as outlined below. The PSGs will be used as the basis for in-scope packaging reviews.

⁴ Sustainable Packaging Guidelines, Page 1



3.2 Schedule for packaging reviews

As a signatory to the APC, Woolworths is required to develop a timetable for reviewing existing inscope products against the PSGs.

Woolworths, excluding BIG W, has around 6,000 in-scope SKUs, which presents a formidable challenge in terms of reviewing existing products against the PSGs. The breakdown of in-scope SKUs across the relevant business divisions is shown below. BIG W has over 2,000 Sub-Classes of products that are in-scope for the review.

Business Division	Product SKUs	Packaging Categories
Supermarkets	3,915	59
Woolworths Liquor Group	1,516	6
Dick Smith	555	13
BIG W	2,088 ⁵	21

Woolworths has adopted a systematic approach to ensure that packaging reviews are conducted in an efficient, effective way. In late 2010, Woolworths conducted a process to identify the main

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 $^{^{\}rm 5}$ Current number of product Sub-Classes in BIG W

packaging categories used for all in-scope products. This list was developed using the following considerations:

- Packaging categories must reflect the broad substrate of the packaging format
- Packaging categories must be specific enough to allow the PSGs to be applied in a way that allows for meaningful improvements to be made to constituent product packaging
- Collated category data must be able to detect changes made to one packaging format included in the group
- The number of packaging categories must not be too onerous to manage.

Woolworths then developed a central database that captures the packaging category of every inscope product. This allowed Woolworths to analyse the main packaging categories of its in-scope product range, and to begin planning the review of these categories across all business divisions in an efficient way.

Woolworths then undertook a process to prioritise these packaging categories for review against the PSGs. This was done by determining which of these packaging categories have the highest aggregated unit volumes. This prioritised list forms the basis of Woolworths' PSG review.

The previous table shows the number of packaging categories used in each of the business divisions, and within the business Woolworths has 66 different packaging categories.

Appendix A, at the end of this Action Plan lists the packaging categories found in each of the business divisions. The categories for Supermarkets, Liquor and Dick Smith are listed in order of priority based on sales volumes. The product list being compiled for BIG W will allow future prioritisation of packaging categories, so the table for BIG W is currently shown alphabetically.

Based on this prioritised list, Woolworths plans to review an increasing number of products each year until 2015. Woolworths will review the following number of products each year:

Schedule	2012	2013	2014	2015	Total
Number SKUs Reviewed	300	600	900	1,200	3,000
Percentage SKUs Reviewed	5%	10%	15%	20%	50%

Schedule – BIG W	2012	2013	2014	2015	Total
Number Sub- Classes Reviewed	105	210	315	420	1,050
Percentage Sub- Classes Reviewed	5%	10%	15%	20%	50%

The product listings for BIG W pose a challenge as each product has a dedicated Key Code, even for a selection of products which are variants of the same item. This is a particular issue in soft goods and apparel, where a plain T-shirt has a different Key Code for every colour and size variant of that product, so one SKU may have 30 or more Key Codes.

BIG W products are listed in a range of categories, including Division (e.g. Womenswear), Department (e.g. Knits or Sleepwear), Class (e.g. Polos or Pyjamas) and Sub-Class (e.g. Fitted Polos or Long Pyjamas). For BIG W we have elected to use the 2,088 Sub-Classes in lieu of product SKUs as the same packaging category is used for a product, no matter the size or colour.

By 2015 we will review 1,050 Sub-Classes to meet the key performance goal of reviewing 50% of existing products.

4 Woolworths APC Action Plan

APC performance goal	Action	Performance measure and target	Covenant KPI reference	Timeframe / milestone
Packaging design	Review all new and refurbished SKUs against	Review all new products against PSGs	KPI 1	Ongoing
	Woolworths' Packaging Sustainability Guidelines	 Develop PSG checklist for existing products/packaging to be refurbished in line with the PSGs. 		Completed
Packaging design	Review 50% of all existing SKUs against Woolworths' Packaging Sustainability Guidelines by 2015	 Categorise all in-scope products by packaging format 	KPI 1	Completed
		 Prioritise packaging categories for review 		Completed
		 Review 5% of In-scope SKUs by packaging category by July 2012 		July 2012
		 Review 10% of In-scope SKUs by packaging category by July 2013. Total of 15% of SKUs reviewed. 		• July 2013
		 Review 15% of In-scope SKUs by packaging category by July 2014. Total of 30% of SKUs reviewed. 		• July 2014
		 Review 20% of In-scope SKUs by packaging category by July 2015. Total of 50% of SKUs reviewed. 		• July 2015
Packaging design	Educate buyers about packaging sustainability	 Launch campaign to educate buyers about packaging sustainability to enable them to make better packaging design decisions 	KPI 1	• December 2011
Packaging design	Use reusable secondary packaging where possible	 Continue the use of reusable crates for fresh fruit and vegetables 	KPI 6	Ongoing

APC performance goal	Action	Performance measure and target	Covenant KPI reference	Timeframe / milestone
Packaging Design	Establish packaging sustainability policies	 Develop 'buy recycled' policy for packaging materials 	KPI 4	December 2011
Recycling	Reduce the amount of recyclables in the general waste stream	 Reduce amount of recyclable plastic in the general waste stream to less than 1% by weight 	KPI 3	• July 2012
		 Reduce amount of cardboard in the general waste stream to less than 1% by weight 		• July 2012
Recycling	Recycle clothes hangers	 Continue recycling of clothes hangers at all BIG W stores 	KPI 3	Ongoing
		 Report clothes hanger recycling in Corporate Responsibility reports 		Annually
Recycling	Reduce the environmental impact of carrier bags	Continue to reduce the number of plastic bags issued per customer transaction	KPI 3	Ongoing
		 Report plastic bags per customer transaction in Corporate Responsibility reports 		Annually
Product stewardship	Increase take-back of used packaging	 Trial a system for Dick Smith Mobile Techxperts to take back and recycle (where possible) packaging waste for delivered goods 	KPI 6	• July 2012
Product stewardship	Increase take-back of e-waste	 Further promotion of mobile phone and printer consumables recycling through Dick Smith 	KPI 7	December 2011
		 Report volumes of e-waste recycled in Corporate Responsibility Reports 		Annually

APC performance goal	Action	Performance measure and target	Covenant KPI reference	Timeframe / milestone
Product stewardship	Respond to all customer complaints regarding the design and use of packaging	 Respond to Customer Complaints regarding packaging within the timeframe accepted by Woolworths' standards Track the number of Customer Complaints associated with packaging and the common issues raised 	KPI 6	OngoingAnnually
Reporting	Report regularly on packaging sustainability performance	 Submit Annual Reports outlining progress against this Action Plan as required by the Australian Packaging Covenant Report on packaging sustainability in annual 		AnnuallyAnnually

Appendix A – Packaging Categories

Supermarkets		
Bag: PP Laminate	Bag: LDPE	Bottle/Jar: HDPE
Bag: 7 Other	Tray: PS	Box/Carton: Cardboard
Can: Steel: Ring Pull	Bottle/Jar: PET	Can: Steel: Standard
Tray: PET: PET Lid	Bottle/Jar: Glass	Wrapping: PP
Tub: PP	Box/Carton: Liquid paperboard	Box/Carton: Cardboard: Inner Bag
Tag: PS	Label: Paper	Bag: Paper
Wrapping: PVC	Wrapping: 7 Other	Box/Carton: Cardboard: Egg Carton
Tray: PET: Other	Wrapping: Parchment	Tag: Cardboard
Bag: PE	Box/Carton: Cardboard: Other	Tray: Aluminium: Plastic Overwrap
Can: Steel: Aerosol	Tray: PVC: PVC Lid	Bag: PET
Tray: 7 Other	Blister Pack	Bottle/Jar: PP
Tray: Aluminium: Other	Tray: PVC: Plastic Overwrap	Tub: HIPS
Bag: Polycoated Paper	Bag: PVC	Box/Carton: Cardboard: Inner Tray
Bottle/Jar: PVC	Wrapping: Paper	Tray: Aluminium
Tag: PP	Bottle/Jar: 7 Other	Tub: PS
Tray: PVC	Tray: PP	Can: Composite
No Packaging	Wrapping: PS	Tag: 7 Other
Tray: Cardboard	Wrapping: PE	Can: Aluminium
Can: Aluminium: Drink	Label: Plastic	Bottle/Jar: PS
Tube: LDPE	Tub: Plastic	

Liquor		
Bottle/Jar: Glass	Box/Carton: Cardboard: Inner Bag	Bottle/Jar: Glass: Cork, Wire
Can: Aluminium: Drink	Bottle/Jar: PET	Can: Steel: Standard

Dick Smith		
Blister Pack	Tube: Cardboard	Box/Carton: Cardboard: Inner Bag
Box/Carton: Cardboard: Cardboard Packing	Box/Carton: Cardboard	Case: PVC
Tag: Cardboard	Tub: PP	Bag: PP Laminate
Box/Carton: Cardboard: PS Packing	Bottle/Jar: HDPE	Box/Carton: Cardboard: Other
Tray: PVC		

BIG W		
Tag: PP	Tag: Cardboard	Bag: PP Laminate
Bag: PE	Box/Carton: Cardboard: Inner Bag	Hook/Hanger: PP
Wrapping: PE	Blister Pack	Box/Carton: Cardboard: Cardboard Packing
Box/Carton: Cardboard	Box/Carton: Cardboard: Other	Wrapping: Paper
Wrapping: LDPE	Case: PVC	Box/Carton: Cardboard: PS Packing
Bottle/Jar: HDPE	Bag: PVC	Tub: PP
Can: Steel: Standard	Tray: Cardboard	Tube: LDPE

Appendix B - Glossary

EPS	Expanded polystyrene
HDPE	High density polyethylene
HIPS	High impact polystyrene
LDPE	Low density polyethylene
PE	Polyethylene
PET	Polyethylene therephthalate
РР	Polypropylene
PS	Polystyrene
PVC	Polyvinyl chloride