



WOOLWORTHS LIMITED

corporate responsibility
report **2010**

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Scope of the Report

Unless otherwise stated, this report covers all our operations in Australia and New Zealand for the 2010 financial year (1 July 2009 to 30 June 2010). Our environmental targets are based on projected growth through additional new stores in our existing businesses as at the 2007 financial year. These projections do not account for the impact of future acquisitions. Should we acquire new businesses of significant scale, the baseline data would be adjusted accordingly. The environmental data in this report does not cover Croma, our consumer electronics joint venture with the TATA Group in India, where we provide wholesale services to 50 retail stores. Nor are our global sourcing offices in Hong Kong and Shanghai included. These operations are small and not deemed to be material in the overall context. Energy and climate change data only has been collected for hardware distributor Danks Holdings Limited, which Woolworths completed its acquisition of during the year. Macro Wholefoods was incorporated into Thomas Dux and all data has been collected as part of this division. Woolworths also purchased a 25% stake in Gage Road Brewery; however, no data for this business is included in the report for this year.

Awards and Recognition

BWS and Dan Murphy's partnered with Be Learning on a tailored safety video, *Safe*, which won the following awards:

- 2009 International Business Awards Stevie Winner – Best Safety/Security Training Video
- 2009 International Business Awards Stevie Winner – Best Performance
- 2010 New York Festivals Silver World Medal – Best narration/performance

Woolworths received Foodbank's inaugural Patron's Award from the Governor-General and Patron of Foodbank Australia, Her Excellency Ms Quentin Bryce AC. The award recognised Woolworths' significant increase in food donations during the year.

Association of Chartered Certified Accountants 2008 Sustainability Reporting Awards – Best report in the retail sector.

2009 Carbon Disclosure Global Leadership Index – One of only seven Australian companies listed in the index.

Goldman Sachs 2009 GS Sustain: Retail and Apparel focus list – One of six companies globally appearing in the list.

Asian Sustainability Rating – Ranked in the top 10 in CSR Asia's Asian Sustainability Rating benchmark of the top 200 companies across 10 Asian markets.

The Wall Street Journal – Won three categories in the 2009 Wall Street Journal Asia 200 Awards, including:

- Number 1 Overall Company in Australia
- Number 1 Australian Company for Corporate Reputation
- Number 1 Australian Company for Innovation

You can also view this report online at www.woolworthslimited.com

Woolworths Limited Brands



Key Achievements and Challenges in 2010

our business

Key marketplace achievements 2010:

Sales revenue of \$51.7 billion, a 4.2% increase on 2009.

EBIT of \$3,082.1 million, a 9.5% increase on 2009.

Estimated flow-on effect of \$92 billion and 652,400 full-time equivalent jobs to the Australian economy resulted from our retail sales.

Key marketplace challenges 2010:

Helping our agricultural supply chain to adapt to current and future food security challenges and increase sustainability and productivity.

Implementing whole of supply chain ethical and sustainable sourcing frameworks that meet the value aspirations of our customers without increasing their shopping bill.

Taking sustainable consumer goods from niche to mainstream in order to deliver greater efficiencies, scale and value.

our people

Key workplace achievements 2010:

In 2010 we reduced our LTIFR by 34%.

Woolworths' Eleven Leadership Qualities were introduced to give a consistent and clear understanding of the Company's expected core and strategic behaviours from its employees, regardless of seniority.

Key workplace challenges 2010:

As part of our commitment to diversity, Woolworths will aim to have a 33% representation of women at board level and within its senior executive group by 2015. Representation of women in leadership roles across the company has remained constant over the last two financial years at 27%.

our neighbours

Key community achievements 2010:

Development and implementation of the new Woolworths Limited Community Investment Strategy.

\$36.3 million invested in local communities around the country.

Growth of Fresh Food Rescue and \$2 million to be made available to food relief organisations in 2011.

\$6.8 million raised for children's hospitals through the Fresh Food Kids Hospital Appeal.

1,500 community organisations supported through the Fresh Food Kids Community Grants.

Key community challenges 2010:

Ensuring that partner food relief organisations can build their food donor networks and avoid potential over-reliance on Woolworths.

With a diverse workforce and career pathways, the ability to extend and capture staff engagement opportunities in volunteering and fundraising.

our planet

Key environment achievements 2010:

13.5% reduction in carbon emissions from our facilities based on business-as-usual projections.

9.4% reduction in transportation carbon emissions from our truck fleet.

318 million litres of water saved through Water Wise Project and rainwater harvesting.

207,000 tonnes of materials recycled or diverted from landfill.

Key environment challenges 2010:

Despite our major focus and investment in energy efficiency, our real challenge remains in meeting our 40% carbon reduction target for facilities by 2015. In the absence of meaningful incentives for renewable energy adoption targeted at the business sector, it will be difficult to deliver the reduction.

Implementing sustainable packaging initiatives requires a balance between customer expectations for reducing packaging and ensuring it still protects the product.

statement from the chairman and ceo

On behalf of the Board of Directors and Executive Leadership Team, we are very pleased to report on the Company's corporate responsibility performance for the 2010 financial year.



This year we made tremendous strides towards our sustainability targets and embedded a number of new initiatives, such as Fresh Food Rescue, that will help drive positive social change in our communities. Above all, we have continued to push the boundaries for responsible retailing and reporting in Australia and taken an active lead in the global debate on sustainable consumerism.

As retailers, we are critical to this debate as it goes to the heart of how our planet's resources will be managed as our populations continue to grow and their aspirations develop. We have a vital role to play in creating a sustainable society while still delivering the choice, value, quality and safety that today's and tomorrow's consumers expect.

Woolworths' journey towards a more sustainable and responsible future commenced in 2007 when we launched an eight-year strategy at our annual shareholders meeting and, as this report testifies, we've certainly come a long way since then.

Our broad strategy has always been to go beyond giving customers the choice of an eco-friendly washing up liquid here, or a dolphin-friendly tin of tuna there. It goes right to the heart of the way we do business. How we ensure we are doing the right thing. As part of that strategy, we have identified a list of many commitments and targets touching all aspects of our business. These include targets for carbon reduction, water usage, waste, recycling, diversity, community investment, ethical sourcing and supply chain influence.

We also needed to make our business as transparent and accountable as possible, which is why we are 100% committed to achieving the highest possible standard of corporate responsibility reporting. We are therefore very pleased to once again achieve an A+ rating from the Global Reporting Index.

During 2010 we sought to mainstream sustainability into our business more than ever before. Critical to this process is senior management engagement, which is why we instigated a Sustainability Executive Committee to oversee the approval, implementation and review of key initiatives. Driving change through the demonstration of clear and quantifiable business payback is central to all Woolworths investments, and sustainability is no different. This is the key to ensuring that sustainability becomes a routine component of our business practices rather than a standalone function.

Combined with the inclusion of corporate responsibility within the annual strategic planning process, the results of these mainstreaming efforts are multiple.



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

Business decisions are now more frequently assessed on the basis of both fiscal and sustainability outcomes and the growing cultural awareness helps support the delivery of those decisions right through to the shop floor. It is extremely heartening to now hear our business teams talk with pride about how an initiative not only saved costs, but also saved carbon, or water or waste.

Woolworths is a signatory to the UN Global Compact, one of the largest voluntary corporate citizenship initiatives. We are on the Board of the Global Compact Network Australia and actively involved in promoting the principles of the Global Compact. Our own performance in implementing these principles is outlined throughout this report and a summary is provided on page 72.

Woolworths turned 85 years old in FY10 and our aim of course is to still be going strong at our 100th birthday and well beyond. As a large and intricate consumer-driven organisation, Woolworths still has much to achieve and many challenges still lie ahead of us. Balancing the complex and often competing needs of our stakeholders requires insight and empathy. Not every decision we make will be applauded, but we hope that all perspectives will have been carefully considered during the process to reach the best outcome.

Every member of our team has seen first-hand that Woolworths can be a force for good in society – as an open employer, as a fair customer, as a secure investment or as a giving and loyal neighbour. There is much to be proud of and this report clearly identifies the contribution we make in many small and large ways. It also highlights the efforts we're taking to mitigate any negative impact resulting from our operations and our continuous drive to be a leader in responsible retailing.

Without a doubt, there are challenges ahead for Woolworths and for the economy – challenges which are driving communities and governments towards a new agenda. Challenges such as climate change, sustainable population growth and a sustainable business sector are all issues which we must address.

As we look ahead, our corporate responsibility programs and our business as a whole will be increasingly framed by these issues. Therefore, it is critical for Woolworths to be as sustainable and robust as possible. We believe that a business must be as socially responsible in a changing environment as it is fiscally responsible in a fluctuating economy.

We continue to push the boundaries for responsible retailing and reporting in Australia.

We believe a business must be as socially responsible as it is fiscally responsible.

doing the right thing

Corporate responsibility and sustainability is about what we do and how we do it. We are a successful retail business and plan to remain successful long into the future. But in order to be sustainable in the long term, our success must not come at the expense of the societies, economies and environments we are a part of.



This report has been externally assured and meets the highest level of disclosure in accordance with the guidelines of the Global Reporting Initiative (GRI).



Our Approach to Corporate Responsibility and Sustainability

Our aim is to have a responsible and sustainable business today and long into the future. One that is:

- profitable;
- looks after its people;
- provides service, quality, value for money and choice to our customers;
- deals fairly and with integrity with suppliers;
- invests in the community; and
- protects the environment and natural resources that sustain our business.

The challenge in doing the right thing – by our customers, employees, shareholders, suppliers, the community and the environment – is achieving the right balance between competing expectations. We know that we have to make changes to improve and make sustainability mainstream in our business and we are committed to delivering more sustainable outcomes.

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

Embedding responsible and sustainable business practices into our decisions and processes is key to making them mainstream. Specific strategies that explain our priorities and commitments for 'Doing the Right Thing' include our Destination Zero safety strategy, Sustainability Strategy 2007–2015 and Community Investment Strategy. These strategies are embedded in the business planning process at the relevant divisional level. The Strategic Plans are on five year rolling bases and are reviewed annually to ensure they remain aligned with material issues.

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 (second edition). Our Directors are committed to the ethical pursuit of shareholders' best interests.

All relevant documents outlining our corporate governance framework are publicly available at www.woolworthslimited.com.au. For more information refer to the Corporate Governance Statement in our 2010 Annual Report, also available on the website.

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 nine Directors, seven Non-executive Directors, including the Chairman, and two Executive Directors, the Managing Director and Chief Executive Officer and the Finance Director.

Details of the experience, qualifications, special responsibilities and other directorships of listed companies in respect of each of the Directors are available 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.

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

- Audit, Risk Management and Compliance Committee;
- Nomination Committee;
- People Policy Committee; and
- Superannuation Policy Committee.

The People Policy Committee oversees human resources (HR)/people strategy and effectiveness of our safety and health strategy and programs. The CEO and HR Director and the General Manager Risk and Safety report to the People Policy Committee on Woolworths' overall people policies and health and safety performance on a quarterly basis. Divisions report to the Board on their divisional safety performance.

Corporate responsibility and sustainability performance is reported to the Board on a monthly basis on topics that can include targets, policy implementation, regulatory changes and compliance, risks and opportunities. Further details are provided in quarterly presentations to the Board on key performance indicators, emerging issues and reputation.

Risk Management Framework

Woolworths has a risk management framework to effectively identify and manage its material business risks. An ongoing, Company-wide process identifies material business risks. As part of the 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 rated by management and formally reported to the Audit, Risk Management and Compliance Committee and finally the Board.

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 and governance arrangements across the Company, including safety and health, product safety, compliance, sustainability, IT security, project management, WOW Care, business continuity and risk financing.

Our Approach to Corporate Responsibility and Sustainability

Senior Management

Woolworths Safety and Health Executive Committee (chaired by the CEO) comprises divisional management and meets monthly to evaluate the implementation of the safety and health vision, principles, policy, standards, strategy, initiatives, procedures and governance across the Group (see page 33 for more details). The effectiveness of these are also assessed annually.

Woolworths Sustainability Executive Committee, comprising the CEO and general managers from the trading and support divisions, ensures our sustainability strategy is implemented in a timely and cost effective manner. The committee monitors progress in meeting our targets, reviews trends in legislation and public opinion, ensures compliance with relevant legislation, and reviews and approves business cases, policy positions and relevant new technology.

Divisional Level

A Sustainability Coordinators Committee, comprising sustainability champions from retail businesses and logistics, identifies business processes that need to be adapted to enable sustainable practices, shares ideas across divisions and facilitates our Eco Ambassadors program.

Safety and Health is the responsibility of management and every individual throughout Woolworths and they are supported by Safety, Health & Environment (SH&E) personnel who provide specialist advice and program development. Woolworths' workforce is represented in formal joint management-worker health and safety committees. These committees, called 'Safety Teams', operate at a site/store level. Their functions are formalised through charters, procedures and legislative requirements where applicable.

Corporate Responsibility Panel

Woolworths has an advisory panel of prominent Australian and New Zealand representatives to provide input and advice on key sustainability and corporate responsibility strategies to the CEO and senior management.

The panel's role is to challenge Woolworths in its thinking and help learn from best practice around the world and develop better strategies. The panel focuses on issues relating to corporate responsibility and sustainability strategies and effective stakeholder engagement.

In the past year, the panel included the following external experts:

- Terry A'Hearn – Chief Operating Executive, Vic EPA
- Greg Bourne – CEO, WWF Australia
- Stephen Dunne – MD, AMP Capital Investors
- Dr Simon Longstaff – Executive Director, St James Ethics Centre (Panel Chair)
- Clare Martin – CEO, The Australian Council of Social Service
- Sam Mostyn – Executive Director, Institute for Sustainable Solutions at University of Sydney
- Guy Salmon – Executive Director, Ecologic Foundation, New Zealand
- Bob Welsh – CEO, VicSuper
- Leann Wilson – Group Manager Aboriginal and Torres Strait Islander Strategies and Programs, Red Cross.

Transparency and Reporting

Woolworths Limited is committed to ensuring that our Company policies and practices meet the highest levels of disclosure and compliance. We are mindful of many requests made for disclosure – all requiring the same information in different forms – and the impact this has on business resources. We believe in convergence of all non-financial reporting initiatives that is more efficient for businesses and less confusing for stakeholders who are trying to benchmark and compare performance.

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.

Woolworths is proud that our past two Corporate Responsibility Reports, including this one, have achieved an A+ rating. Further information on the GRI is available at www.globalreporting.org.

Woolworths also reports to the Carbon Disclosure Project (CDP). CDP is an investor driven disclosure initiative launched in 2000 to accelerate solutions to climate change by putting relevant information at the heart of business, policy and investment decisions. We have reported to CDP since 2007.

Woolworths has been recognised for its transparency and disclosure by two external organisations during the year:

- In August 2009, our 2008 Corporate Responsibility report won the best report in the retail sector at the Association of Chartered Certified Accountants (ACCA) Australia and New Zealand sustainability reporting awards.
- In 2009, Woolworths was one of only seven Australian companies, and the only Australian retailer, listed in the Carbon Disclosure Global Leadership Index.

Anti-Corruption

Our anti-corruption principles are clearly communicated to our employees in our Code of Conduct. Woolworths' Code of Conduct provides guidance to our employees in maintaining our commitment to the highest legal, moral and ethical standards in our dealings with customers, suppliers, employees and local communities.

The Code of Conduct which is published on the Company website clearly details expected behaviours in how we engage with vendors and also employees' responsibilities in declaring conflicts of interest.

We have a number of processes supporting our Code of Conduct. For example, our vendor dispute resolution and incident escalation process which is communicated through our vendor website and Vendor Guide. The policy details a three-stage process escalating the matter from the Supplier Relationship team to the Group General Counsel and Company Secretary and ultimately the CEO if necessary.

Woolworths has an advisory panel of prominent Australian and New Zealand representatives. The Panel's role is to challenge Woolworths in its thinking and help learn from best practice around the world and develop better strategies.

Corporate Responsibility Panel Meetings in 2010 Financial Year

Meeting	Agenda items
13 August 2009	<ul style="list-style-type: none"> - Responsible service of alcohol - Sustainable sourcing and supply chain: pulp/paper and genetically modified foods
2 December 2009	<ul style="list-style-type: none"> - Health and safety – political and performance
11 May 2010	<ul style="list-style-type: none"> - Sustainable sourcing and supply chain – palm oil - Community relations - Community investment strategy

Vendors do raise concerns with the CEO and other Senior Management such as the Group General Counsel where there is serious concern.

A recent incident brought to the attention of Woolworths Chief Executive Officer and Group General Counsel resulted in an internal investigation, followed by the matter being referred to the police.

On the information available to Woolworths, we terminated a buyer's employment reinforcing to all employees that the behaviour was unacceptable and a serious breach of Company policy warranting immediate dismissal.

Following this specific allegation, we investigated more broadly with other vendors with regard to any similar behaviour. We also revised and centralised our whistle blower programs which were previously managed by individual divisions. The new centralised program is called Speak Up and it is managed by a third party specialist provider, Deloitte.

The risk category of crime, which includes fraud, is assessed by the Management Board as part of its biannual review of the Group Risk profile. In May 2010, at an organisational level, the overall risk of crime was rated as low, based on the assessments of control effectiveness, potential impact and likelihood.

Political Donations

In an ever-changing policy and political landscape, Woolworths aims to keep abreast of legislative and regulatory reforms through direct engagement with political parties in Australia and New Zealand. Woolworths' 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 2010, we contributed (for attendances to conferences and other functions) \$38,500 to the Australian Labor Party and \$29,400 to Coalition parties (Liberal Party and the Nationals) in New South Wales and \$5,500 to the Australian Labor Party and \$9,000 to the Liberal Party in Victoria. Woolworths did not make political donations in New Zealand or attend any paid political functions.

understanding our stakeholders and what is important to them

Stakeholder group	Our engagement 2010	What they told us they expect
Customers	<p>Market research studies and customer focus groups to understand our customers' needs and expectations.</p> <p>Our customer immersion program aimed at seeing our operations through the eyes of the customer. Our managers spend time with customers in their homes and on shopping trips.</p> <p>Invested \$1 million in establishing our new Sensory Kitchen as part of our quality promise to our customers. All private label products will have to pass stringent, quantitative sensory testing by a group of our customers specially trained as sensory panellists.</p> <p>Customer feedback and complaints management (in-store, via helpline and our website).</p> <p>Green Shopper Survey – a survey of 1,000 Woolworths customers – to improve our understanding of the attitudes and behaviour of our customers who buy green.</p>	<p>Choice, quality, healthy options, good service and value for money.</p> <p>84% of 1,000 shoppers surveyed expressed concern about the impact of their shopping decisions on the environment.</p>
Investors	<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>Participation in investor sponsored disclosure initiative, the 2010 Carbon Disclosure Project (CDP) www.cdproject.net.</p>	<p>Competitive returns on their investment.</p> <p>442 written questions were received from shareholders for the AGM in November 2009 – 44% on gaming, 14% on quality and service, 2% on environment and the remainder on corporate governance, dividends and growth.</p> <p>Good governance, transparency and a sustainable business for the long term.</p>
Employees	<p>Regular employee engagement surveys to identify employee issues and improve our performance.</p> <p>2010 engagement survey showed that our average scores for discretionary effort, rational commitment and emotional commitment to the organisation, and our average engagement level were higher than the Australian CLC benchmark.</p> <p>New leadership qualities introduced to provide a consistent and clear understanding for our teams about the behaviour expectations that are important for high performance. See page 27.</p> <p>Eco Ambassador program provided training and support for 1,554 passionate employees on sustainability to help them champion improvements in their workplaces, homes and communities (page 56).</p> <p>Our employees have the opportunity to raise funds for causes important to them as well as participating in the community programs coordinated by the Company (page 42).</p>	<p>Job security, professional development and training, career opportunities, safe and healthy workplace and respect.</p> <p>Identified leadership as the strongest lever of engagement.</p> <p>The opportunity to contribute to community and sustainability initiatives at work.</p>

Stakeholder group	Our engagement 2010	What they told us they expect
Suppliers	<p>Annual Shared Objective Plans with our largest suppliers. Annual supplier briefings by Supermarkets on our business strategy and issues of significance in every capital city.</p> <p>Quarterly supplier newsletter and a vendor website with all relevant documents to ensure they have access to up-to-date information.</p> <p>Annual awards dinner to recognise innovation and celebrate our partnerships. Supplier of the Year in 2010 was Cantarella Bros Pty Ltd. The winner of the \$100,000 Fresh Food Grant, awarded for a sustainable product, packaging or process in 2010, was Inghams Enterprises Pty Ltd.</p>	<p>Fair treatment and the opportunity to develop long-term trade relationships.</p>
Communities	<p>Woolworths employed a dedicated Community Relations Manager, with the primary responsibility of working with our Property team to better manage relations at a community level.</p> <p>In 2010, Woolworths opened 157 new stores, including 26 new Australian supermarkets. In most cases, new store developments received very positive reaction among local stakeholders, residents and media. A small number of cases involved higher levels of community concern.</p>	<p>Be a good neighbour, invest in the local community.</p> <p>Consult with the community when we plan new stores or changes to existing stores.</p>
Governments and regulators	<p>Woolworths engages with government and regulatory officials regarding emerging and current retail, business and employment issues in economic, social and environmental policy matters.</p> <p>We constructively share our policy views through participation on government advisory boards such as the Australian Government's Food and Health Dialogue.</p> <p>In 2010, Woolworths lodged 12 formal submissions to state and federal government inquiries in Australia and New Zealand. Our submissions to the Government are available on our website www.woolworthslimited.com.au.</p>	<p>Compliance with laws and regulations.</p> <p>Proactive engagement in public policy discussions and constructive advice.</p>
Non-government organisations (NGOs)	<p>Engagement with WWF Australia and Zoos Victoria on use and labelling of palm oil on our products led to review of our palm oil policy and our commitment to labelling and sourcing sustainable palm oil (page 65).</p> <p>Dialogue with the Marine Stewardship Council (MSC) for advice on sustainable fish and seafood sourcing and with Fairtrade in Australia for advice on our Select chocolate range.</p> <p>Extensive consultation with food relief charities in reviewing our Fresh Food Rescue program (page 40).</p> <p>Extensive consultation with the agriculture sector stakeholders in reviewing our investment in sustainable agriculture (page 42).</p>	<p>Leadership on sustainable and ethical sourcing.</p> <p>Clearly communicated policies and principles on issues of interest to society.</p> <p>The need for investment in their infrastructure such as vans and fridges.</p> <p>Targeting our investment to adoption of sustainable farming methods and capacity building in the sector.</p>

engagement framework for new stores

Woolworths' success depends upon being an accepted and respected part of communities we serve. Once we are in a community, our stores have the opportunity to earn trust every day, by providing good quality, range, convenience and value for customers, providing jobs for local people and investing in the community.



Prior to this, community engagement can be more of a challenge. It is as we are learning more about a new community and the community is learning more about us, that there is greater scope for misunderstanding.

During 2010, Woolworths opened 157 new stores, including 26 new Australian supermarkets. In some cases, new store developments received very positive reaction among local stakeholders, residents and media. In a majority of cases our new store developments prompted neither fanfare nor significant opposition, but proceeded relatively smoothly through the planning process. However, there were a small number of cases during the year where community concern created controversy, making the process of opening a new store difficult.

Recognising the importance for community engagement Woolworths has a dedicated resource in a Community Relations Manager, who has the primary responsibility of working with our Property team to manage relations at a community level.

Woolworths is focused on openly and proactively communicating our development intentions in the local media and community; seeking compromise and consensus on our more difficult projects; and working with Project and Development Managers to ensure greater focus and capability with our community engagement on all projects.

The employment of a Community Relations Manager supports our work in 2009 in developing a new framework for property development stakeholder communications, including a new stakeholder risk assessment that accompanies submissions to our internal Property Committee.

An example of Woolworths' community engagement in the past year has been with our proposed property development in Newport, on the Northern Beaches of Sydney.

Here, Woolworths responded to an approach by Council in 2007 to encourage retailers to invest in Newport by buying retail-zoned land and agreeing to buy two adjoining council car parks, to facilitate a development including a supermarket, retail shops and public car park.

By late 2009, after receiving extensive community feedback, including holding a number of information sessions and attending community meetings and resident protests, Woolworths took the difficult decision to go back to the drawing board for the design.

In April this year, Woolworths publicly acknowledged our initial design mistakes through the local media. A completely different design which took guidance from community feedback was then proactively put forward to the community through community information sessions, the local media and information distributed to individual households.

Recently, small businesses and property owners in the neighbouring arcade reflected the substantial shift in public sentiment, by publicly stating their newfound approval for the Woolworths development, citing that it met existing needs in providing increased foot traffic, better parking and assisted in delivering a revitalised Newport.

Other examples of Woolworths' flexibility in seeking compromise include Margaret River in Western Australia, where a controversial development proposal was recently approved, and the Victorian Alps town of Bright where previous controversy has dissipated and a very successful store opening has happened.

Previous changes to the development design were not particularly effective in abating controversy in Mullumbimby, where dedicated protests have continued. Other feedback we receive from Mullumbimby however indicates many residents are strongly supportive of Woolworths opening a full service supermarket in the town and offering employment to the staff of the current independent store which is set to close.

Woolworths is conscious to not raise unrealistic expectations about our ability to accommodate every request. We will continue our focus on listening, engaging, seeking compromise where it is beneficial and feasible and communicating clearly and effectively with communities.

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issues of public interest

Competition and cost of living

Our response

Woolworths supports competition in the retail market. Competition helps keep prices low for customers and drives improvements in products and services.

Woolworths is committed to bringing downward pressure on food prices and in January began a campaign to reduce the shelf price of thousands of supermarket products. We have also commenced listing product prices online in order to deliver greater price transparency. Shoppers are now able to price check more than 6,455 grocery products online, searchable by suburb. The site now includes almost one-third of all Woolworths supermarket products.

Further information

Marketplace, page 18.

Liquor retailing (responsible service of alcohol, price, training and trading hours)

Our response

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.

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.

Further information

See Selling alcohol responsibly in Responsible retailing, page 60.

Gaming

Our response

The ALH Group is committed to providing responsible gaming in our venues. We acknowledge 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.

Our objective is for gambling facilities to be enjoyed as a social recreation by responsible individuals who choose to use them in a safe and supportive environment.

Further information

See Responsible service of gaming in Responsible retailing, page 62.

Future of food supplies

Our response

Woolworths believes it is vital for all organisations involved in the food supply chain to adopt a leadership position addressing long-term food availability and affordability to help safeguard Australia's future food security.

Over the coming year, Woolworths will invest \$3.25 million into its Fresh Food Farming Program. The program draws together initiatives advancing agricultural sustainability and building leadership capacity in the sector.

Further information

See Fresh Food Farming program in Community, page 42.

Animal welfare, in particular caged eggs and pork

Our response

Consumer interest in animal welfare continues to increase, and this is reflected in our sales of free-range eggs and chicken meat. Woolworths Quality Assurance standard now includes an animal welfare module for all livestock products.

We've increased our range of barn laid and free range eggs, decreased our range of caged eggs and updated the layout of eggs in our stores.

We sold free range pork in 272 of our Australian supermarkets and have extended this range to include RSPCA accredited free range pork.

Further information

See Ethical sourcing in Responsible retailing, page 64.

Use of palm oil in our products

Our response

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

Woolworths has added palm oil and derivatives greater than 5% on pack labelling for all private label products to facilitate customer choice.

Further information

See Responsible sourcing in Responsible retailing, page 65.

Food imports and import protections

Our response

Woolworths is committed 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 2010, in our Australian supermarkets, 100% of our fresh meat was sourced from Australian producers and 96.7% by weight (94.9% by value) of our fresh fruit and vegetables were grown in Australia.

In 2010, in our New Zealand supermarkets, 98% of our meat and 100% of our fresh chicken was sourced from New Zealand.

Further information

See Our market share in food retailing in Marketplace, page 18.

Food waste

Our response

Woolworths has a target of zero food waste by 2015. Our stores donate surplus fresh food to local food relief organisations. This year we launched Fresh Food Rescue, announcing funding of \$2 million for food relief organisations for infrastructure needs, such as vans, refrigerators, freezers and kitchen equipment.

63 supermarkets in Sydney send their organic waste to EarthPower, where this material is processed through a digestion system to produce fertiliser and generate electricity.

We diverted 5,948 tonnes of organic material to EarthPower and 2,322 tonnes of food to Foodbank in 2010.

Further information

See Fresh Food Rescue in Community, page 40 and Waste and recycling in Environment, page 55.

Payment options

Our response

All card payments continue to be accepted at Woolworths Limited stores without any surcharge. However, customers paying with Visa Debit and Debit MasterCard cards must now select Cheque or Savings as the Credit option has been disabled. All transactions are now routed through the domestic EFTPOS network, which incurs a significantly lower cost than the international credit network.

Implementing these changes was permitted through changes the Reserve Bank of Australia (RBA) made to the payments policy framework, and a similar change has occurred in New Zealand with debit card transactions routed through EFTPOS.

Although the majority of bank accounts in Australia that are linked to one of these debit cards are fee free, eight financial institutions do not permit any fee-free transactions for EFTPOS and we estimate that this affects less than 1% of our customers.

96.7% of fresh fruit and vegetables sold in our stores are grown in Australia

Tobacco products

Our response

Woolworths fully accepts and appreciates the responsibility of selling tobacco products. Woolworths also complies with all applicable legislative requirements in relation to the sale of these products. In 2010, Woolworths has been working closely with State and Territory Governments as they move to implement full tobacco display bans for retailers. Woolworths continues to be of the view that where these display bans are introduced, to be effective they should be introduced in a competitively neutral manner and apply to retailers of all formats and sizes.

Amount committed to food relief organisations under the Fresh Food Rescue program

\$2m

our business

Since opening our first single basement store in Sydney's Pitt Street in 1924, Woolworths has grown into a household name with a presence in almost every metropolitan and regional centre in Australia and New Zealand. We began operating fresh food stores 60 years ago when advances in refrigeration technology revolutionised transport and storage. This year we celebrated our 86th year in the retailing business. Woolworths Limited has been listed on the Australian Securities Exchange (ASX Limited) since 1993, under the code WOW.



Number of
shareholders in total

419,304

Number of employee
shareholders
estimated at

40,000

Total number
of employees

188,065



Number of employees
in Australia

168,721

Number of employees
in New Zealand

19,167

Number of employees
(Hong Kong and India)

177



Number of
customers on
average served
per week

26 million

Number of stores

3,199

Global Ranking of Supermarket Chains with Stores in Australia

	Ranking
Costco Wholesale Corp USA	8
Aldi GmbH & Co. oHG (Germany)	9
Woolworths Limited Australia	26
Wesfarmers Limited (Australia – owns Coles Supermarkets)	28

New Acquisitions

In 2010, Woolworths commenced its entry into the retail home improvement sector, with our joint venture partner Lowes. We completed the acquisition of Danks Holdings Limited, Australia’s second largest hardware distributor, supplying 581 Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centre stores and over 900 independent hardware stores. During the year we also acquired the business and assets of Gunns Retail Division in Tasmania which included five hardware stores, one timber joinery centre and one truss manufacturing plant, and we recently purchased the Becks Timber and Hardware business also in Tasmania.

Woolworths also completed the acquisition of Macro Wholefoods, consisting of seven existing store leases and a development site. This purchase enabled the expansion of the Thomas Dux Grocer format in Sydney and Melbourne and provided ranging opportunities for the Macro Wholefoods label nationally within Supermarkets.

Danks is included in our energy and climate change reporting. Home improvement and the Macro Wholefoods label are now subject to our quality assurance and sourcing policies.

Woolworths purchased a 25% stake in Gage Road Brewery, an Australian operation which has supplied our exclusive brand offer of beer.

Our Global Ranking

In January 2010 Deloitte Touche Tohmatsu in conjunction with STORES Media, published the 13th annual *Global Powers of Retailing* report. The report identifies the largest retailers around the world.⁽¹⁾

Woolworths was ranked in 26th position worldwide and third in the Asia-Pacific region. The *Global Powers of Retailing* report can be viewed at www.deloitte.com.

Contribution to the Economy

In 2010, in addition to returns to the shareholders and the direct employment in its own operations, Woolworths Limited’s indirect contribution to the Australian economy was estimated to be in excess of \$96 billion and 652,400 full-time equivalent jobs. Our construction expenditure alone created an estimated flow-on effect in the Australian economy of more than \$365 million and 2,400 full-time equivalent (FTE) jobs. Construction and retail expenditure have the highest economic multiplying effect, meaning that Woolworths’ contributions had a very positive impact on the economy when it needed it most.⁽²⁾

Our Market Share in Food Retailing

Woolworths supports competition in the retail market. Competition helps keep prices low for customers and drives improvements in products and services.

Research undertaken for the *Roy Morgan Supermarket Monitor (August 2008–July 2009)* found that, for Woolworths customers, 68% of weekly spending on fruit and vegetables takes place outside of Woolworths – at fruit shops, markets and other supermarkets.

Australian farmers export around two-thirds of agricultural production overseas, with one-third going to Australian retailers, wholesalers, manufacturers and food service businesses. Woolworths buys a relatively small proportion of total domestic production.

In 2010, in our Australian supermarkets, 100% of our fresh meat was sourced from Australian producers and 96.7% by weight (94.1% by value) of our fresh fruit and vegetables were grown in Australia. In 2007, around 12% of the fruit and vegetables grown in Australia were sold at Woolworths, along with 6% of Australia’s beef and 15% of Australia’s lamb.⁽³⁾

In 2010, in our New Zealand supermarkets, 98% of our whole sourced meat and 100% of our fresh chicken was sourced from New Zealand. Woolworths’ market share of food and liquor retailing in New Zealand is estimated to be about 28%.⁽⁴⁾

Our Trade Partners

Woolworths works to the principle that we can never take our customers for granted – we need to earn their trust and respect and this means acting responsibly both inside and outside our stores. We are committed to fair dealings with our partners and fair prices for our customers. This is written into our Code of Conduct.

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

Fresh food is our business and we have made it our mission to partner with the very best farmers and growers in Australia. We have hundreds of direct trading relationships with fruit, vegetable and meat suppliers. We are committed to domestic sourcing for our fresh produce.

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

(1)
Based on publicly available company data for the 2008 fiscal year (encompassing fiscal years ended through June 2009).

(2)
Economic multipliers were calculated by Concept Economics based on economic input and output data from the Australian Bureau of Statistics in 2009.

(3)
Estimates from Concept Economics from publicly reported information.

(4)
Market share calculated in 2008 by Concept Economics.

Our indirect contribution to the Australian economy was estimated to be in excess of \$96 billion and 652,400 full-time equivalent jobs.

EPS
increased to
164 cents

+ 8.8%

Sales Revenue
increased to
\$51.7 billion

+ 4.2%

NPAT
increased to
\$2,020.8 million

+ 10.1%

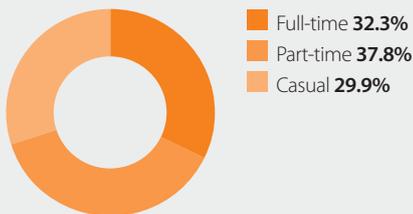
EBIT
increased to
\$3,082.1 million

+ 9.5%

our people

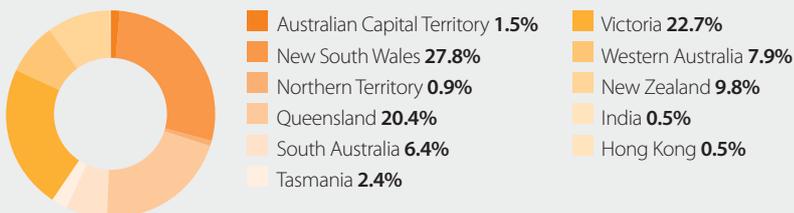
Woolworths Limited remains one of the largest employers in Australasia with over 188,000 team members. During 2010, there was a notable reduction in labour turnover with a decrease of 4.16% Company-wide.⁽¹⁾ Supermarkets, Petrol, Liquor and Consumer Electronics were some of the key divisions that contributed to this reduction.

Headcount by Employment Type



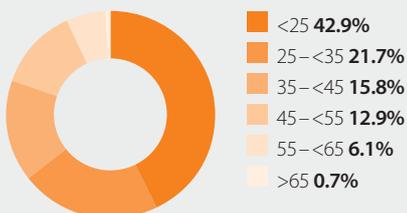
Note: 2010 Data does not include DSE NZ.

Total Workforce by Region



Note: 2010 Data does not include DSE NZ.

Total Workforce by Age Ratio



Note: 2010 Data does not include DSE NZ.

Headcount by Division

Division	2010
Supermarkets	110,774
BIG W	23,526
PEL NZ	18,256
ALH	13,279
Logistics	7,611
Consumer Electronics	4,240
WLG	3,959
Petrol	2,950
Corporate Support and IT	1,882
Thomas Dux	444
Home Improvement	56
Hong Kong	93
India	84
DSE NZ	911
Total	188,065

(1)
Note: Excluding DSE NZ.



Key workplace achievements 2010:

Woolworths' Eleven Leadership Qualities were introduced to give a consistent and clear understanding of the Company's expected core and strategic behaviours from its employees, regardless of seniority.

Key workplace challenges 2010:

As part of our commitment to diversity, Woolworths will aim to have a 33% representation of women at board level and within its senior executive group by 2015. Representation of women in leadership roles has remained constant over the last two financial years, at 27%.

Recruitment

Woolworths has bred a culture of promoting from within. We strive hard not only to develop our own people but we also recruit talent externally from the local market.

During 2009–2010, more than 38,000⁽¹⁾ employees started work with us. Only nine of these employees were sourced internationally for specialist roles. In addition, permanent part-time and full-time opportunities increased, with a reduction only in casual employment.

Typically, external recruitment focuses on specialist roles, often at our corporate support office in Norwest, Sydney. We source candidates through a variety of channels to ensure we locate those best suited to the roles and Company. These include online job boards, industry magazines, recruitment agencies, employee referrals and word of mouth, career expos and press advertising.

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. Since 2005, we have recruited 113 graduates with a 93% retention rate.

Woolworths places a high importance on supporting new employees to ensure they successfully adapt to their new role and the organisation. As part of our 'on-boarding' process we have an induction program for all trading businesses and a regular business orientation led by members of the senior management group, as well as executive transition coaches.

Woolworths has a long-standing commitment to building internal capability. We consider this to be a key driver of our ability to perform, change and grow. We are pleased to have retained all executive women who were due to return from parental leave in the 2009 calendar year.

To help retain our diverse employee base, 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 wellness programs.



Promoting from within:

Melinda Smith, Chief Operating Officer of Home Improvement, previously a Controller for Hardgoods in BIG W, Senior Business Manager Supply Chain Primary Freight and Senior Business Manager – Longlife in Supermarket Division.



Grant O'Brien, Chief Operating Officer for Australian Food and Petrol, previously a Senior Business Manager Marketing, General Manager in Freestanding Liquor and General Manager for New Business and Business Development.

Promoting from Within

We have not seen a shift in the proportion of male and female turnover over the past 12 months. Woolworths' diverse operations enable us to offer employees an unusually broad range of careers within the one company.

Our commitment to promoting internal talent is strong: Work experience in multiple divisions is a common characteristic of a Woolworths career. Examples include:

- Melinda Smith, Chief Operating Officer of Home Improvement, previously a Controller for Hardgoods in BIG W, Senior Business Manager Supply Chain Primary Freight and Senior Business Manager – Longlife in Supermarket Division.
- Grant O'Brien, Chief Operating Officer for Australian Food and Petrol, previously a Senior Business Manager Marketing, General Manager in Freestanding Liquor and General Manager for New Business and Business Development.

Many employees have had long service, including our CEO Michael Luscombe who has spent over 30 years with Woolworths. 16% of all employees have more than 10 years of service and 46% of Executives have been with the Company for 10 years or more.⁽²⁾ In addition, over 5,400 past and present employees across Australia, New Zealand, India and Hong Kong are members of the 25-Year Club.

The nature of retailing means a high proportion of our people join us on a casual basis, often as teenagers new to work. A range of pathways allow these new employees to build their careers with us, develop their skills and then convert to permanent employment when it suits their personal circumstances. We have many programs to support them, including school-based and certificate traineeships and apprenticeships.

Likewise, a number of pathways exist for store staff to progress to management roles, including the Store Management Trainee Program and the Woolworths Graduate Program.

Understanding Our Employees

As part of our ongoing commitment to Retention over the last four years, we have invited over 150,000 Woolworths employees to participate in the Corporate Leadership Council (CLC) Employee Engagement Survey.

In 2009, over 40,000 employees from the Woolworths Liquor Group and Supermarkets in Queensland and South Australia were invited to participate in an employee engagement survey, with 13,720 taking up that invitation. Each business has adopted action plans to focus on key areas of the survey results.

In addition, focus groups to discuss gender diversity and issues relating to work-life balance were also conducted.

Exit interviews form part of the separation process for all salaried staff, we currently have a participation rate of 6% through our online exit interviews.

In fact, Woolworths uses the information from all engagement surveys, focus groups and exit interviews to refine its employee offer. Many initiatives including more flexible work options and new wellness programs can be directly linked to the insights gained in this way.

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. Our job-share opportunities offer further flexibility to our staff.

Parental Leave

Following the introduction of paid maternity leave in 2008, there were 1,436⁽³⁾ women who commenced parental leave during the 2010 financial year, compared to 1,080 during the previous year.

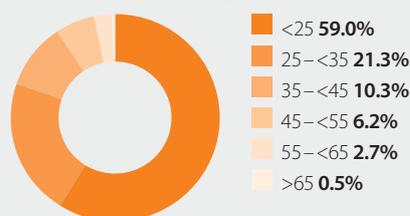
With the introduction of the Government Paid Parental Leave scheme in January 2011, Woolworths will still continue with its current Paid Maternity Leave initiative (introduced in 2008) which includes six weeks paid maternity leave, two week return-to-work bonus and up to 104 weeks parental leave.

(1) Excluding ALH in 2010.

(2) Excluding ALH, PEL, Hong Kong, India and DSE NZ.

(3) Excludes DSE NZ.

Employee Turnover by Age



Note: 2010 Data does not include DSE NZ.

Total Turnover by Division by Gender

	Female %	Male %
Supermarkets	52	48
BIG W	59	41
Logistics	17	83
Petrol	51	49
Liquor	33	67
Corporate	69	31
Thomas Dux	57	43
Consumer Electronics	29	71
IT	26	74
PEL	55	45
ALH	52	48
India	50	50
Hong Kong	31	69
Total	51	49

Note: 2010 data does not include DSE NZ.

Turnover by Region

	2010 %
Australian Capital Territory	2.4
New South Wales	21.3
Northern Territory	2.2
Queensland	23.7
South Australia	7.2
Tasmania	2.2
Victoria	19.7
Western Australia	11.6
New Zealand	9.5
India	0.0*
Hong Kong	0.0*
Total	100.0

Note: 2010 Data does not include DSE NZ.

* Turnover was less than 0.05%.

Health and Wellbeing

We openly encourage our people to seek work-life balance and have made several health and wellbeing programs available to all employees including Weight Watchers and corporate discounted Fitness First gym memberships. The new employee website has a suite of wellness initiatives that reach all employees from the support office to store level. As in previous years, we offered flu vaccinations to employees in support and distribution centres.

When swine flu emerged in 2009 in Mexico, Woolworths took immediate steps to prepare for and respond to a possible global pandemic. A team was put together to execute the Company's Pandemic Management program by:

- continually monitoring the progress of the influenza virus across all locations;
- providing regular updates and health advice to staff;
- monitoring the impact of the influenza virus on staff and their families; and
- preparing for critical roles to operate on reduced staffing if required.

Employees were encouraged to report symptoms early and seek medical assistance quickly if they showed symptoms.

Woolworths continues to incorporate pandemic response plans into business continuity plans and provides influenza vaccinations to Support and Distribution Centre employees annually.

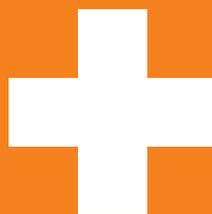
In addition to internal planning and response to an influenza pandemic in 2009, Woolworths is participating with industry and government within Australia to develop the National Food Chain Continuity Plan (Human Influenza) and the Food Industry Contingency Plan. These plans are being designed for use during a significant pandemic to maintain the supply of essential food and grocery items and provide fair and orderly access to these goods for the general community. They are being developed under the auspices of the Trusted Information Sharing Network and as part of the Federal Attorney General's Critical Infrastructure Resilience Program.

Management Health Checks

Woolworths is shaping its Wellness strategy and ensure targeted programs are offered to employees across the business as a result of the positive impact of the health checks program that is in place. Executive Health Checks have had a positive impact on the wellness of participants since their first assessments took place and highlight reductions in:

- smoking rates from 6.3 % to 3.8%;
- exercise risk from 70.3% to 59.1%;
- cholesterol from 42.8% to 36.1 %; and
- alcohol risk from 20.1% to 10.6%.

Non-executive health checks were introduced in 2009 to store managers throughout the organisation. This initiative was to provide a larger pool of employees with a basic understanding of their current state of health and how to prevent further health risks.



Woolworths continues to incorporate pandemic response plans into business continuity plans and provides influenza vaccinations to employees annually.

Number of
employee
shareholders
estimated at

40,000

Remuneration – Range of Entry Level Wages

	% above Award
WA	6
SA	2
NT	5
VIC	6
TAS	3
NSW	6
ACT	6
QLD	6

Note: Woolworths Supermarkets data only. Excludes ALH, PEL, Dick Smith NZ, Hong Kong and India.

Liability for Defined Benefit Obligation

	As at 27 June 2010 \$ million	As at 28 June 2009 \$ million
Defined benefit obligation	(1,837)	(1,536)
Fair value of assets	1,753	1,444
Liability for defined benefit obligation	(84)	(92)

Employee Assistance Program

The Woolworths Employee Assistance Program enables all staff and members of their immediate families to access confidential counselling free of charge. During the year 1,650 clients used the service, a 5.1% increase on last year. Managers are increasingly promoting the service, with management-initiated counselling accounting for 42% of all referrals in the past 12 months.

Remuneration

Woolworths prides itself on market competitive benefits and remuneration. In the case of operational roles the entry-level rate of pay is at, or in excess of, the modern award. Our remuneration structure includes two components – fixed remuneration (base salary plus superannuation) and a variable, performance-based component. The cash-based short-term incentive plan (STIP) is made available to all managerial salaried employees. The long-term incentive plan (LTIP) is offered to managers who play a critical role in the long-term success of our business, including executives, store managers and buyers.

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

With the introduction of the Modern Award, the Supermarket Division is paying between 2–6% above the standard entry level minimum wage across Australia.

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 2010 plan, 17,498 employees participated. Woolworths now has an estimated 40,000 employee shareholders, including members of the share purchase plans and employees holding shares under past plans.

Superannuation

Woolworths Limited makes superannuation contributions for employees of the Company and its controlled entities 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 2010 Annual Report covering the Woolworths Group Superannuation Plan's (WGSP) financial position are shown in the table above. More details are available in Notes to the Financial Statements (Note 23) contained in the 2010 Annual Report.

While the WGSP's defined benefit obligation exceeds the WGSP's assets at 27 June 2010, the Company makes contributions in line with actuarial recommendations so that members' benefits when payable are fully covered by the WGSP's assets.

Training Participation (Number of Participants)		Training Cost per Participant	
	2010		2010
Induction	71,311	\$ Induction	231
Trainees and Apprentices (Indentured)	5,060	\$ Trainees and Apprentices	641
Systems and General Training	308,798	\$ Executive Development	1,904
Management Development	7,270		
Executive Development	685		

Note: Data excludes India, Hong and DSE NZ.

In 2010, Woolworths invested over \$63 million into learning and development training. This spanned core training programs, training for new employees and leadership programs for managers and executives.

* This includes on job and off job induction.
 * 163 = MGSM Students
 * 239 = Exec 360's



Performance Development

All salaried employees complete an annual performance review with their managers. Once the Company's business plans have been set and key performance indicators (KPIs) developed, these are incorporated into the performance criteria for each manager so all our people work toward the same broad goals.

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

The annual performance review cycle was completed at the end of June 2010. Over 28,000 reviews were conducted across our salaried talent pool, which is an increase of 8% conducted from the previous year (including Woolworths, ALH and PEL).

Non-salaried staff receive a review during and at the conclusion of their probation period. Included as part of the performance reviews for 2010, Woolworths introduced 11 leadership qualities to provide a consistent and clear understanding of expected employee behaviours.

The performance review process included a rating of the employee's behaviour of the qualities and a discussion with the line manager to address any development needs.

Absenteeism

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

Recognition

A key component of the Woolworths culture is recognition of high achievers. The annual Woolworths Heroes Program recognises 27 outstanding contributors to our business, community and environment. Nominated for consideration by their own division, the 'Heroes' are flown to the Company conference and thanked in front of thousands of delegates.

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 category.

Woolworths continues to support the Paul Simons Award in the business. The overall winners for the 2010 awards in the following categories were:

- Apprentice of the Year: Kieran Best, Meat Apprentice – Region 7;
- Certificate III of the Year: David McClatchey, Perishables Manager – Region 6;
- Certificate IV of the Year: Ashleigh Perdriau, Produce Manager – Region 8;
- Graduate of the Year: Savannah Whitby, Property Graduate; and
- Trainee Buyer/Planner of the Year: Blaise Baylon, Trainee Buyer – BIG W.

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.

The Joe Berry Award for 2010 Young National Executive of the Year was won by Kerry Bullpitt (Store Services Specialist, Woolworths Cairns), with the prize being a \$12,000 overseas study tour. Woolworths also had two other finalists being:

- Jason Tye, Store Management Trainee – Woolworths Supermarkets Brisbane; and
- Felix Bowman-Derrick, Supervisor – Dan Murphy's Melbourne.



**Kerryn Bullpitt,
Store Services Specialist
Woolworths Cairns**

Joe Berry Award for 2010 Young National Executive of the Year



**Armando Pedruco,
National Operations Manager
Dick Smith**

Listed in AFR BOSS Top Ten Young Executives



**Kim Schmidt,
Director of Human Resources
Woolworths Limited**

Diversity Leader for the Advancement of Women, 2009 EOWA Business Achievement Awards

Each year AFR BOSS and human resources firm DDI run a national competition in search of Australia's top ten young executives. The final six winners are chosen for their potential as leaders, career commitment and their ability to operate under pressure.

This year Armando Pedruco (National Operations Manager, Dick Smith) was one of the six winners for 2010 and was recognised at the AFR Boss Awards ceremony in June. Armando is also currently studying for an MBA at Macquarie Graduate School of Management as part of the Woolworths scholarship program.

In 2010, Kim Schmidt (Director of Human Resources Woolworths Limited) was recognised by EOWA and awarded as 'Diversity Leader for the Advancement of Women' as part of the 2009 EOWA Business Achievement Awards.

Training and Development

In 2010, Woolworths invested over \$63 million into learning and development initiatives. This spanned core training programs, training for new employees and leadership programs for managers and executives.

As management and executive development is key to building leadership capability for the future, there were a number of programs which were effective in preparing people for more complex future roles that were also delivered during 2010.

The Woolworths leadership qualities were introduced through workshops which gave a consistent and clear understanding of the Company's expected behaviours from its employees. 1,830 senior leaders across the business attended the workshops and 239 of the Executive Leadership Team and their direct reports have completed 360 degree feedback on the qualities. An educational DVD was produced highlighting our senior leaders on their views of what actions in the business reflect the qualities to complement these workshops.

Woolworths Limited Leadership Qualities



Additional Examples:

- The 12-month Future Leader Program is targeted at managers early in their careers and designed to develop leadership skills to position participants for future promotion. The program places a strong emphasis on personal responsibility, accountability and proactivity.
- The 18-month Engaging Leaders Program is targeted at leaders who have the potential to move into executive positions in the future. It places strong emphasis on principle-centred leadership, business acumen, innovation and engagement.
- The 18-month Human Resources Strategic Development Program is targeted at current and future Divisional HR Managers. This program supports the role of Human Resources as a strategic business partner and a critical contributor to the delivery of the business strategy.
- The 18-month Buying Skills Development Program will build our pipeline of buying talent, by developing best practice buying across the divisions.
- Day-to-Day Management provides core management principles and is targeted at new frontline managers.
- Personal Leadership enables employees to develop insights into their behaviour at work and develop their personal effectiveness and resilience.

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

Training included a significant focus with on-job development in the Operational Divisions, completing compliance, safety and systems training. In addition, on-job, up-skill training for employees who changed job roles was also completed.

An administration process improvement has assisted the tracking of training completion rates with greater accuracy, showing significant improvement in training completion on the previous year.

(1)
Data excludes PEL.

Compliance Training

During 2010, Woolworths continued its major focus on compliance policy and behaviour, with the ongoing delivery of our refreshed compliance policy and the 'Between the Flags' training package. The package refers to surf lifesaving and the boundary flags on beaches indicating where it is 'safe' to swim. Though we operate in an environment which carries many compliance risks, with clear boundaries, strong support, leadership and guidance, our people can focus on what they do best.

The compliance training focuses on three key principles:

- Am I doing the right thing?
(Am I between the flags?)
- Do I need to put my hand up and ask for help?
- Do I need to tell someone about this?
Who do I need to tell?

Other examples of training that enable employees to operate 'between the flags' include but are not limited to:

- Responsible service of alcohol (RSA) (which we deliver in all states, even those where we are not legislatively required to do so).
- Fire safety training.
- Food safety training.
- Sale of tobacco training.
- Weights and measures training.
- Trade practices training.
- Training in anti-corruption practices.

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.

Since 2005 in Australia (excluding ALH):

- 113 graduates have been recruited;
- 66 have completed the program and moved into permanent roles or left the Company; and
- 47 are currently participating in programs.

The retention of graduates is particularly high – with over 93% of participants staying with the Company.⁽¹⁾

The recruitment has just completed for next year's program, with 31 graduates to commence in February 2011, 52% of whom are female.

We have invested over \$63 million in our staff for learning and development training.



Since 2005, 113 graduates have been recruited in Australia for the Woolworths Graduate Program.



Jacob Van Der Schoot from Woolworths Mt Druitt

Jacob Van Der Schoot, Woolworths Mt Druitt

Apprentice butcher Jacob Van Der Schoot, 18, has Indigenous heritage and has struggled with dyslexia. Jacob applied for a position with Woolworths three years ago while at the same time he approached Ability Options Employment to give him some extra support in the application process.

As it happened, Jacob got the job anyway, but Ability Options Employment has been able to give him some much-needed help to ensure he has thrived in his new role, like his brother who is a successful butcher at Woolworths Penrith.

Jacob receives the bulk of his training from Woolworths, but he also gets supplementary training from the agency in areas where he needs extra support.

"It's been heaps good," Jacob said. "Without all the support, I wouldn't have made as much progress."

From here, Jacob says the next step is into management, first as a Second in Charge and then as a Manager. "There's no secret to getting ahead at Woolworths – just put your head down, bum up and do your job," he said.

His manager agrees that if he stays on his current path Jacob will climb the ladder. "Jake is a really good cutter. He's a pretty talented butcher with regard to preparation and cutting. We are now working on developing his skills in the administration area."

For Jacob, who is dyslexic, paperwork is a bigger problem than it is for the average employee, but based on his past experience he is confident he can make it.

"I've had people sit down and teach me to learn how to read and they have helped me with information I need to do my job. My manager helps me with that so I know I can do it."

Macquarie Graduate School of Management (MGSM)

Woolworths' 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.

- Since 2004, over 400 Woolworths employees have participated in MGSM units.
- Since 2004, we have awarded 294 qualifications to participants.
- In 2010, there were 113 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 colleagues, employees can increase their knowledge, develop their skills and support their own career growth.

Mentoring is open to all employees. However, specific initiatives include:

- Cross-divisional mentoring for executives.
- Leadership development programs which foster mentoring relationships within their own function or division or across the broader business.
- 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 (CEO) 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.
- Senior management forums.

Diversity and Equal Opportunity

Woolworths Limited 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 reward and promote our team based on assessment of individual performance, capability and potential. Our business leaders are committed to providing opportunities that allow individuals to reach their full potential irrespective of individual background or difference.

Gender balance

We recognise that team members will assume changing domestic responsibilities throughout their careers.

Women constitute 54%⁽¹⁾ of our workforce and we continue to focus on the progress of gender diversity, particularly in leadership roles.

In the 2004, 16.7% of leadership roles in Woolworths Limited⁽¹⁾ were held by women. By comparison in 2010, 27% of our leadership roles are held by women,⁽²⁾ which is consistent with last year.

Woolworths has agreed to become an early adopter of the new Australian Stock Exchange Corporate Governance guidelines for diversity. As part of this commitment, Woolworths will aim to have a 33% representation of women as Non-executive Directors at board level and within its 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.
- Ensure that leadership programs constitute 50% women participants.
- New participants for the Woolworths Graduate Program to be 50% women, from 2010 financial year onwards.

(1) Excludes DSE NZ.

(2) Calculations based on roles allocated in HR Payroll database at the end of June 2010.

Disability

Woolworths participated in the CEO’s Network for Disability, collaboration between Australian business and government leaders. We have signed a statement of intent, a public commitment to improve employment opportunities for people living with a disability. We are a gold member of the Australian Employers Network on Disability, which is an organisation targeted at supporting corporate Australia in achieving outcomes in employment and support of people with disability.

Indigenous

Building relationships with Indigenous communities and targeted Indigenous pre-employment programs have been a key focus over the last 12 months. A total of 153 appointments have been made this year, of which 83 are from formalised pre-employment programs. This brings the total to 322 current employees in 2010 who have declared that they are of Indigenous heritage.

We have focused on community collaboration to deliver employment outcomes with good results in return to work for long term unemployed, recognising that mentor support is critical to retention. We also have delivered a diversity awareness session which assisted with cultural awareness training.

Commitment to Indigenous employment through the Australian Employment Covenant (AEC) was established to promote the employment of 50,000 Indigenous Australians across all businesses in Australia within the next few years. The covenant has been signed by Michael Luscombe on behalf of Woolworths Limited.

Development of a Reconciliation Action Plan has also commenced.

Woolworths recorded a 24% decrease in discrimination claims lodged at the tribunal (both state and federal) during 2010. Nineteen claims were lodged compared

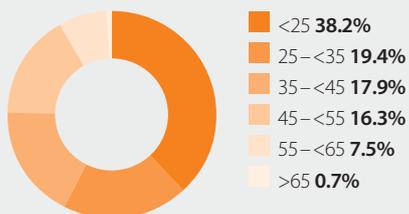
with 25 in 2009. None of these claims were lodged by an employee who had recorded that they were of indigenous heritage.

Freedom of Association and Union Engagement

We aim to foster active partnerships with unions and have been able to build cooperative, constructive working relationships with a number of unions representing our workforce. Representatives from Corporate HR, divisional HR teams and all trading businesses regularly meet with senior representatives from the unions. We fully respect the role these unions play in maintaining a positive, productive workplace.

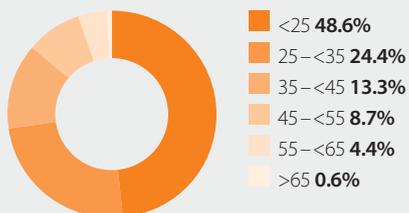
Collective bargaining agreements cover 71.87% of our workforce, or 134,512⁽¹⁾ employees. Our supermarket EBA constitutes the largest agreement in Australia.

Gender and Age Distribution – Female



2010 Data does not include DSE NZ.

Gender and Age Distribution – Male



2010 Data does not include DSE NZ.

Gender Ratio by Employment Level – Female

	2010 %
Senior Executives	27
Senior Managers	25
Managers	43
Office/Support Employees	50
Store Employees	59
Distribution Employees	13
Tradespeople and Apprentices	9
Plant Employees	0

Note: 2010 Data does not include DSE NZ.

Gender Distribution by Employment Type – Female

	Full-time %	Part-time %	Casual %
Senior Executives	25	100	100
Senior Managers	23	87	0
Managers	42	73	13
Office/Support Employees	45	70	52
Store Employees	53	66	53
Distribution Employees	11	22	12
Tradespeople and Apprentices	8	21	4
Plant Employees	0	0	0

Note: 2010 Data does not include DSE NZ.

Gender Diversity 2010

		%
Female	84,532	54
Male	70,910	46
Total	155,442	100

Ratio of Basic Salary of Male to Female by Employee Category Australia

Gender	Non-managerial Ratio %	Managerial Ratio %
Female	99	92
Male	101	105

Note: All data excludes ALH, PEL, DSE NZ, Hong Kong and India.



Katherine Store Manager Debbie Huxley with staff members Jeff Hearn and Lydia Walit

Our enterprise agreements include a major change clause, which identifies that once a decision has been made to change something in the business, Woolworths will consult with employees affected and with the union. Timing of communication depends on the significance of the change and number of people impacted. As a principle, we allow as much time as possible to engage and communicate with employees and their representatives regarding change. We provide HR support to impacted individuals and are transparent in our communications, engaging our employees and their representatives in a timely manner. We successfully transitioned 310 employees, impacted by change, into new roles within the business.

Our employees in China and India are employed on common law contracts and comply with the laws of those countries. The Woolworths Code of Conduct covers all employees and states that we will not discriminate on the basis of union membership or non-membership.

(1) Data includes Woolworths, ALH and PEL. DSE NZ, Hong Kong and India not included. There is a notable difference in the definition of an EBA employee in Australia compared to New Zealand. For PEL union membership = 5,200 union members of which 434 of the number are salaried.

Woolworths Katherine

Woolworths Katherine has made a real effort to engage with, train and employ Indigenous people. This initiative was motivated by Store Manager Debbie Huxley and her team, who wanted to support the local community and give local Indigenous people the opportunity to gain meaningful employment. The initiative was an opportunity to help Indigenous people plan for their future and start a career with Woolworths while studying a nationally recognised Certificate II in Retail.

Prior to starting the training program, the Department Managers discussed who was coming through the program and if there were any considerations needed. They also worked with Commonwealth Rehabilitation Services (CRS) who supported the candidates and enabled them to confidently transition into work.

The success of this program is attributed to a collaborative effort between the store team and Josh Gates (HR Officer),

who travelled down from Darwin and introduced the candidates to the 'Woolworths Way'. The lessons learnt from previous programs run included the value of having a work buddy to help with transitioning the candidates from back of store operations to the service areas as their confidence increased. This enabled the trainees to gain work experience in different departments within the store in a safe and non-confrontational way. They were also given a support person in the store to go to if they had any problems; this was in addition to the support provided by CRS.

As a result of the store's commitment to this program, they have gained seven long-term employees who have become assets to the Woolworths business. In fact, the number of Indigenous employees in the store has grown to 15, as Indigenous people are now approaching the store directly. The feedback has been fantastic and CRS reported that the community now sees Woolworths as a real place to shop and work; they even call the store a 'safe place'.

safety and health

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 activities.



Our Approach

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.
 - Our impact on the environment.
- We will recognise and promote excellence in safety, health and environmental performance.

Our Performance

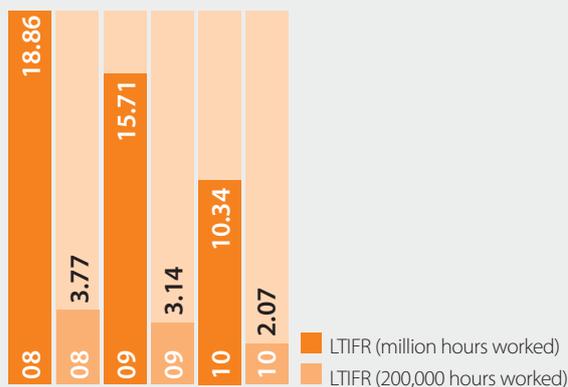
In 2010 we achieved a reduced LTIFR of 10.34, 34% lower than 2009. Unfortunately, we narrowly missed our target of 10.0 by 3%. Our target for 2011 is to achieve an LTIFR of 8.0. In addition, we experienced a 5% reduction in the number of our customers injured in our stores compared to 2009.

We are saddened to report that two of our customers were injured while at our premises and passed away some time later. These losses motivate us in our goal of eliminating injuries from our organisation and we will use the findings of our investigations to continue to review the strategies that we have in place.

Worker Representation and Formal Agreements

Woolworths' entire workforce is represented in formal joint management-worker health and safety committees. These committees are called 'Safety Teams' and operate at a site/store level. Their functions are formalised through charters, procedures and legislative requirements where applicable.

Woolworths Limited LTIFR Results 2008–2010



Woolworths Limited LTIFR Results from 2008–2010

KPI	2008	2009	2010
LTIFR (million hours worked)*	18.86	15.71	10.34
LTIFR (200,000 hours worked)	3.77	3.14	2.07
% Change on previous year	–16%	–17%	–34%

KPI	2008	2009	2010
Occupational Disease Rate (per 200,000 hours worked)	1.48	1.11	1.13
% Change on previous year	–	–25%	2%

* LTIFR reflects figures as at the end of the financial year.

Note: Previous year's data has been updated with new information that was not available when past reports were prepared.

Divisional LTIFR Results for 2010 (Excluding ALH)

LTIFR as at 2010	Per million Hours	Per 200,000 Hours	% Change on last financial year
Supermarkets	10.65	2.1	–39%
Logistics	14.09	2.8	–39%
BIG W	7.32	1.5	–26%
Dick Smith	6.26	1.3	–14%
Langton's	0.00	0.0	0%
Liquor – BWS	13.68	2.7	–53%
Liquor – Dan Murphy's	12.57	2.5	–24%
Petrol	2.76	0.6	–73%
Progressive Enterprise Limited (NZ)*	12.90	2.6	1%
Thomas Dux	6.26	1.3	–6%
Woolworths Group	10.34	2.1	–34%

* 2010 LTIFR reporting for Progressive Enterprise Limited (NZ supermarket business) has been aligned to international standards which had a negative impact on both Progressive and the Woolworths Group results.

Other Safety, Health and Environment – Key Performance Indicators 2008–2010 (Excluding ALH)

KPI	2008	2009	2010
Employee work-related fatalities	ZERO	ZERO	ZERO
Contractor Fatalities	1	ZERO	ZERO
Other Fatalities*	ZERO	1	2
% Change in LTI frequency rate	–16%	–17%	–34%
% Change in New Claim Frequency Rate	–7%	–5%	–7%
% Change in Customer Claims	–3%	8%	–15%
% Change in hours lost as a result of an injury in the last 12 months	4%	1%	–7%

* Customers/visitors.

The majority of our workforce is covered through formal agreements which exist with trade unions. Employee representatives have reviewed and approved the SH&E Procedures Manuals that exist within each division.

Prosecutions

In 2010, the Victorian WorkCover Authority (VWA) charged Woolworths with five separate offences under the Occupational Health & Safety Act 2004 for an incident at our Wodonga distribution centre in 2008. While no injuries were sustained in this incident, Woolworths takes its safety obligations seriously and subsequently offered WorkSafe a joint enforceable undertaking (which WorkSafe accepted) in lieu of prosecution, in which we committed to:

- engage independent consultants to review the distribution centre's OHS management and forklift licensing systems, and identify any hazards;
- develop implementation plans for any required corrective action identified by the reviews;
- have the systems reviewed again in a year;
- install mast cameras in its reach trucks;
- donate \$40,000, in total, to the Royal Children's Hospital and the Wodonga Health Services Emergency Department;
- donate \$50,000 to the Institute for Safety, Compensation and Recovery Research for the purpose of funding a relevant safety research project;
- publish an article on steps taken in response to the incident in internal and external newsletters; and
- run a free safety seminar (using the incident as a case study) at WorkSafe Week.

Benchmarking

We benchmark ourselves against a mix of both international retailers and companies in heavy industry. In the 2009 Citigroup Global Markets Safety Spotlight report, which is a comprehensive report reviewing the safety performance of ASX-listed companies, Woolworths was recognised for taking an active approach to safety management and reporting.

Education and Training

Comprehensive training programs have been developed for safety and health communication, hazard and risk management, incident reporting and analysis and safety leadership (see Table 2.1). These include Drive 4 Life (Driver Education), Move 4 Life (Manual Handling) 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.

Our workforce in Australia and New Zealand has a low risk of exposure to serious diseases, such as HIV/AIDS. Community awareness about diseases such as diabetes is generally high. Woolworths has a strong commitment to active, healthy lifestyles, for our employees and the community in general. Woolworths demonstrates this commitment through campaigns such as its Fresh Food Kids program. An active, healthy lifestyle lowers the risk of developing many preventable diseases.

Initiatives

Key strategic imperatives

The 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 will be finalised and rolled out during 2011. The four key strategic imperatives are:

1. Recruitment and induction.
2. Non-trading area standards.
3. Safety Leadership.
4. Safety Communication.

Contractor Safety and Health Code

To promote a consistent, Company-wide approach to safety, we have recently developed a Contractor Safety and Health Code. Michael Luscombe launched the Code on 11 June 2010 to more than 500 Contractors at Norwest. The Code and a video made available to all contractors on the Woolworths Limited website www.woolworthslimited.com.au.

In 2010 we reduced our LTIFR by

34%

In 2010 Petrol's LTIFR reduced by

73%

Date	Person involved	Business	Location	What happened?
January '10	Customer	BWS	QLD	A member of the public was struck by equipment and was fatally injured.
June '10	Customer	Petrol	NSW	A member of the public fell on the forecourt and two weeks later passed away from complications.

Assistance Programs

Program recipients	Education/Training		Counselling		Prevention/Risk control		Treatment	
	Yes	No	Yes	No	Yes	No	Yes	No
Workers	✓		✓		✓		✓	
Workers' families		X	✓		✓		✓	
Community	✓		✓		✓		✓	
	In store radio and print messages		Customers involved in trauma				Expatriates Family Members Customers involved in injury	

Vehicle restraint systems

Vehicle restraints, or trailer restraints, are devices that latch onto trailers to keep them from separating from the dock during loading or unloading which prevents trucks from being driven away while our employees are entering and exiting the trailers. The system has been successfully piloted in our Wyong distribution centre and further roll-out is expected to take place over a period of four years across all distribution centres.

Keeping Safety Fresh

Our Supermarket division has implemented a targeted education program called 'Keeping Safety Fresh' that focuses on highlighting key risks areas within our stores. Each month there is a different safety focus specific to a department within the store, i.e. during grape season a DVD, poster and fact sheet was distributed to Woolworths supermarkets to raise awareness of the hazards of grapes on the store floor resulting in a significant reduction in customer falls from slipping on grapes.

Internal Awards

CEO Safety Award

The CEO Safety Award was awarded to BIG W and Logistics in September 2009. The award recognises excellence in safety leadership and the criteria that the submissions were judged on include results, innovation, leadership and winning the hearts and minds of our front line staff.

BIG W achieved a 39% reduction in their Lost Time Injury Frequency Rate (LTIFR) in 2009, and demonstrated a high level of visible leadership commitment. Through engagement with employees and motivating them to develop their own journey path towards Destination ZERO, they've made safety personal and visible throughout their operations.

Logistics achieved a 39% reduction in their LTIFR and a further 29% improvement in their new claim frequency rate. Through their leadership and commitment to safety they've made significant improvements. The power of safety and caring for each other goes well beyond an LTIFR; it has been instrumental in turning around a whole workplace culture and performance.

Both divisions were awarded \$100,000 to invest in further safety innovation and improvement strategies. Our team in India and the Supermarket Design and Construction team both received a Highly Commended Award.

CEO Safety Club

The award recognises individuals for making an outstanding contribution to safety by influencing and driving significant performance improvement either through leadership and/or influencing processes or equipment design. In 2010, Bill Tsimis became a worthy recipient of this prestigious award by playing a vital leadership role in improving the safety culture through engagement with senior leadership and staff while working as the Relief Logistics Manager at the Sydney Regional Distribution Centre (SRDC).

our neighbours

Woolworths Limited has the simple philosophy of demonstrating corporate and community leadership by doing the right thing. We are proud of our 86-year heritage and standing in the communities within which we operate. Our engagement and investment in these communities is critical to our success.



Key community achievements 2010:

Development and implementation of the new Woolworths Limited Community Investment Strategy.

\$36.3 million invested in local communities around the country.

Growth of Fresh Food Rescue and \$2 million to be made available to food relief organisations in 2011.

\$6.8 million raised for children's hospitals through the Fresh Food Kids Hospital Appeal.

1,500 community organisations supported through the Fresh Food Kids Community Grants.

Key community challenges 2010:

Ensuring that partner food relief organisations can build their food donor networks and avoid potential over-reliance on Woolworths.

With a diverse workforce and career pathways, the ability to extend and capture staff engagement opportunities in volunteering and fundraising.

A Snapshot of the Causes We Supported in 2010

	\$
Fresh Food Kids Community Grants	3,127,802
Fresh Food Kids Hospital Appeal	6,843,539
BIG W customer fundraising	816,363
Dan Murphy's Clean Skin Promotion	143,973
Smith Family Christmas Appeal	541,128
Progressive Enterprises Fresh Futures	731,275

Right across the country, we are committed to helping sustain the communities that support our stores, not just in terms of providing jobs and services, but also in creating a wider range of opportunities to foster closer links between our stores and the communities they serve.

In recent years, corporate community investment has increasingly become important to our customers, shareholders, staff and other stakeholders, who now expect corporate organisations to be supporting causes and investing in their communities in a way that has a positive impact.

As corporate philanthropy and cash donations evolve into more collaborative, strategic and focused forms of community partnerships, increasingly there is the need to measure and report these activities in the same manner as other investments the business makes. Creating the best possible outcome for the funds invested in social activities should be a goal pursued with the same rigour as financial objectives.

Community investment can provide benefits to both the community and the business. Across our communities and our businesses there are many issues that affect us all. With our contribution to communities in Australia and New Zealand comes the ability to make a considerable difference. It is therefore our responsibility to ensure that we are identifying and contributing to communities in a way that will create the most effective and positive impact that we can.

In order to do to this, during 2010 Woolworths Limited has focused on reviewing and redefining our community investment strategy. Consequently, we have developed a framework which embeds our approach to community investment across our businesses and ensures that we can consolidate and focus our efforts to maximise impact.

Evaluating and Reporting Our Community Investment

To make our community contributions as transparent as possible, we are a member of the London Benchmark Group (LBG), which provides a process for measuring, benchmarking and reporting our investments. Around 50 companies in Australia and New Zealand are now members.

We use the LBG reporting model to calculate our total contribution to communities through:

- Cash donations from the business;
- Third party leverage, such as customer and staff fundraising;
- In-kind donations and support; and
- Staff time and management costs.

Targets

We have a target of the equivalent of 1% of pre-tax profits, based on the international community investment benchmark CommunityMark, going towards supporting our communities. Our new strategy empowers each of our businesses to 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.

We are increasingly working with research institutions to continuously improve our programs, such as The Centre of Social Impact at the University of New South Wales through our Fresh Food Rescue program. This helps benchmark social issues, analyse stakeholder consultation and evaluate our impact.

From 2011, all of our community investment activities will fall into one of four focus areas. Importantly these focus areas are not necessarily revolutionary or unique. They simply make sense for our business and our communities. Our businesses will each address these focus areas in a manner that speaks to their customers and key stakeholders.

Focus Areas

1. Sustainability and environment

Beyond pure business and cost considerations, Woolworths Limited is highly aware of the steadily growing public and media awareness of climate change and its potential long-term effects on the planet and food supply. We understand, too, that these concerns are shared by our customers and the communities we serve. They will expect and appreciate steps we take to be part of the solution.

Our Sustainability Strategy is firmly entrenched within the organisation and community investment activities will help make this commitment tangible to our customers, staff and other key stakeholders.

2. Health and wellbeing

We believe that one of the best ways of contributing to the growth and development of Australia is by supporting the health and happiness of Australians.

Given the number and diversity of the communities that we serve around the country, we are extremely well placed to monitor these issues and make a major contribution.

3. Education and employment

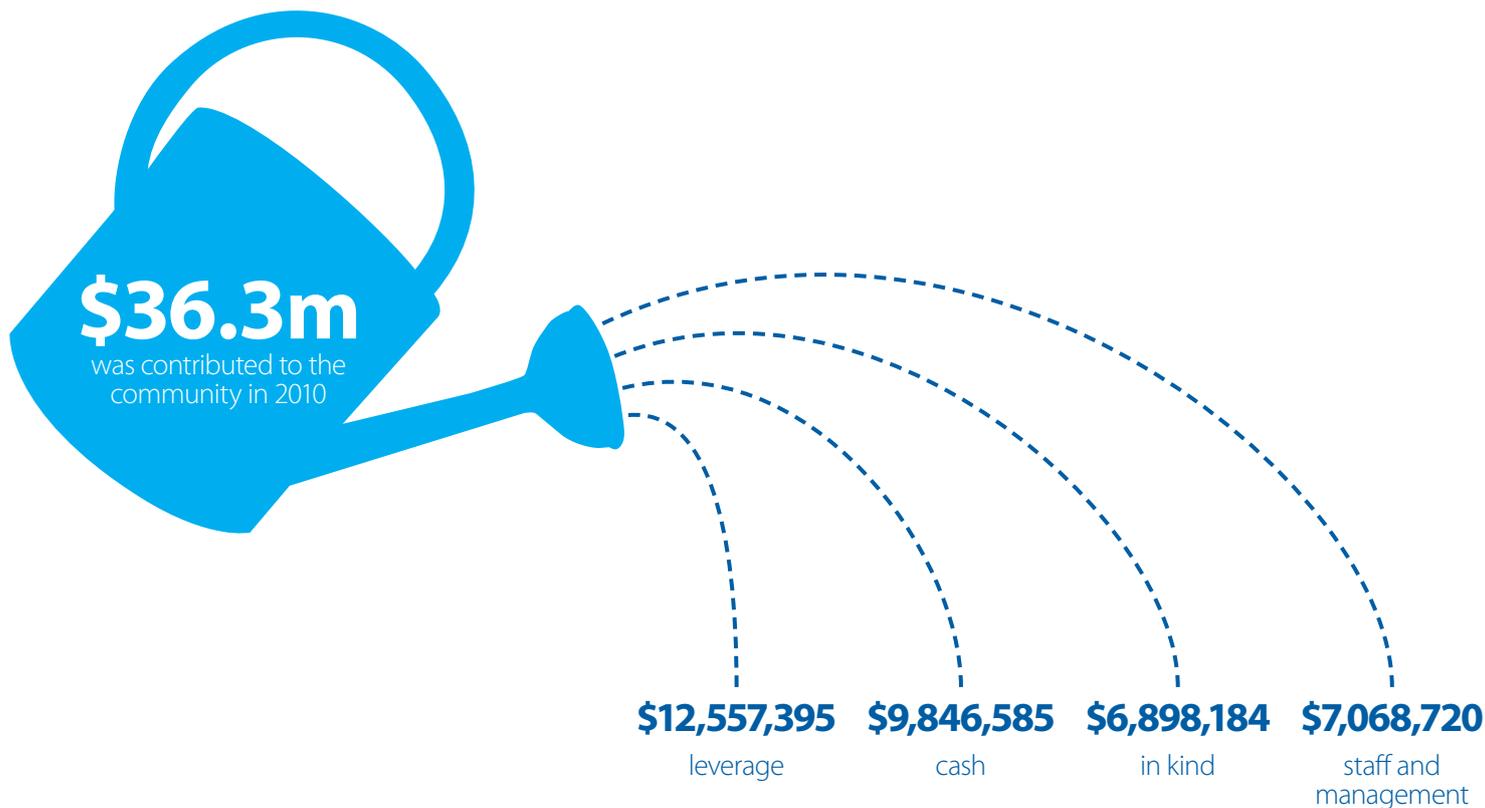
As one of Australia's biggest companies, Woolworths Limited is a major contributor to employment, investment and economic growth in local communities. We provide jobs for almost 188,000 staff in Australia and New Zealand. Over 42.9% of our workforce is under 25 years old. We are the nation's largest employer of trainees and apprentices.

We believe that education is the most effective tool in breaking the cycle of economic and social disadvantage and, with the right skills, every individual is much better placed to secure a job and enjoy self-esteem and independence.

4. Rural and regional communities

As well as providing value-for-money food and groceries and good customer service, we are a major customer of farmers, growers and manufacturers in every Australian state and territory.

Right across the country, we are committed to helping sustain the communities that support our stores, not just in terms of providing jobs and services, but also in creating a wider range of opportunities to foster closer links between our stores and the communities they serve.



New and Existing Programs for 2011

Fresh Food Rescue (sustainability/health and wellbeing)

Woolworths has a proud record of food donation. Since 2002, Woolworths has partnered with Foodbank, the largest food relief organisation in Australia. Foodbank receives shelf stable items from 567 Woolworths stores.

In addition to donating long-life products, our stores donate surplus fresh food, including groceries, general merchandise, bakery items, frozen meat, produce and perishable items, to local food relief organisations, putting food on the tables of those in need. Organisations that collect from our stores include OzHarvest, SecondBite, FareShare, Churchlands, House of Hope and The Salvation Army.

As a fundamental program in achieving our target of zero waste by 2015, this year we launched Fresh Food Rescue, a year long campaign to make \$2 million available to food relief organisations for infrastructure needs, such as vans, refrigerators, freezers and kitchen equipment. This campaign will build the capacity of existing community partners and identify appropriate programs for stores not already in partnerships.

The Centre for Social Impact at the University of New South Wales was engaged to advise on the consultation process with the sector, as well as benchmark hunger relief in Australia, so they can effectively evaluate the impact of our investment.

The program was launched in January 2010 with The Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), and key community partners. This was followed by a period of consultation with a panel of community partners to ensure access to and distribution of our investment provides the most effective support for their work. We also consulted with the Department of FaHCSIA to understand their emergency relief programs and explore the opportunities for Fresh Food Rescue.

In March 2010, Foodbank recognised Woolworths' efforts with its inaugural Patron's Award. During the ceremony at Admiralty House, The Governor-General and Patron of Foodbank Australia, Her Excellency, Ms Quentin Bryce AC presented Director of Supermarkets, Liquor and Petrol, Greg Foran with the award, which acknowledges the major increase in the amount of food donated by Woolworths in the past year.

Fresh Food Kids Hospital Appeals (health and wellbeing)

Thanks to the generosity of our customers and commitment of our staff, over \$6.8 million was raised for the Woolworths Fresh Food Kids Hospital Appeal in 2010. These funds will help children's hospitals and children's wards around Australia.

The hospitals that have benefited from our Appeal are located all over Australia and include The Princess Margaret Children's Hospital, Perth; The Melbourne Royal Children's Hospital; The Royal Children's Hospital in Queensland; The Royal Darwin Hospital; and The Children's Hospital at Westmead.

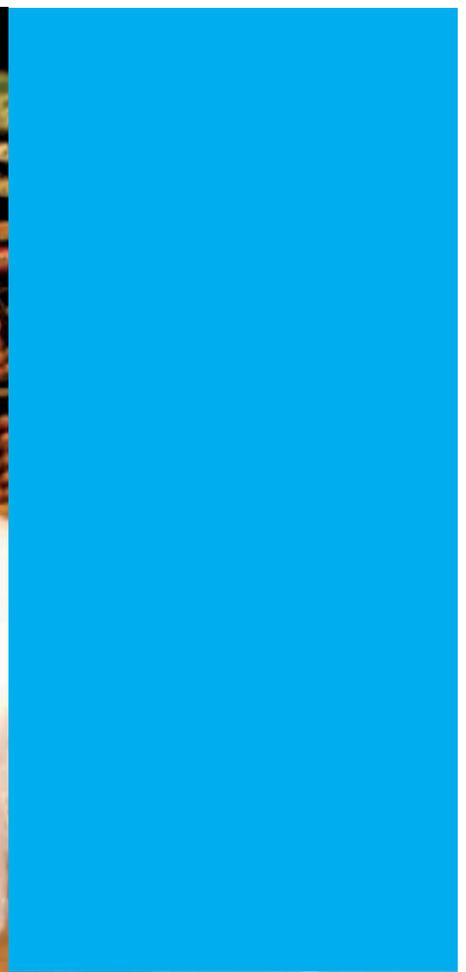
Funds go to a variety of programs as directed by the beneficiaries, ranging from funding staff and training for paediatric services, equipment such as high dependency beds, ventilators, humidicribs, auditory test systems and a wide variety of other paediatric areas, including play centres and music therapy services. Funds are also directed to important research areas, such as children's sport medicine, leukaemia, cancer and infectious diseases.

Liquor businesses and Legacy (health and wellbeing)

This year, we piloted supporting Legacy Week through the sales of Legacy merchandise in some of our businesses. The results showed a clear affiliation with the cause from our liquor business customers. Next year, we will be rolling out national support of Legacy Week through BWS and Dan Murphy's. ALH also has a long-standing partnership with Legacy Victoria and this year supported Legacy's Raise a Glass Appeal on ANZAC Day.

Amount raised
in 2010 to
help children's
hospitals and
children's
wards around
Australia by the
Woolworths
Fresh Food Kids
Hospital Appeal

\$6.8m



As a fundamental program in achieving our target of zero waste by 2015, this year we launched Fresh Food Rescue, a year long campaign to make \$2 million available to food relief organisations for infrastructure needs. The program was launched in January 2010 with The Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), and key community partners.



Fresh Food Farming Program (rural and regional communities)

Woolworths believes it is vital for all organisations involved in the food supply chain to adopt a leadership position addressing long-term food availability and affordability to help safeguard Australia's future food security. Higher input costs, climate change and a rising population have the potential to impact the food we eat. It is important to help farmers adapt and thrive.

The Woolworths Fresh Food Farming Program reaffirms Woolworths' commitment to investing in the future of rural Australia. With an investment of \$3.25 million next year, the Fresh Food Farming Program draws together a number of initiatives in two core areas:

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

We conducted a nationwide stakeholder consultation during the year in partnership with Landcare Australia, engaging with government, industry and research institutions to understand how best to invest this fund in the coming years.

Woolworths Agricultural Business Scholarships (rural and regional communities/education and employment)

Woolworths recognises the need to attract and retain skills and leadership within the agricultural sector. Incentives and career development opportunities are essential to encourage young people outside of the industry to pursue a path in agriculture and help future leaders reach their full potential.

Our partnership with the Royal Agricultural Society of NSW and the University of Western Sydney has created an Agricultural Scholarship Program, with 30 young people from Australia and New Zealand participating each year.

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

Technologies in the Territory (education and employment)

Through its partnership with Richmond Football Club's Tigers in the Community program, Dick Smith Electronics 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 incentivises attendance through live link-ups with some of the footy 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 Electronics leveraged its relationship with suppliers to organise interactive whiteboards for the participating schools.

Employee Matching Awards

The Woolworths Limited Employee Matching Award Scheme encourages all staff in Australia to contribute to causes of personal interest. It matches, dollar for dollar, any amount over \$100 raised by a staff member for a registered charity up to a total of \$1,000. In 2010, a total of \$68,944 was raised.

Together with the University of Western Sydney and the Royal Agriculture Society of New South Wales, Woolworths offers 30 young Australians the opportunity to attend the Woolworths Agricultural Business Scholarship program each year.



Norwest charity of the month

This is a well-supported program at our Norwest office in Sydney. In 2010, we collected \$290,129 in staff donations for 12 charities of importance to our people.

Governance

We are inundated with requests for assistance from many worthy causes and we are pleased to provide support to many of them. However, in order to appropriately channel our support, Woolworths Limited abides by the following funding guidelines:

- Woolworths does not support unregistered charities or organisations:
 - ABN is mandatory for all organisations; and
 - Charities require DGR status and must be authorised/licensed/permitted to conduct charitable fundraising activities in the States/Territories in which they operate.
- Woolworths does not fund charity advertising or promotions, unless part of a Woolworths-specific campaign;
- Woolworths does not support political campaigns and activities;
- Organisations with religious affiliation are not excluded, so long as participation is open to the community generally;
- Year end deficits;
- Woolworths does not provide sponsorship to individuals, including Woolworths Limited staff (see employee specific schemes);
- Funding is not provided to overseas projects not linked to a Woolworths program (for overseas disaster relief, please see Emergency Relief);
- Woolworths does not endorse replacement of funds provided by government, which does not bring additional benefits to people or communities;
- Woolworths does not fund business-related conferences, awards or exhibition sponsorships; and
- Any ad hoc requests for support will be assessed and responded to within two weeks of receipt.

Emergency Relief for Natural Disasters

Woolworths Limited has a history of giving generously to support those affected by natural disasters. In order to ensure that our funds and resources are going to credible organisations, which are able to support those in need and react quickly when natural disasters happen, we have set up two new partnerships.

Australian emergency relief

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

During 2010, \$16,000 was also donated by Queensland customers to the Premier's flood 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 their political situations and the ability to ensure funds are monitored and go to the intended recipients.

During 2010, \$15,000 was donated by staff to Oxfam's Samoan appeal.

Our criteria for overseas emergency relief are:

- Proximity, for example, our neighbours;
- Where we do business;
- We will not donate to political or man-made emergency situations; and
- Outside of emergency situations or Woolworths Limited specific programs, we will not fund or donate to individual projects, communities or organisations internationally.

Hours taken by staff to assist with relief efforts in 2010

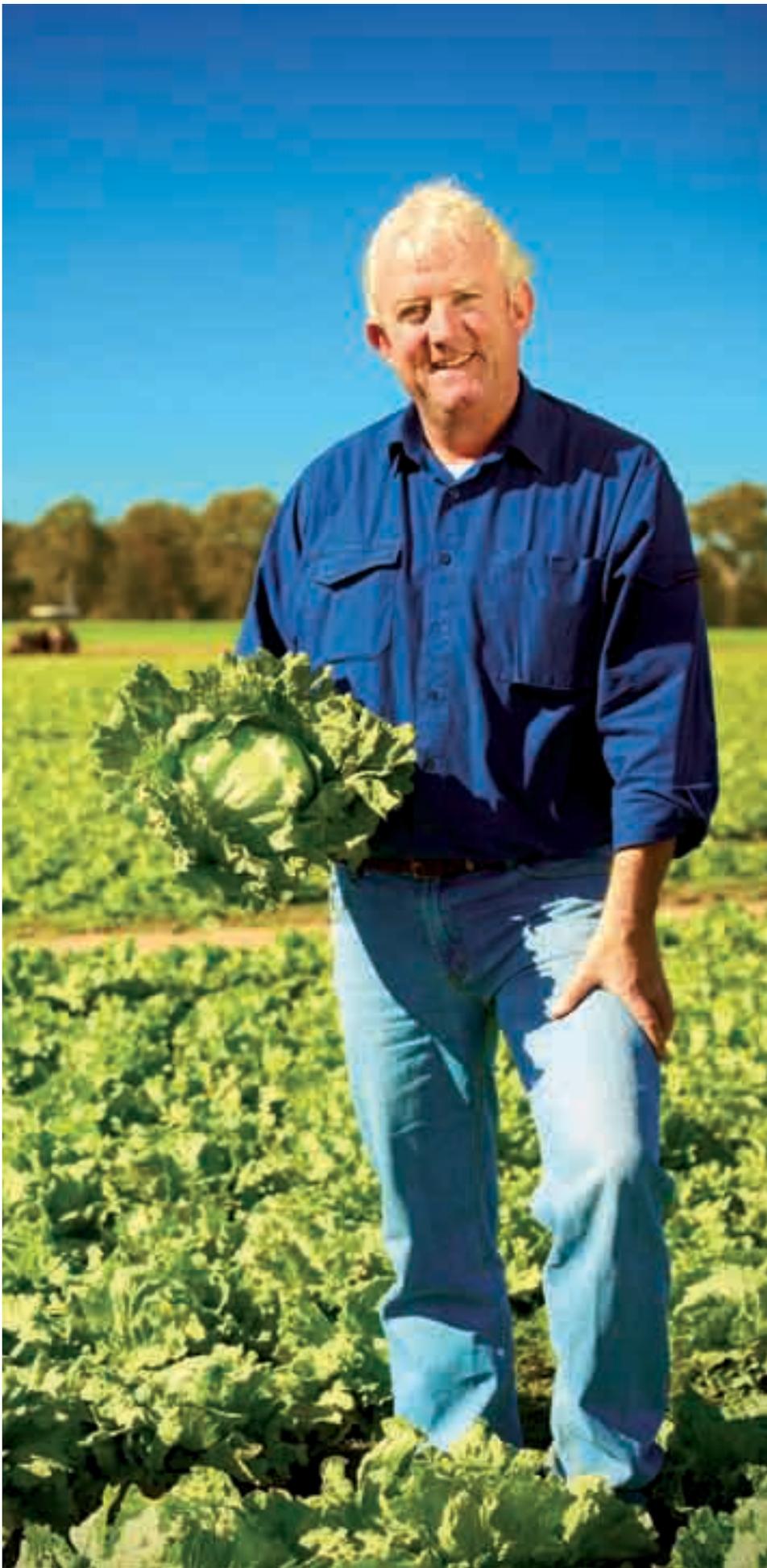
2,000

Amount donated by Queensland customers to the Premier's flood appeal

\$16,000

our planet

Woolworths is conscious of the potential long-term effects of climate change on the planet and food supply. We understand these concerns are shared by our customers and the communities we serve.



Key environmental achievements 2010:

13.5% reduction in carbon emissions from our facilities based on business-as-usual projections.

9.4% reduction in transportation carbon emissions from our truck fleet.

318 million litres of water saved through Water Wise Project and rainwater harvesting.

207,000 tonnes of materials recycled or diverted from landfill.

Key environmental challenges 2010:

Despite our major focus and investment in energy efficiency, our real challenge remains in meeting our 40% carbon reduction target for facilities by 2015. In the absence of meaningful incentives for renewable energy adoption targeted at the business sector, it will be difficult to deliver the reduction.

Implementing sustainable packaging initiatives requires a balance between customer expectations for reducing packaging and ensuring it still protects the product.

Summary of Performance Against Sustainability Targets and Commitments

Target	Progress status		Comments
	2009	2010	
CO₂-e emissions reduction from facilities			
Overall 40% CO ₂ -e reduction by 2015 (on projected growth levels), bringing our emissions back to 2006 levels.	➔	➔	13% 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 ₂ -e emissions per square metre for new sustainable store designs compared with business-as-usual designs.	➔	➔	25.8% reduction in carbon emissions per square metre compared to business-as-usual stores built in 2008.
Work with the Green Building Council to develop a green star rating tool for supermarket interiors.	🕒	🕒	Rating tool not required as there is already a business case for designing efficient stores.
Engage with interested parties in the development of an ecological footprinting calculator for evaluation of supermarket interior design and fit-out.	🕒	🕒	Conduct our own internal modelling on the energy efficiency benefits of new technology.
CO₂-e emissions reduction from transport			
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 ₂ -e emissions per carton delivered by Woolworths owned trucks by 2012.	➔	➔	9.4% reduction in emissions, achieved to date.
30% reduction on 2006 levels in CO ₂ -e emissions from company car fleet of 3,100 cars (dependent on mix of car size and fuels chosen) by 2010.	➔	🕒	26.8% estimated reduction in emissions from 72% conversion of fleet to new vehicles.
Water efficiency			
Develop a more complete baseline of water usage.	➔	✓	Data collection completed for Supermarkets, Logistics, Petrol, Liquor and BIG W.
Roll out the Water Wise project nationally for all our supermarkets.	✓		
Reduce water use by at least 200 million litres a year by 2010.	➔	★	302 million litres of water estimated as saved in Supermarkets.
Ethical sourcing			
Develop and implement an Ethical Sourcing policy.	✓		
Identify sustainable sourcing gaps and develop appropriate policies.	➔	➔	Palm oil policy and certified paper contract for catalogues are covered in page 65.
Conduct staff training and capacity building for our buying teams to help them understand issues and types of third party certification required from suppliers.	➔	➔	Compliance training developed and delivered to buyers. Product development training planned for delivery in 2011.

Target	Progress status		Comments
	2009	2010	
Packaging			
Establish a supplier forum to work together on more sustainable packaging.			Forums held in 2009 and further work planned while developing and implementing Australian Packaging Covenant (APC) Action Plan.
Establish more comprehensive baseline data for packaging of Private Label products, including information on materials consumption, local/imported origin, recycled content and recyclability.			Finalised Sustainable Packaging Guidelines to match APC Guidelines, must now work with suppliers of several thousand products to collate data.
Review Private Label procurement policy and supplier guidelines.			Sustainable Packaging Guidelines are being finalised to match APC guidelines.
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.			NPC and Corporate Responsibility Reports delivered each year.
Provide training to 50 suppliers by 2008.			Training will focus on Woolworths' packaging technicians.
Use PIQET to evaluate 20 Private Label products by 2010.			Past use of PIQET analysis on wine packaging and meat trays covered more than 20 products.
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 has reduced cardboard box usage by 41.2 million boxes.
Waste minimisation			
Identify organics recycling technologies similar to EarthPower for recycling source separated food waste from supermarkets outside Sydney and determine commercial feasibility.			Expression of interest issued for organics recycling services and all responses are being reviewed. Trials of programs are being planned.
Implement a waste audit program for all stores and distribution centres.			Annual waste audits continued in 31 supermarkets.
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.			The Eco Ambassador Program continues to engage staff on sustainability initiatives, including recycling.
Eliminate food waste from the general waste stream by 2015 (where receiving facilities are available).			5,948 tonnes of food waste diverted to EarthPower, and 3,069 tonnes of fit for consumption food diverted to Foodbank and Food Rescue programs.
Reduce amount of plastic in the general waste stream to less than 1% by weight by 2010.			Continued to reduce plastic in waste, now down to 6%. Will continue to work on this with staff.
Reduce amount of cardboard in the general waste stream to less than 1% by weight by 2010.			Reduced cardboard in waste stream down to 4%. Will continue to work on this with staff.

Not achieved
 Delayed
 In progress
 Completed
 Target Exceeded
 Cancelled

Climate Change

Our retail businesses are in Australia and New Zealand, which are both signatories to the Kyoto Protocol, and New Zealand introduced an emissions trading scheme at the start of the 2011 financial year.

Australia's national greenhouse gas inventory was an estimated 544 Mt CO₂-e in 2009. It was 74.7 Mt CO₂-e in New Zealand in 2009.

While these quantities are not significant in the global context, the effect of climate change in our region could be significant without an international agreement to reduce global greenhouse gas emissions.

Why is this material to our business?

Australia and New Zealand continue to face changing temperature conditions, rainfall patterns and extreme weather events. Traditional food production areas continue to face challenges from both climate and the increased demand from growing global populations.

Electricity and fuel costs continue to rise, influenced by infrastructure and network limitations and uncertainty on a possible price on carbon. As a leader in sustainable retailing, Woolworths is continuing its efforts in improving energy efficiency. This also helps minimise costs, which allows us to keep prices lower for customers.

Emissions from our facilities and transport continue to be our largest contribution to climate change emissions. Our focus remains on developing, testing and implementing innovation in refrigeration, lighting, air conditioning and transport.

Project CO₂ delivers an average 7% reduction in electricity use in retrofitted supermarkets

In 2010, we commenced 46 new energy saving initiatives in our stores and distribution centres. This long-term investment of over \$13 million is projected to reduce annual carbon emissions by 2015 by

109,520 tonnes

What is our commitment?

In summary, our commitments and targets are:

Facilities

- Reduce our CO₂-e emissions by 40% by 2015 (from projected growth levels), bringing our emissions back to 2006-07 levels.
- Achieve 25% reduction in CO₂-e emissions per square metre for new sustainable store designs compared with business-as-usual designs.

Transport

- Reduce CO₂-e emissions per carton delivered by Woolworths owned trucks by 25% by 2012.
- Reduce CO₂-e emissions from Company car fleet of 3,100 cars by 30% by 2010.

Our 2010 performance

In 2010 our total carbon emissions in Australia and New Zealand were 4.09 Mt, which is higher than our baseline total emissions of 3.7 Mt, and were 1.0% higher than the emissions we reported last year. Emissions from electricity use and transport fuels continue to increase with the growth in our business; however, despite a 4.2% increase in sales revenue and a 2.9% increase in store numbers in 2010, total carbon emissions only increased by 1.0%.

Woolworths has continued to improve data collection and reporting of environmental inputs, including electricity, gas, fuel, refrigerants and waste. The development of a new internal reporting tool will assist in both regulatory and performance reporting.

Facilities

In 2010 we have reduced the carbon emissions from our facilities (stores, Distribution Centres and offices) by over 500,000 tonnes compared to the business-as-usual emissions we had projected in our Strategy. Emissions from electricity use and refrigerant loss were 3.3 Mt CO₂-e, a 13% reduction on projected emissions of 3.8 Mt CO₂-e. Emissions from our facilities totalled 3.47 Mt which is less than a 1% increase compared to 2009.

In 2010, we commenced 46 new energy saving initiatives in our stores and distribution centres. This long-term investment of over \$13 million is projected to reduce annual carbon emissions by 109,520 tonnes by 2015, and should deliver 8.4% of the carbon emission saving we need for our 2015 target. This continues on from the estimated reduction of 53,237 tonnes in carbon emissions delivered by projects in 2010.

Existing stores

To achieve our main climate change target of 40% reduction in carbon emissions from facilities, almost 85% of the carbon emission savings must come from our existing stores.

The Project CO₂ program of retrofitting energy efficient innovation into supermarket refrigeration systems continues to be implemented through existing stores. By the end of 2010 we had retrofitted 98 supermarkets with technology including high efficiency fans, improved anti-fogging on glass doors and glass lids for island freezers, leading to an average store electricity reduction of 7%. A further 70 stores will be retrofitted in 2011.

Replacement of T8 fluorescent lamps with efficient T5 lamps is occurring in supermarkets, BIG W stores undergoing refurbishment, and Petrol.

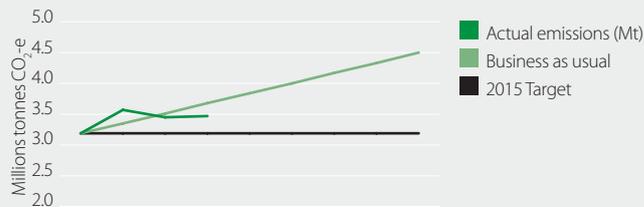
BIG W is implementing air conditioning innovations during refurbishments, including an adaptive optimum start control, which uses existing store temperatures to determine the best time to turn on the air conditioning before opening.

Petrol has continued the replacement of LED highbay lighting for its canopies and has run a trial of LED lighting for the price board. In store drinks fridges are being replaced with EcoChill fridges.

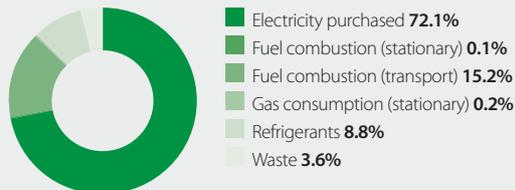
Dick Smith implemented an energy efficiency program, using the traffic light system of our Petrol division's Lights Off program. The Dick Smith program includes colour coding lighting control and electrical displays, with controls that are never turned off (Red) for safety and security reasons; turned off at close of business (Amber); and turned off when not required (Green).

Carbon emissions from facilities are 13% lower than estimated business-as-usual emissions.

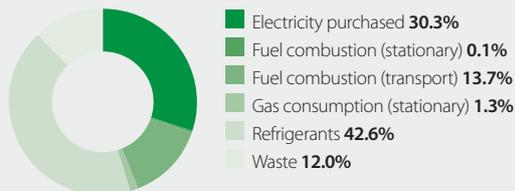
Total Emissions from Facilities 2006–2010 (Million Tonnes of CO₂-e)



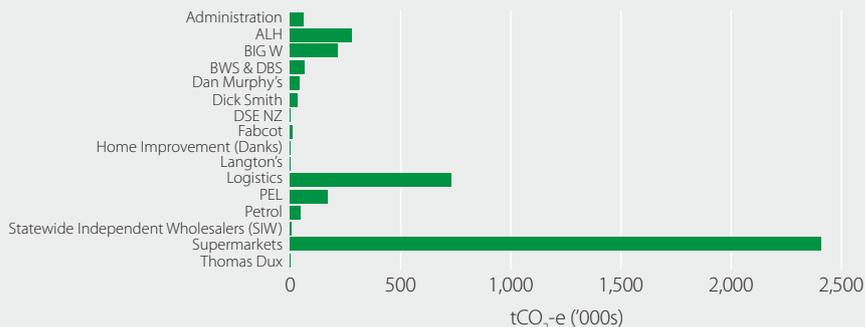
Total Emissions by Source – Australia



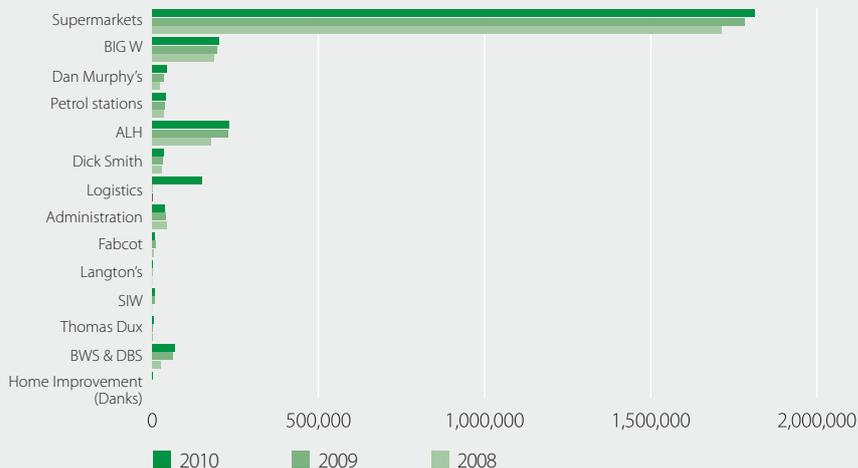
Total Emissions by Source – New Zealand



Comparison of CO₂-e Emissions by Division (Tonnes of CO₂-e)



Electricity Use (MWh) – Comparison by Division



Emissions from Facilities (Tonnes of CO₂-e)

Division	Scope 1	Scope 2	Scope 3	Total
Supermarkets	313,483	1,696,736	389,627	2,399,846
BIG W	8,207	184,635	28,794	221,636
Dan Murphy's	918	44,644	6,186	51,747
Petrol	898	39,387	5,618	45,903
BWS and other liquor	7,960	57,703	8,511	74,174
ALH	20,473	229,993	29,086	279,552
Dick Smith	132	32,145	4,888	37,165
Home Improvement	59	2,111	296	2,465
Logistics – Distribution Centres	2,199	145,371	20,573	168,143
Administration/Fabcot	576	37,756	7,354	45,686
Australia sub-total	354,905	2,470,480	500,932	3,326,317
Supermarkets NZ (PEL)	73,955	43,805	26,341	144,100
Dick Smith Electronics (NZ)	–	1,523	200	1,723
NZ sub-total	73,955	45,328	26,541	145,823
Total	428,860	2,515,808	527,472	3,472,140

Emissions from Company Cars (Tonnes of CO₂-e)

Country	2007	2008	2009	2010
Australia	20,314	21,670	19,719	18,362
New Zealand	3,050	3,838	2,451	2,415
Total	23,364	25,508	22,170	20,777

	2010	Converted Fleet
Total fleet size	3,808	
New fleet	2,739	71.9%

Transport Emissions by Source – Australia and New Zealand



Transport Emissions by Use

End use	Australia Total emissions tCO ₂ e	New Zealand Total emissions tCO ₂ e
Business travel	19,806	2,599
Home delivery from stores	1,869	–
Logistics transport	20,760	–
Logistics 3rd party rail	44,530	–
Logistics 3rd party road	496,341	20,481
Trolley collection	12,319	–
Forklifts	1,400	–

Green stores

In 2010 we opened 26 new supermarkets, all built to minimum sustainable design standards – taking the total number of green stores to 51. The 2010 green stores have a reduction in carbon emissions per square metre of 25.8%, compared to business-as-usual stores.

Woolworths supports the development and use of refrigeration plants using low global warming potential refrigerants. At 30 June 2010, Woolworths had more than 30 low carbon impact CO₂ refrigeration plants in operation throughout our fleet of Supermarkets in Australia and New Zealand, making Woolworths the single largest end user of CO₂ refrigeration systems in Australasia.

Our green store design continues to undergo change as we trial new technologies. We have increased the use of LED lighting in stores, including the downlights in produce areas, and have placed motion sensors on the lighting for the upright freezers.

Partnering with suppliers

Through a collaborative partnership with a major beverage supplier we have been working on solutions to target our energy usage and CO₂-e footprint. As a result of this partnership, there has been significant alignment of our environmental commitments and goals. A significant result from this is the roll-out of our new energy-efficient front-of-store merchandising fridge, which has delivered an energy reduction of 49% and a reduction of 5.6 tonnes of CO₂-e per annum on a per unit basis. There are currently 140 of these new merchandising fridges in our stores and we are working closely with the supplier to roll-out a further 200 units per year.



Woolworths Caringbah, NSW

BWS opened their first green store with the refurbishment of its Turramurra, New South Wales store. This includes refrigeration with LED lighting, efficient fans and low heat doors, high efficiency fluorescent lighting and economy cycle on air conditioning. Electricity consumption has been reduced by 30% since the refurbishment. Dan Murphy's has also trialled a new lighting plan using LED and compact fluorescent lights.

BIG W opened its first green store in Inverell, New South Wales in June 2010. It is expected that electricity use will be reduced by 30% compared to a similar store. Energy savings will come from air conditioning optimum start times before store opening, improved refrigerants, high efficiency fluorescent lamps, LED lighting and a reflective roof surface that will reflect a significant amount of the sun's heat away from the building.

Renewable energy

In March 2010 Woolworths commissioned two solar photovoltaic (PV) systems at Petrol sites in Hume and Belconnen in the Australian Capital Territory. The systems are expected to provide 15% of each site's electricity needs. Since commissioning they have generated 18,962 kWh and reduced carbon emissions by 17 tonnes.

Transport

Transfer of our Company car fleet to diesel and hybrid options has continued, with 71.9% of our fleet in Australia and New Zealand now converted. Since 2007, the carbon emissions from our fleet have decreased by 11.1%, or 2,587 tonnes of carbon emissions, the equivalent of taking 602 vehicles off the road. This is the first year we have included our fleet and emissions from ALH, and we acquired Danks during the year, so our fleet is 21.5% larger than we expected for 2010 and therefore it is difficult to compare emissions to our target. When comparing emissions per vehicle, if our fleet was still the same size as it was in 2007, our emissions would have reduced by 26.8%.

Improved consolidation and optimisation of delivery schedules and route planning continues to reduce our carbon emissions per carton delivered by our Victorian fleet. This year our emissions reduced a further 3%, bringing the total reduction to 9.4% since 2007.

Effective load building and record management to increase the number of purchase orders on each delivery and the number of pallets on each purchase order at Distribution Centres has delivered an estimated 15–17% improvement in primary freight efficiencies.⁽¹⁾ By delivering more pallets per load into our Distribution Centres we have estimated that primary freight has reduced carbon emissions by 14,844 tonnes.

Thirty prime movers will be replaced in 2011 with new safer and more fuel-efficient vehicles. We are investigating the sourcing of a Liquid Natural Gas (LNG) powered prime mover that meets our safety and environmental requirements. A third party transport company is trialling this technology in Western Australia. We have identified a vehicle being released in 2011 which may meet our requirements.

We successfully trialled a B20 biodiesel blend with six vehicles in 2010, confirming no impact to fuel economy or reliability. The trial involved the use of more than 40,000 litres of biodiesel, produced from waste products, which is estimated to have reduced emissions by more than 10 tonnes.

Our national transport team has developed a trailer that allows the transport of both inbound and outbound freight, maximising integration of primary freight (side loading at supplier depots) and secondary freight (rear loading at Distribution Centres and unloading at stores). This reduces the distances travelled by the fleet and resultant emissions. 36 trailers will be delivered this year.

Number of new supermarkets built to minimum sustainable design standards in 2010

26

Total number of green supermarkets

51

2010 green stores reduction in carbon emissions per square metre compared to business-as-usual stores

25.8%

(1) Based on assumptions of full loads and distances travelled.

Other Emissions

Ozone Depleting Substances

In 2010, total emissions of ozone depleting substances were 24,626 kilograms from refrigerant gas losses, primarily R22 from air conditioning systems. This is a 51.5% reduction in leakage of ozone depleting substances compared to 2009.

Water

Water is one of our most precious resources and its sustainable supply to homes, communities, farmers, businesses and industry is an ongoing challenge for which we all need to find solutions.

An average Australian household uses up to 330,000 litres of water per year. When you include water for production of the food and goods we buy, this adds up to 722,000 litres of water per person, annually.

Why is this material to our business?

As a retailer of fresh fruit, vegetables and meat, Woolworths relies upon the long-term sustainability and productivity of farmers. Just as farmers have had to become efficient with the use of their water resources, our business has made commitments to use water efficiently.

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.

More than 80% of our stores are located in shopping centres and billed for water usage through their lease outgoings. This means we have metered water data for less than 18% of our stores. Our total water use is extrapolated from metered data.

What is our commitment?

In summary, our commitments and targets are:

- Reducing water use by 200 million litres a year by 2010.
- Developing a more complete baseline of water usage; and
- Rolling out the Water Wise project nationally for all our supermarkets.

Our 2010 performance

In 2010 the estimated water use for Australian Supermarkets was 1.81 GL. Average water use per supermarket decreased in 2010, and when compared to the average water use from our baseline year of 2007 we have estimated that our Water Wise Project has saved 302 million litres of water in 2010. We have met our target of reducing water use by 200 million litres and we will continue to install water efficient equipment and promote water efficient practices in stores.

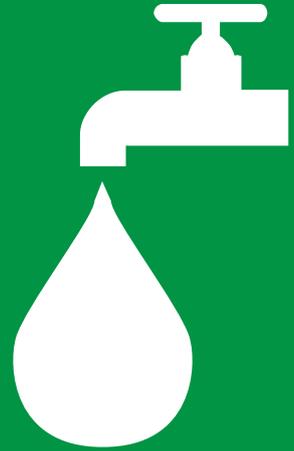
In 2010, we completed a comprehensive baseline assessment of metered water use for our business. The data collection and assessment showed that 17.7% of our stores (in Supermarkets, BIG W, Petrol and Liquor), Distribution Centres and offices had individual water meters. The recorded water use of 734ML for these locations was extrapolated to a total water use of 2.97 GL per annum for all of our stores and sites.

The assessment also determined trends to provide the most accurate estimation of water use possible. To improve the coverage of water use data, all new supermarkets will have smart water meters installed.

Our investment in large-scale rainwater harvesting continued at our Distribution Centres with the Wyong Regional Distribution Centre commissioning rainwater tanks with 1.1 million litre capacity in January 2010. This project also received \$150,000 in funding from the New South Wales Department of Environment, Climate Change and Water. A refill point has been installed for the Fire Brigade and Rural Fire Service to fill appliances and water tankers during fire emergencies.

Our first rainwater capture project at the Sydney Regional Distribution Centre reused 10.13 million litres of water in 2010. Along with the five million litres harvested at other systems, a total of 16.45 million litres of water has been captured and reused.

Saved over 318 ML of water through rainwater harvesting and water efficient equipment



Packaging

Why is this material to our business?

Woolworths' household brands include Homebrand, Select, Fresh, Macro, Essentials, DSE and Distinct. The decisions we make in designing the packaging for our products influences the amount and types of packaging material customers take home.

Woolworths Limited is a signatory to the National Packaging Covenant (NPC), an industry agreement covering the whole of the packaging supply chain with the aim to reduce packaging waste. The NPC has reached the end of its term and the Environment Protection and Heritage Conservation committee has approved the Australian Packaging Covenant, of which Woolworths will be a signatory.

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;
- Report annually to the NPC and in Woolworths Corporate Responsibility Report;
- Establish a supplier forum to work together on more sustainable packaging; and
- Establish more comprehensive baseline data for packaging of private label products.

Our 2010 performance

Woolworths has continued to meet its annual reporting requirements under the NPC and through our Corporate Responsibility Reports.

With the Australian Packaging Covenant (APC) now formalised a new action plan and commitments will be developed, to cover private label products in all businesses.

Our own sustainable packaging guidelines will be finalised to meet those set under the APC and their application formalised as part of product development and packaging design. The guidelines include design strategies for effectiveness, efficiency, reuse, recovery, recycling, accessibility, safety and communication.

Progress on packaging targets, commitments and actions has been reported in the NPC annual reports available on www.packagingcovenant.org.au.

No further packaging assessments have been conducted using the Packaging Impact Quick Evaluation Tool (PIQET). Further use of the tool will be considered under the new APC action plan.

Plastic Bags Issued per Customer Transaction (Supermarkets Only)



Number of reusable bags bought by our customers

14.3m

Circulation of the 3.4 million reusable produce crates from supplier, to Distribution Centre, to store has reduced cardboard box usage by 41.2 million boxes in 2010.

Progress has continued on addressing non-conformances identified in the independent audit of private label packaging. This audit assessed compliance with the ISO14021 standard for environmental labelling and found 324 non-conformances. Of the non-conformances, 76% of the 21 high priority, 72% of the 46 medium priority and 48% of the low priority actions have been addressed. Most related to the use of the Plastics Identification Code (PIC) or adding an appropriate recycling logo on suitable materials.

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, as per our commitment.

Waste and Recycling

Why is this material to our business?

Whenever a product goes to waste, the resources that are used by the whole supply chain are wasted. Less waste and improved efficiencies also provide cost savings, which lead to a lower price for customers. Efficiency is a key principle that we always strive to achieve.

What is our commitment?

In summary, our commitments and targets are:

- Zero food waste in the waste stream by 2015;
- 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 2010 performance

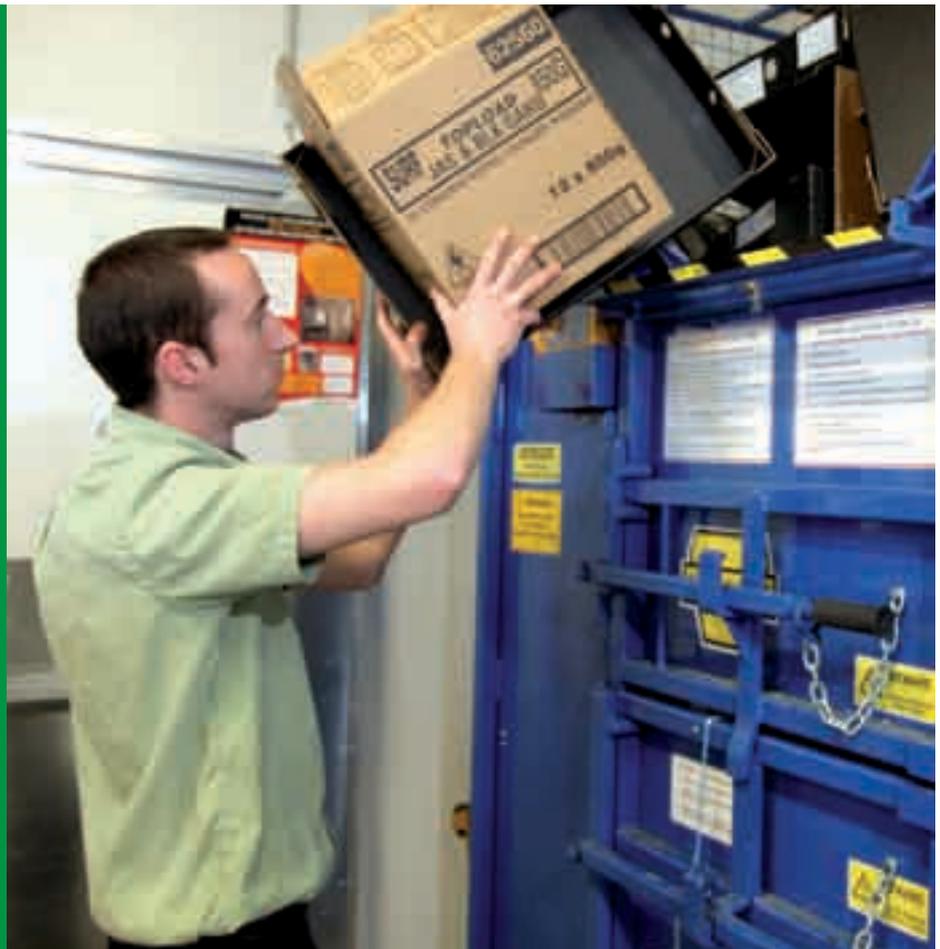
Our waste to landfill volumes decreased as we continued our efforts to improve recycling and divert waste from landfill. In Australia and New Zealand the volume of materials recycled or diverted in 2010 has increased by 2.8% and 7.6% respectively.

Food waste to energy

Sixty-three supermarkets in Sydney now send their food waste, which is not fit for human consumption, to EarthPower, where this material is processed through a digestion system to produce fertiliser and generate electricity. The volume of organic material diverted from landfill increased by 2.8% to 5,948 tonnes, enabling the facility to generate 1,902 MWh of electricity. Woolworths has not yet achieved its target of 100 stores participating in EarthPower due to the higher than expected cost involved.

An Expression of Interest was issued in 2010 to identify organic processing services and equipment available to Woolworths. Submissions are being reviewed for suitability.

In 2010 our E-Waste collection programs diverted 1,653 kg of mobile phones and accessories, 118,380 printer consumables (including cartridges) and 1,812 kg of batteries from landfill. BIG W collected 1,685 phones in support of cerebral palsy charities, which provided \$2,988 in donations.



In 2010 BIG W reused and recycled 9,482 palletised boxes, or an estimated equivalent of 28.7 million clothes hangers.

Food Rescue programs

Our Supermarket division has continued to expand Food Rescue programs, focusing on both the rescue of grocery products through Foodbank and fresh food through our Fresh Food Rescue program. More information on the expansion and funding of these programs is available in the Community Investment section on page 40.

The volume of food rescued through Foodbank was 2,322 tonnes in 2010. A reverse logistics process was implemented in 2010, where groceries that cannot be sold are transported from 567 supermarkets back to our Distribution Centres and then collected by Foodbank.

Fresh Food Rescue partnerships have been formed with 423 supermarkets and local food relief organisations leading to the diversion of fit-for-consumption food for the provision of meals. These programs will continue to expand, particularly with the financial support from the \$2 million Fresh Food Rescue Grants.

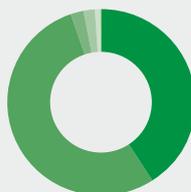
Waste audits

Woolworths is aware that there is always room for improvement in waste management and we have set targets.

Follow-up waste audits were conducted on 31 supermarkets in Australia and showed that recycling practices have improved in our stores. The volume of paper and cardboard in the waste stream decreased to 4%, compared to 8% in the 2009 audit, while the volume of flexible plastic in the waste stream has decreased a further 1%, to 6% (including 3% of non-recyclable plastic).

The presence of an Eco Ambassador in every supermarket has helped improve staff awareness on recycling practices, and help reduce waste and maximising revenue from recycling.

Waste Disposal and Recycled – Australia



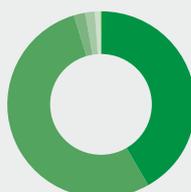
Waste to landfill	41.0%
Cardboard	53.8%
Plastic film	2.2%
Organics to EarthPower	1.9%
Food Diversion	1.0%
Polystyrene	0.0%
Waxed Cardboard	0.0%
Other (including commingled)	0.1%

Waste Disposal and Recycled – New Zealand



Waste to landfill	47.3%
Cardboard	52.7%

Waste Disposal and Recycled – Australia and New Zealand



Waste to landfill	41.7%
Cardboard	53.7%
Plastic film	1.9%
Organics to EarthPower	1.7%
Food Diversion	0.9%
Polystyrene	0.0%
Waxed Cardboard	0.0%
Other (including commingled)	0.1%

Recyclable Material in Supermarkets' General Waste

	Cardboard (including paper) %	Plastics (flexibles) %
2006 Audit	7	10
2009 Audit	7	8
2010 Audit	4	6

Materials Diverted from Landfill

	2007 (tonnes)	2008 (tonnes)	2009 (tonnes)	2010 (tonnes)
Australia				
Organic waste from supermarkets	4,860	5,354	5,785	5,948
Food to Foodbank	700	1,251	1,278	2,322
Food Rescue (excluding Foodbank)	–	–	76	747
Plastic film	6,055	6,057	6,207	6,956
Cardboard	147,189	165,908	167,787	170,585
Polystyrene	–	589	99	98.5
Waxed cardboard	–	220	268	6.5
Other (including commingled)	–	–	336	305.9
Total (Australia)	158,804	179,379	181,836	186,968.9
New Zealand				
Recycled material	–	21,188	19,105	20,559
Total tonnes	158,804	200,567	200,941	207,527.9

Eco Ambassadors Trained

2008	533
2009	838
2010	183
Total	1,554

All catalogues for our businesses are now produced on Programme for the Endorsement of Forestry Certification (PEFC) paper, which promotes sustainable forest management.



Electronic waste

Dick Smith is a founding member and ongoing participant of Product Stewardship Australia (PSA), an industry-led organisation that is developing nationally consistent solutions for end-of-life electronic and electrical products. PSA works with the Department of Environment, Water, Heritage and the Arts developing appropriate legislation and regulations to ensure all consumer electronics and IT importers contribute to programs funding end-of-life recycling.

Dick Smith has had good results in its 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 are recycled through the Cartridges for Planet Ark program. We had a small decrease (2%) in the number of printer consumables recycled in 2010.

BIG W provides satchels in store for the recycling of mobile phones in support of cerebral palsy charities. 1,685 mobile phones were recycled by this program in 2010.

Eco Ambassador Program

While Woolworths invests in energy and water efficient technology and implements programs to minimise waste, the true benefits of these commitments are only realised with the support of our staff. Our Eco Ambassador program continues to train staff on sustainability and how to engage their co-workers in sustainable work practices.

In 2010 we continued the roll-out of the program in New Zealand by conducting workshops and issuing self-training toolkits. With 162 employees trained we have an Eco Ambassador in every supermarket in New Zealand.

A further 21 employees were trained with self training kits in Dick Smith.

Supermarkets in Australia have continued their Regional structure with Eco Ambassadors in every store, supported by Eco Ambassadors at Area and Region level and a Chairperson. The 10 Chairpersons participate in a monthly phone link with support staff, to share initiatives and ideas and obtain technical guidance. A monthly newsletter, the Eco Times, is used to share information and facts, and dispel some of the long-standing myths about sustainability.

Paper Use

In 2010 the office paper use throughout all support offices was 74,626 reams of paper. Woolworths awarded a new contract for office paper supply, covering all business divisions (excluding ALH and DSE NZ), and this included the supply of Forestry Stewardship Council (FSC) certified paper products. Supply of this sustainably sourced paper now extends into all businesses.

Across all Woolworths businesses⁽¹⁾ we produced 911 million catalogues in Australia and 155.2 million catalogues in New Zealand. This production used a total of 57,048 tonnes of paper. In 2010 we awarded a new Company-wide contract for the production of our catalogues in Australia and New Zealand. Meeting the sustainability criteria for the tender process, all catalogues for our businesses are now produced on Programme for the Endorsement of Forestry Certification (PEFC) paper, which promotes sustainable forest management.

(1) Excluding DSE NZ.

Biodiversity

Our property division complies with all federal, state and territory planning laws for all our store developments, in which we include a Statement of Environment Effect. Biodiversity and environment protection measures are identified as part of the development application and consent process and we fully comply with all consent conditions imposed by the relevant authorities.

None of the projects in construction in 2010 had any issues with biodiversity. Two of the 10 projects in planning have undergone biodiversity assessments. One of these developments, currently undergoing an application for rezoning, has an identified threatened plant species present and a Vegetation Management Plan has been proposed to minimise the risk to this species.

Voluntary Codes and Reporting

Environmental compliance

Regulatory reporting

Woolworths Limited has reported under the Energy Efficiency Opportunities (EEO) Act 2006 and the National Greenhouse and Energy Reporting (NGER) Act 2007. Our 2009 EEO report is available on our corporate website homepage www.woolworthslimited.com.au.

Our first NGER report was submitted by 31 October 2009 and covered the same reporting period as our 2009 CR Report. NGER reporting covers only Scope 1 and 2 emissions and not all refrigerants, so the emissions reported to the NGER are less than those reported in our CR Reports. Woolworths also advised the office that our NGER reported emissions included emissions reported for refrigerant loss, which were estimated using a methodology that does not comply with NGER regulations.

Woolworths reported refrigerant emissions based on refill volumes for our systems instead of applying a loss factor, an unknown at the time, to total capacity of refrigerants.

Woolworths Limited's NPC Annual Report and data for 2009 are available on the NPC website www.packagingcovenant.com.au. This annual report was approved and registered by the NPC in January 2010, with the assessor rating our report 3.7 stars in the NPC 1–5 star rating system.

Spills

Woolworths Petrol had six spill incidents in 2010, with only two of these incidents involving a regulatory body. The largest spill was of 300 litres of unleaded petrol at our site in Wynyard, Tasmania, caused by a failed gasket.

A third party fuel transport company was issued an order by EPA Victoria to pay \$80,000 towards two community projects following a spill at a Woolworths Petrol station in Wantirna. The spill involved the loss of 7,200 litres of unleaded petrol, which entered the nearby Dandenong Creek. Both the creek and wildlife were impacted by the leak.

All incidents are reported and investigated to determine the root causes, and remediation conducted where required.

Fines

In 2010, there were no environmental incidents that incurred monetary fines for Woolworths.

responsible retailing

We understand that we have a duty to be more than just a retail outlet, but to also make a positive impact on the societies that we serve. We work to the principle that we can never take our customers for granted. We believe in earning our customers' trust and respect by acting responsibly both inside and outside our stores and helping them make informed choices.



We are helping
our customers
make informed
choices.



Buy and sell responsibly.
Deliver the best value for customers.
Ensure quality and safety.
Source sustainably and ethically.

Responsible Retailing

Responsible Food Retailing

Our wide-ranging commitment to responsible food retailing is demonstrated in a variety of ways, from our competitive pricing and fresh food offer to the confectionery-free checkouts in our supermarkets for parents who may be shopping with their children. All our stores have confectionery-free checkouts.

Woolworths recognises that our customers are increasingly concerned about health and nutrition and we want to provide them with food that meets their expectations. We are working collaboratively as part of the Food and Health Dialogue to address poor dietary habits and promote healthier food choices for all Australians. 34% of Australians are estimated to consume sodium at levels above that recommended from salt alone. A key focus has been food reformulation, and category targets for sodium reduction have been set for both bread and breakfast cereals. We have already made progress in this area.

Selling Alcohol Responsibly

Alcohol consumption is ultimately an issue of individual responsibility. However, 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.

Annual audits of licensing and responsible service compliance are conducted in all of our licensed outlets.

All Woolworths Liquor Group staff are trained in Responsible Service of Alcohol. Regular refreshers are undertaken to ensure that our staff remain aware of their responsibilities in this area.

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

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

Salt reductions made since September last year in our Homebrand bread have resulted in over 50 tonnes less salt being in the food supply.



This policy has been incorporated into our Responsible Service of Alcohol training.

We have also initiated a point of sale campaign 'Don't buy it for them' to raise community awareness of the danger of secondary supply of alcohol to minors.

In November 2009, in partnership with Crimestoppers, we launched a point of sale awareness campaign to further support our commitment to responsible retailing of alcohol.

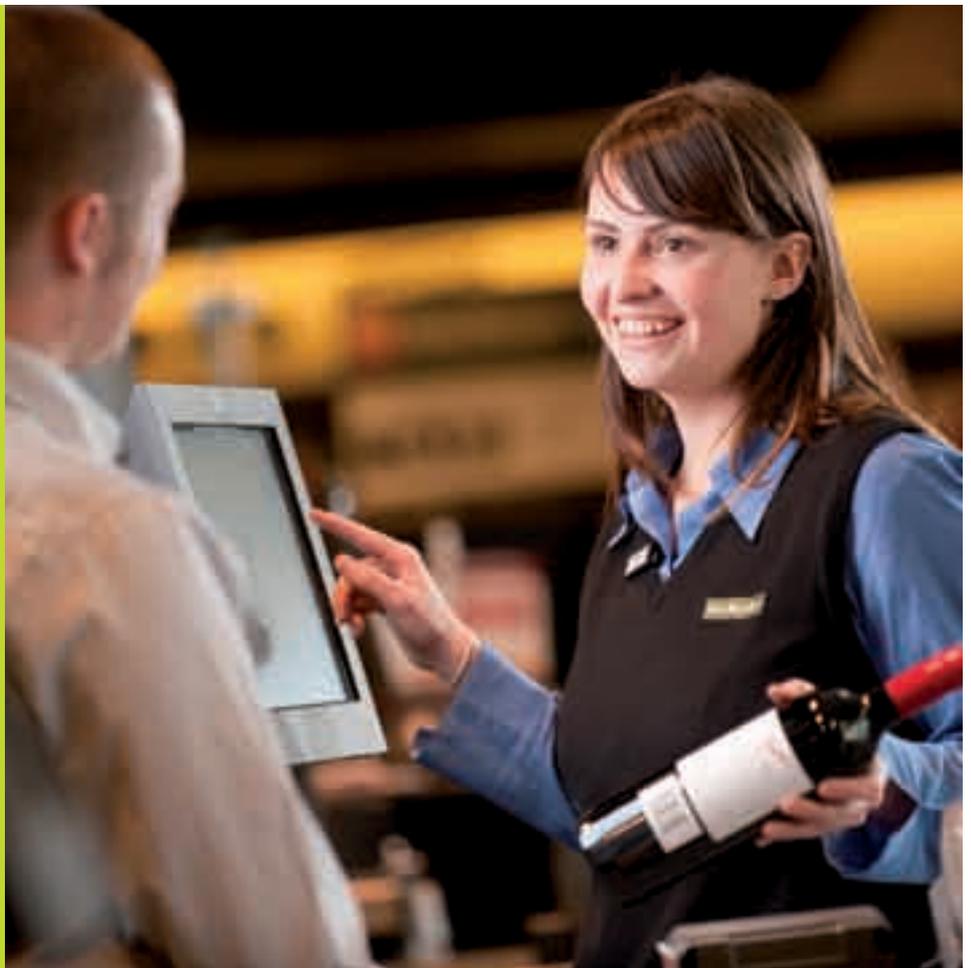
Woolworths Liquor Group has always been a conscientious participant in efforts by police, local councils and community groups to tackle problem drinking. Woolworths Liquor Group presented to the fifth Australian Drug Strategy Conference on best practice in responsible service of alcohol. We have introduced a range of measures to better manage alcohol-related issues in some communities, including removing 'long-neck' beer and some wine products from our range in areas where these are prone to abuse; and voluntarily reducing our trading hours.

Woolworths Liquor Group participates in local community liquor accords, where licensees and other stakeholders take action to improve safety in entertainment areas and reduce alcohol-related anti-social behaviour. Woolworths has approximately 457 licensed stores involved in local liquor accords and commits almost \$411,990 in wages expense and 13,980 labour hours to attendance at local liquor accords.

Any alcoholic or alcohol branded product (such as branded chocolate, chips or soft drinks) submitted for potential sale by suppliers to the Woolworths Liquor Group must first be benchmarked against our Charter. The charter includes 10 principles that aim to avoid the sale of any products that appeal to minors, encourage inappropriate drinking practices or make inappropriate associations.

These practices send a strong message to the community and manufacturers that products targeting minors and encouraging irresponsible drinking are not welcome in our stores.

Woolworths Liquor Group participates in local community liquor accords, where licensees and other stakeholders take action to improve safety in entertainment areas and reduce alcohol-related anti-social behaviour.



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 product 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 (RTD) products containing more than two standard drinks per single serve container will not be ranged by Woolworths Liquor Group.

Responsible Service of Gaming

The ALH Group is committed to providing responsible gaming in our venues. We acknowledge that problem gambling is a serious community concern. The Productivity Commission in its Report into gambling (June 2010) estimates that between 0.5% and 1% of adult Australians are problem gamblers.

We believe that the industry, government, community and individuals have a shared responsibility for the promotion, development and practice of responsible gambling. Our objective is for gambling facilities to be enjoyed as a social recreation by responsible individuals who choose to use them. We want to ensure that our hotels provide a safe and supportive environment where our customers make informed decisions about gambling and we want to provide timely appropriate assistance and information.

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.

All ALH gaming staff are trained in the responsible service of gambling and all frontline managers and staff are trained in the responsible service of alcohol. It is general ALH practice not to promote any practice which may encourage rapid or excessive consumption of alcohol, such as 'happy hours'.

For the last three years, the ALH Group has worked with David Schwarz, a well known former AFL footballer and reformed problem gambler, as its Responsible Gambling Ambassador. The program involves working with ALH management to identify further opportunities where we can proactively assist those who have a problem with gambling.

David provides employee education and customer awareness about the importance of 'being honest with yourself about your gambling'. Most importantly, David is available for our staff to discuss any gambling problems they or their families and friends may be experiencing.



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.

Ethical Sourcing

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 globally recognised standards the Ethical Trading Initiative (ETI) and International Labour Organisation (ILO) conventions. Both standards are based on the principles of the United Nations Universal Declaration of Human Rights.

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. Woolworths is notified of any critical findings within 24 hours of the audit, often while the auditor is still on site.

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. This is particularly important in cases of child labour, where any threat of contract termination would typically result in the factory terminating the child worker's employment.

An important consideration here is the detrimental consequences this would be likely to have on the child and the family members who may depend on him or her – including loss of income and the hunger, homelessness and general deprivation and poverty that would inevitably follow.

In 2010, we completed audits of just over 42% of factories making our own brand products. The delay has been predominantly caused by the time required to negotiate with some suppliers to get the location of their factories and reach agreement to have access to the factories for our auditors. However, we are committed to the monitoring program and will continue our implementation.

Similar to 2009, in 2010 the most common area of non-conformance is in working hours and living wages, an issue which is broadly recognised and acknowledged and more specific throughout various areas of China where we source a significant portion of our own brands. Employees are generally working more normal or overtime hours compared with local requirements; for example, more than seven days consecutively without time off, or receiving wages which are not in line with local award requirements for social insurances or overtime awards.

Some issues are bigger than Woolworths, and we cannot fix these problems alone despite our best efforts. For this we look beyond our own business to seek assistance and advice about issues that are systemic and require a global approach to bring about change and improvement.

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

52% of all corrective actions raised in 2010 were addressed and closed. We continue monitoring the progress on resolving the remaining corrective actions.

52% of all corrective actions raised in ethical audits during 2010 were addressed and closed.

Audit Results – Factory Classification in 2010

Approved	6%
Conditionally Approved	72%
At Risk	22%

Audit Results – Number of Corrective Actions Raised in 2010

Critical	2%
High	78%
Low	20%

36% of all fresh pork that is supplied to Woolworths is produced from pigs born to sows that have been reared in a sow stall free environment. By the end of 2011 this will have increased to 42%.

Animal Welfare

As communities become more affluent and better educated, they demand more information about how their food is produced, transported and processed, and how animals are managed through the production chain.

The consumer interest in animal welfare has been increasing over the past few years. We have seen this reflected in our sales of, particularly, free-range eggs and chicken meat. We have responded accordingly by making more choices available to our customers.

Our Select branded eggs currently comprise free-range, barn-laid. As part of our commitment we discontinued selling caged eggs under our Select brand at the end of 2009.

In 2009, we made a decision to change egg shelf layouts in all our stores to reflect segregation by farming type such as caged, free-range and barn-laid. We have continued with this merchandising policy throughout 2009–2010. This change is supported by point of sale material clearly identifying the range available to customers.

The new shelf layouts were released to all stores nationally in August 2009, and in revised form in February. A new and improved point of sale package is currently under development.

While we have seen a significant shift to free-range eggs, cage eggs still represent 49.8% of our total sales by value. The vast majority of this is Homebrand and it shows the proportion of customers who are looking for value for money.

In 2009, we introduced Bred Free Otway Pork in 23 stores in Victoria. In 2010, we sold Free Range pork in 272 of our Australian supermarkets. 36% of all fresh pork that is supplied to Woolworths is produced from pigs born to sows that have been reared in a sow stall free environment. By the end of 2011 this will have increased to 42%.

We have extended our range to include RSPCA accredited Free Range pork into New South Wales, Australian Capital Territory and parts of Victoria in June 2010. The Primo range is available in 245 stores. Woolworths also carries Free Range pork in Western Australia under the Plantagenet brand. This range is stocked in 27 stores.

We are mindful of the magnitude of change and investment such developments may represent for our suppliers. We have a responsibility to suppliers and customers to introduce any fundamental change such as this in a responsible manner so suppliers have the capacity to invest in change and can provide our customers with affordable product.

The Woolworths Quality Assurance (WQA) standard now includes an animal welfare module for all livestock products. These requirements are audited as part of the WQA audit program.

Fairtrade

The demand for Fairtrade certified products has steadily increased in recent years and our supermarkets range a number of Fairtrade certified products.

While our range is regularly reviewed and is subject to change at the time of this report the Fairtrade certified brands ranged on our supermarkets include:

- Bean Ground & Drunk organic coffee
- Cadbury Dairy Milk chocolates (200 g block, share pack, 55 g roll, 50 g chunky bar)
- Green & Black's chocolates
- Nerada tea
- Qi tea
- Republica Signature organic coffee and drinking chocolate
- Robert Timms coffee bags
- Scarborough Fair coffee and tea

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.
- 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.

Responsible Sourcing

Palm oil

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.

Woolworths' policy until early 2010 was to either ban or reduce the use of palm oil in Select food products where alternative oil can be used without compromising the product quality and increasing the trans-fat content. This position was taken because certified sustainable palm oil was not available.

Woolworths is a member of the Roundtable on Sustainable Palm Oil.

Sales Growth for Animal Welfare Products

Product	Percentage increase in sales in 2009* %	Percentage increase in sales in 2010* %	Percentage of total category sales in 2010 %
Free range chicken (Macro meat)	33.6	30.1	16.4
Free range chicken (Macro deli)	n/a	263.8	2.3
Free range eggs	32.0	15	35.8
Barn laid eggs	20.7	11	11.3
Organic Macro meat	25.8	10.0	0.8

* Percentage increase based on increased sales from previous financial year.

Palm oil is an efficient crop, yielding up to 10 times more oil per hectare than soybeans, 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.⁽¹⁾ Therefore, banning the use of palm oil could cause more deforestation as other oil crops have considerably less yield per hectare.

In 2010, Woolworths Supermarkets reviewed its palm oil policy in consultation with WWF and announced its new policy on 29 March 2010. The key commitments are:

- Moving to RSPO (Roundtable on Sustainable Palm Oil) certified sustainable palm oil by 2015 for all Woolworths private label products;
- On pack labelling of palm oil and derivatives (greater than 5% by weight) in all Woolworths private label products; and
- Applying to become the first Australian retail member of the Roundtable on Sustainable Palm Oil – a global not-for-profit organisation set up to advance the use of certified palm oil and establish consistent standards.

Woolworths is a member of RSPO. At this time only a small proportion of the total global supply of palm oil is certified sustainable under the RSPO certification scheme. Meeting our target date of 2015 is a significant challenge, but we are determined to do our best to meet our commitment.

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.

In 2010, we introduced our new Select facial tissues, toilet tissue and kitchen towels that 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.

In 2010 we also completed our catalogue tender. Our catalogue paper will be PEFC certified from 2011.

BIG W retails exclusively FSC-certified outdoor furniture brand 'Patio' and we are working on our Timber Sourcing policy for our new home improvement business, with its first store scheduled to open for trade in late 2011.

(1) *The Economist* 24 June 2010.

Responsible Retailing

Fish and seafood

We have specific requirements for trade partners who supply seafood products to our supermarkets. These requirements support the WQA Standard. All direct suppliers of seafood, both local and international, are required to become certified to the WQA. The scope of the standard covers aquaculture, catch, harvest, procurement of raw materials and packaging materials, processing, packaging and distribution through to supply to Woolworths distribution centres and supermarkets.

All our suppliers as part of our trading terms are required to maintain compliance to all Government regulatory requirements related to the seafood industry.

We are reviewing our fish and seafood sourcing practices to include sustainable sourcing criteria.

Quality Assurance, Product Information and Labelling

The Quality Assurance (QA) function is an integral part of the Woolworths Limited business with over 70 people engaged in quality assurance activities across the divisions. Over the coming year, we are focusing on streamlining our current quality assurance processes to ensure that we continue to provide products to our customers that they trust, that are safe and that meet customers' expectations on quality and value for money.

Food

Our QA team is made up of over 24 qualified technical staff in Australia and New Zealand. They include food technologists, nutritionists, chemists and the QA Laboratory team located in state-of-the-art laboratory facilities at Norwest in Sydney, Australia.

The QA team is responsible for ensuring all products sold in our fresh food departments and under our private label brands are safe and of the highest quality and that all claims made on products are validated and comply with relevant regulations.



All our suppliers as part of our trading terms are required to maintain compliance to all Government regulatory requirements related to the seafood industry.

All suppliers of fresh food products and private label food products in Australia and New Zealand must be certified to the WQA standard. Currently more than 2,300 suppliers are independently audited biannually to demonstrate compliance to the WQA Standard. The WQA program is also audited globally to ensure compliance of suppliers.

The WQA program includes an ethical sourcing module for all private label suppliers and an animal welfare module for our suppliers of animal products.

Consumer products, apparel and general merchandise

Our quality assurance specialists in this area ensure all exclusive and private label products are subject to our quality assurance process. Packaging and labelling for exclusive/private label 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 and country of origin claims are correct.

Consumer Electronics

Our consumer electronics team manages product compliance with Australian and international standards covering a broad range of criteria including electrical safety, human electromagnetic exposure, toy safety, radiocommunications and telecommunications compatibility and energy efficiency.

Our QA staff assess product safety impact prior to ranging products and monitor ongoing compliance using a combination of independent factory and incoming goods inspections.

Liquor

Woolworths Liquor Group has implemented its quality assurance process in line with our WQA standard. This includes QA review and approval throughout the product development lifecycle. Our private label brands in liquor are predominantly produced by reputable and well-known brand owners retailing products under their own brands with established quality assurance processes.

Petrol

Fuel quality is subject to the Australian Government's *Fuel Quality Standards Act 2000*. This Act covers all fuel types including all gasoline, diesel and LPG. Refiners are required to manufacture fuel to comply with this Act, and all fuel is tested prior to release against the requirements under it.

Imported fuel is also subject to the standards imposed under the Act. Woolworths requires its fuel suppliers to complete testing and to furnish Woolworths with certificates of quality, certifying that fuel supplied to us complies.

Environmental Claims

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

As a brand owner we are committed to truth in advertising and have a Group-wide Environmental Claims policy to help our buying, advertising and marketing staff ensure that the environmental claims made on Woolworths' private label brands and in our catalogues have been properly verified and described in a way that does not mislead our customers or the general public. The policy was developed with reference to the Australian Competition and Consumer Commission (ACCC) guidelines Green marketing and the Trade Practices Act and the New Zealand Commerce Commission's Guidelines for Green Marketing.

Product Recalls

Woolworths conducts consumer product safety recalls in line with the FSANZ Product Recall Protocol and the 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 2010:

- **Woolworths Supermarkets** – Woolworths Carbonara Salad 350 g – undeclared allergens.
- **Woolworths Supermarkets** – Woolworths Lite Milk 2 litre – potential food safety issue.
- **Woolworths Supermarkets** – Woolworths Prepacked Crumpets – metal contamination.

Apparel/general merchandise recalls in 2010:

- **BIG W** Children's Nightwear lines, which were incorrectly labelled as low fire danger when they should have been labelled high fire danger.
- **Woolworths Supermarkets** – Woolworths Essentials Travel Hair Dryer December 2009.

Customer Feedback and Complaints

Woolworths has policies to handle all types of customer feedback:

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

We have systems in place to capture customer feedback, compliments, general enquiries and complaints; in-store, by phone and online.

Privacy Policy

Woolworths complies with the National Privacy Principles for the Fair Handling of Personal Information that sets standards for collection, use and disclosure, access, storage and destruction of personal information that we collect as part of our business operations. We also 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 2009, external consultants were appointed to review our privacy practice and procedures across major streams of our business.

The review was completed in late 2009 and the recommendations are currently being implemented which will result in a strengthened approach to Privacy across all of our businesses.

independent assurance statement



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

Woolworths Limited (Woolworths) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of Woolworths' Corporate Responsibility Report 2010' (the 'Report'). The Report presents Woolworths' corporate responsibility performance over the period 1 July 2009 to 30 June 2010. 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 August to October 2010, 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.
- Senior management interviews to assess the effectiveness of policy, procedures and frameworks in place to manage corporate responsibility within the organisation.
- A review of the processes used by Woolworths to engage with its stakeholders and the outcomes of the external and internal stakeholder engagement undertaken during the reporting period in order to understand the nature of material issues raised by stakeholders.
- 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 business.
- 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 134 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 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 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 application level check for the 2010 Report and verification of Woolworths' 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.

independent assurance statement

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 the International Register of Certified Auditors UK (IRCA 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 80 assurance engagements in Australia over the past three 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. Its Corporate Responsibility Panel plays an important role in ensuring external views are included in internal decision-making processes. Net Balance investigated a number of material issues from the Report, and found comprehensive and continuous processes in place for communicating with key stakeholders. Issues and feedback channels are actively monitored at the corporate level as well as within each business division. The issues reviewed by Net Balance included 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 has multiple processes in place to determine material issues across the organisation. The Report was found to be in alignment with the outcomes of these processes and, as such, appropriately addressed Woolworths' environmental, social and economic material issues. In addition, the Report was also found to provide balanced information about Woolworths' corporate responsibility management and performance. Interviews with a selection of senior managers at the divisional level demonstrated a clear appreciation of relevant division-specific corporate responsibility issues.

Responsiveness: Woolworths actively engages with customers, industry groups, media, government, and to the extent practical, the communities in which it operates to identify material issues. It also reports relevant and timely information in relation to those issues and this was demonstrated throughout the Report. Net Balance acknowledges the clarity with which Woolworths has articulated its understanding of their stakeholders and what is important to them. Net Balance encourages continued improvement in providing feedback and relevant performance information to communities and customers.

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 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

It is noteworthy that Woolworths continues to take a lead role with respect to its international peers as being one of the few top retailers to have its Report prepared and independently assured. It was found that Woolworths has appropriate processes in place for collecting corporate responsibility performance information and that the Report appropriately addresses Woolworths' environmental, social and economic material issues. This year, improvements were observed in:

- dedicating resources and management to engage with stakeholders on key issues
- a group-wide focus on quality assurance and ethical sourcing
- management of group-wide environmental data through the recent implementation of a new management information system
- data management systems to track group-wide training data.

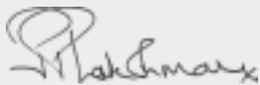
In order to continue to enhance the reporting of corporate responsibility objectives across all divisions, Net Balance encourages Woolworths to:

- increase consistency in data collation across all reporting areas and divisions by using more consistent categories and boundaries for performance data aggregation
- establish and document formal data management and reporting protocols and procedures for performance metrics
- ensure all content providers are fully engaged, trained and prepared for the assurance process as well as provide final sign-off of their respective report content
- formalise the process for embedding issues identified during stakeholder engagement into existing risk management frameworks.

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

28 October 2010
Sydney, Australia



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



united nations global compact

In May 2009, Woolworths Limited became a UNGC signatory. The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

The table below shows how Woolworths is fulfilling the principles of the UNGC.

Principles	Actions	Outcomes
Human Rights		
Principle 1 Protection of Human Rights	<p>Woolworths is committed to upholding human rights not only with respect to its own employees but also in its supply chain, and has an Ethical Sourcing Policy which includes labour rights and working conditions. The policy is available on our website.</p> <p>Our policy is based on the globally recognised standards of the Ethical Trading Initiative (ETI) and International Labour Organisation (ILO) conventions. Both standards are based on the principles of the United Nations Universal Declaration of Human Rights.</p> <p>All Woolworths suppliers are expected to comply with the requirements of our policy, which is complemented by a compliance audit program conducted by experienced third-party certification bodies. The audit includes specific criteria relating to child labour, imprisoned or bonded labour, health and safety, and bribery and corruption.</p>	<p>Further information can be found under 'Ethical Sourcing' in the Responsible Retailing section on page 63.</p> <p>Our approach is to work with suppliers to help improve their labour and environmental practices, no matter which category they are in.</p> <p>In 2010, we completed audits of just over 60% of factories making our own brand products.</p>
Principle 2 No complicity in Human Rights Abuses	See Principle 1.	See Principle 1.
Labour		
Principle 3 Freedom of Association and Collective Bargaining	<p>Woolworths aims to foster active partnerships with unions and respects the role these unions play in maintaining a positive, productive workplace. Collective bargaining agreements cover over 70% of our employees. Our supermarket Enterprise Bargaining Agreement constitutes the largest agreement in Australia.</p> <p>In addition, Woolworths' Ethical Sourcing policy includes the principles of freedom of association and collective bargaining and audits of the supply chain are conducted to monitor compliance. This policy can be found on our website.</p>	Further information can be found under 'Ethical Sourcing' in the Responsible Retailing section on page 63 and in the Our People section on page 30.
Principle 4 Elimination of Forced and Compulsory Labour	<p>Woolworths' policy and audit program are covered in Principle 1.</p> <p>Audits include specific criteria relating to imprisoned or bonded labour.</p>	Further information can be found under 'Ethical Sourcing' in the Responsible Retailing section on page 63.
Principle 5 Abolition of Child Labour	<p>Woolworths' policy and audit program are covered in Principle 1.</p> <p>Audits include specific criteria relating to child labour.</p>	Further information can be found under 'Ethical Sourcing' in the Responsible Retailing section on page 63.

Principles	Actions	Outcomes
Labour (continued)		
Principle 6 Elimination of Discrimination	<p>Woolworths does not tolerate discrimination and is committed to an inclusive workplace that embraces and promotes diversity.</p> <p>Woolworths will aim to have a 33% representation of women as Non-executive Directors at Board level and within its senior executive group by 2015 as an early adopter of the new Australian Securities Exchange Corporate Governance guidelines for diversity.</p> <p>We also promote employment of people with a disability as a gold member of the Australian Employers Network on Disability.</p> <p>Our commitment to Indigenous employment is demonstrated through our participation in the Australian Employment Covenant (AEC), which promotes the employment of Indigenous Australians. Woolworths has commenced development of a Reconciliation Action Plan for Indigenous employment.</p>	Further information can be found under 'Diversity and Equal Opportunity' in the Our People section on page 29.
Environment		
Principle 7 Precautionary Approach	Woolworths does not explicitly reference the precautionary approach in its risk management framework. Woolworths employs sound risk management practices. Risk management processes and key business risks are disclosed in the Annual Report and on our website.	Further information on Woolworths' risk management practices can be found in the Corporate Governance section of the Annual Report on page 58 and on our website.
Principle 8 Environmental Responsibility	Woolworths takes environmental responsibility very seriously. In November 2007 we launched our Sustainability Strategy 2007–15, identifying our material environmental impacts, setting targets and commitments for improvement, and starting us on the pathway to change. The strategy is available on our website.	Further information on our environmental initiatives can be found in the Environment section from page 44.
Principle 9 Environmentally Friendly Technologies	Woolworths continues to investigate, trial and implement technologies which assist in reducing energy use and carbon emissions.	Further information on Woolworths environmental programs and achievements can be found in the Environment section on page 46. Climate change is addressed on page 48, water saving initiatives on page 52, energy saving initiatives on page 49 and transport on page 51.
Anti-corruption		
Principle 10 Work against Corruption	Our anti-corruption principles are clearly communicated to our employees in our Code of Conduct.	Further information on our anti-corruption principles can be found in Our Approach on page 6.

global reporting initiative (GRI) index

Woolworths Limited's annual corporate responsibility reports are prepared in accordance with the Global Reporting Initiatives Sustainable Reporting Guidelines (G3). More information on the GRI can be found at www.globalreporting.org.

This index contains a summary of all of the guidelines indicators and where we have reported against them; a more comprehensive index can be found at www.woolworthslimited.com.au.

Note: Woolworths Limited Annual Report 2010 (AR). Online GRI Index (GRI Index). Indicators not reported, were deemed not material.

GRI	Description	Page
1.1	Statement from the Chairman and CEO	2–3
1.2	Key impacts, risks, and opportunities	1–3, 4–7
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2.2	Primary brands, products, and/or services	Inside front cover, 16, 50
2.3	Operational structure of the organisation	16, 18, AR 179–181
2.4	Location of organisation's headquarters	Inside back cover
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2.6	Nature of ownership and legal form	16, AR 63
2.7	Markets served	16–19
2.8	Scale of the reporting organisation	16–20
2.9	Significant changes during the reporting period	18, AR 6
2.10	Awards	Inside front cover, 7, 18, 26–27, 40
3.1	Reporting period	Inside front cover
3.2	Date of most recent previous report	Nov-09
3.3	Reporting cycle	Annual
3.4	Contact point for the report	Inside back cover
3.5	Process for defining report content	5–6, 12–15
3.6	Boundary of the report	Inside front cover
3.7	Limitations on the scope or boundary	Inside front cover
3.8	Reporting on joint ventures and other entities	Inside front cover, 18
3.9	Data measurement techniques	Where relevant
3.10	Explanation of re-statements	Nil
3.11	Significant changes from previous reporting periods	Nil
3.12	Table of Standard Disclosures	74–75
3.13	External assurance for the report	68–71
4.1	Governance structure	5, AR 33–36, 64
4.2	Chair of the highest governance body	5
4.3	Independent and/or non-executive members	5
4.4	Mechanisms for providing recommendations to the Board	5–6, AR 79
4.5	Linkage between compensation and performance	AR 41
4.6	Avoiding of conflicts of interest	AR 43
4.7	Determining the qualifications and expertise of the Board	5, AR 33–36, 66–67
4.8	Mission statements, values and code of conduct	6–7, 35, 63, AR 76
4.9	Management of performance	6, AR 74

GRI	Description	Page
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4.13	Memberships in associations	30, 56, 63
4.14	List of engaged stakeholders	8–9
4.15	Basis for identification and selection of stakeholders	8–9
4.16	Approaches to stakeholders	8–9
4.17	Key topics and concerns for stakeholders	8–15
Disclosure on Economic Management Approach		18–19, AR 5–12
EC1	Direct economic value generated and distributed	16–19, 38, AR 3, 13–15
EC2	Financial implications of climate change.	48
EC3	Defined benefit plan obligations	25
EC4	Significant financial assistance received from government.	79
EC5	Ratios of standard entry level wage compared to local minimum wage	25
EC6	Policy on locally based suppliers	18–19
EC7	Procedures for local hiring	22
EC8	Infrastructure investments and services for public benefit	40
EC9	Indirect economic impacts	18, 39, 42
Disclosure on Environmental Management Approach EN		44–57
EN1	Materials used by weight or volume	53–54, 57
EN2	Percentage of materials used that are recycled input materials	53–56
EN3	Direct energy consumption by primary energy source	49
EN4	Indirect energy consumption by primary source.	49
EN5	Energy saved due to conservation and efficiency improvements.	49–51
EN6	Initiatives to provide energy-efficient products and services	49–51, 65–67
EN7	Initiatives to reduce indirect energy consumption	49–51
EN8	Total water withdrawal by source	52
EN9	Water sources significantly affected by withdrawal of water	52
EN10	Percentage and total volume of water recycled and reused	52
EN11	Location and size of land owned near areas of high biodiversity value	57

GRI	Description	Page
EN12	Description of significant impacts on biodiversity in protected areas	57
EN13	Habitats protected or restored.	57
EN14	Managing impacts on biodiversity.	57, 65
EN15	IUCN Red List species	57
EN16	Direct and indirect greenhouse gas emissions	48–50
EN17	Other indirect greenhouse gas emissions	50
EN18	Initiatives to reduce greenhouse gas emissions	48–51
EN19	Emissions of ozone-depleting substances	52
EN20	NOx, SOx, and other significant air emissions by type and weight	GRI Index
EN21	Total water discharge by quality and destination	52
EN22	Total weight of waste by type and disposal method	54–56
EN23	Total number and volume of significant spills	57
EN24	Hazardous wastes	55
EN26	Mitigating impacts of products and services	52–54, 65–66
EN28	Non-compliance with environmental laws	57
EN29	Impacts of transporting products and other goods	51
Disclosure on Labour Management Approach		21–23, 27–31, 33
LA1	Total workforce	20, 23
LA2	Employee turnover	23
LA3	Benefits for full-time employees	25
LA4	Collective bargaining agreements	30–31
LA5	Minimum notice periods for significant operational changes	31
LA6	Workforce represented in joint management–worker health and safety committees	34
LA7	Rates of injury, occupational diseases, lost days, and absenteeism	33–35
LA8	Education, training and risk-control programs regarding serious diseases	24, 34
LA9	Health and safety topics covered in formal agreements with trade unions	34
LA10	Average hours of training per employee	26
LA11	Career and skills management	27–29
LA12	Employee performance and career development reviews	26
LA13	Governance bodies and breakdown of employees relating to diversity	29–31, AR 33–36
LA14	Ratio of basic salary of men to women by employee category.	31

GRI	Description	Page
Disclosure on Human Rights Management Approach		21, 29–30, 63
HR1	Significant investment agreements that include human rights clauses	GRI Index
HR2	Supplier screenings on human rights	63
HR3	Employee training on human rights	30
HR4	Number of incidents of discrimination	30
HR5	Risks to right to exercise freedom of association and collective bargaining	31
HR6	Risks of incidents of child labour	63
HR7	Risks of incidents of forced or compulsory labor	63
HR9	Incidents involving rights of indigenous people	30
Disclosure on Society Management Approach		7, 9, 18, 28, 37–39
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SO2	Analysis of business units for risks related to corruption	7
SO3	Employees trained in anti-corruption policies	28
SO4	Actions taken in response to incidents of corruption	7
SO5	Participation in public policy development	9
SO6	Financial and in-kind contributions to political parties	7
SO7	Legal actions for anti-competitive behaviour	Nil
SO8	Non-compliance with laws and regulations	34
Disclosure on Product Responsibility Management Approach		60–67
PR1	Life cycle stages products and services	65–67
PR2	Non-compliance regarding health and safety impacts of products	67
PR3	Product and service information	65–67
PR4	Non-compliance regarding product and service information	66–67
PR5	Practices related to customer satisfaction	8, 67
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing	60, 62, 67
PR7	Non-compliance with regulations and voluntary codes concerning marketing	Nil
PR8	Complaints regarding breaches of customer privacy	65
PR9	Monetary value of significant fines	Nil

glossary

Australian Competition

and Consumer Commission (ACCC)

ACCC is an independent Commonwealth statutory authority. The ACCC's role is to promote competition and fair trade in the marketplace to benefit consumers, business and the community. www.accc.gov.au

Australian Employment Covenant (AEC)

The covenant is a three-way commitment between Australian employers, the Australian government and Indigenous people aimed at securing 50,000 sustainable jobs for Indigenous Australians. www.fiftythousandjobs.com.au

Australian Food and Grocery Council (AFGC)

The AFGC is the national body representing the nation's food and grocery products manufacturers. www.afgc.org.au

Carbon dioxide equivalent (CO₂-e)

This is a standard measure used to compare the emissions from various greenhouse gases based upon their global warming potential (GWP). For example, one tonne of methane emissions is equivalent to 24.5 tonnes of carbon dioxide emissions.

EBIT

EBIT – Earnings before Interest and Tax – is the total earnings before provisions are deducted.

EEO Act

The *Energy Efficiency Opportunities Act 2006* (Cth) took effect on 1 July 2006 (with an amendment in March 2007). It aims to improve the identification, assessment and reporting of energy efficiency opportunities by large energy using businesses. www.energyefficiencyopportunities.gov.au

Environment Protection and Heritage Council (EPHC)

EPHC was created in 2001 by amalgamating the National Environment Protection Council (NEPC), the environment protection components of the Australian and New Zealand Environment and Conservation Council (ANZECC), and Heritage Ministers' Meetings. www.ephc.gov.au

Foodbank

Foodbank is a not-for-profit, non-denominational organisation that sources and distributes food and grocery industry donations to welfare agencies that feed the hungry. Foodbank is Australia's largest hunger relief organisation. www.foodbank.com.au

Food Standards Australia New Zealand (FSANZ)

FSANZ is the statutory agency that develops food standards. 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 or www.fscaustralia.org.au

Fuel Quality Standards Act 2000 (Cth)

This Act covers all fuel types, including all gasoline, diesel and LPG. Refiners are required to manufacture fuel to comply with this Act, and all fuel is tested prior to release against the requirements under it.

GL

Gigalitres or billion litres.

Global Warming Potential (GWP)

This is the index used to translate the level of emissions of various gases into a common measure in order to compare the relative radiative forcing of different gases without directly calculating the changes in atmospheric concentrations. GWPs are calculated as the ratio of the radiative forcing that would result from the emissions of one kilogram of a greenhouse gas to that from emission of one kilogram of carbon dioxide over a period of time (usually 100 years).

Greenhouse gases

These are gases that absorb infra-red radiation in the atmosphere. The six greenhouse gases under the Kyoto Protocol are: carbon dioxide, methane (CH₄), nitrous oxide (N₂O), halogenated fluorocarbons (HCFCs), ozone (O₃), perfluorinated carbons (PFCs) and hydrofluorocarbons (HFCs).

kt

A kilotonne is equal to one million kilograms.

KWh/m²

This refers to kilowatt hours per square meter. KWh is a unit of measurement for electricity use.

Light emitting diode (LED)

A Light Emitting Diode (LED) is a semiconductor device that converts electricity into light. LEDs last considerably longer than incandescent or fluorescent lighting but are more expensive.

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).

Lost Time Injury Frequency Rate (LTIFR)

LTIFR is the number of lost time injuries per million hours worked.

ML

This refers to a megalitre, which equates to one million litres.

Mt

This refers to a million tonnes or megatonnes, which 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 Packaging Covenant (NPC)

NPC is a voluntary initiative by the Commonwealth Government and industry to reduce the effects of packaging on the environment. It is designed to minimise the environmental impacts arising from the disposal of used packaging, conserve resources through better design and production processes, and facilitate the re-use and recycling of used packaging materials. www.packagingcovenant.org.au

NGER Act 2007

The *National Greenhouse and Energy Reporting Act 2007* (Cth) took effect on 1 July 2008. NGER establishes a national framework for Australian corporations to report greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production www.climatechange.gov.au/reporting/publications/index.html

Occupational disease

This is a disease arising from the work situation or activity (eg. stress or regular exposure to harmful chemicals), or from a work-related injury.

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. Dick Smith is a member of PSA. 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

Scope 1 emissions

These are direct greenhouse gas emissions from sources owned or controlled by the company, such as combustion facilities (eg. boilers, furnaces, turbines, heaters, incinerators, engines, flares, etc.), combustion of fuels in company-owned or company-controlled transportation (e.g. cars, buses, planes, ships, barges, trains, etc.), and physical or chemical processes (eg. in cement manufacturing, catalytic cracking in petrochemical processing, aluminium smelting, etc.).

Scope 2 emissions

These are 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

These are 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.

Serious diseases

These are occupational or non-occupational related impairments of health with serious consequences for employees, their families and communities, such as HIV/AIDS, diabetes, RSI and stress.

T5 fluorescent light

T5 fluorescent lights have the highest light output of any fluorescent lamp. In most environments they offer energy savings of nearly 30% compared to other fluorescent lamps.

store and trading area analysis

Five Year Store and Trading Area Analysis

Year Ended 27 June 2010

Stores (number)	2010 full year	2009 full year	2008 full year	2007 full year	2006 full year
NSW and ACT	248	241	234	237	238
QLD	189	186	177	168	161
VIC	200	192	187	183	182
SA and NT	74	72	72	72	69
WA	83	82	81	79	79
TAS	29	29	29	27	27
Supermarkets in Australia ⁽¹⁾	823	802	780	766	756
New Zealand Supermarkets (includes franchise)	152	149	149	149	152
Total Supermarkets	975	951	929	915	908
Thomas Dux	11	3	1	–	–
Freestanding Liquor (including Dan Murphy's)	281	256	233	212	204
ALH Retail Liquor Outlets	480	463	434	424	432
Caltex/WOW Petrol	132	133	133	134	131
Woolworths Petrol – Australia	429	409	389	371	360
Woolworths Petrol/Convenience – New Zealand	22	22	22	22	22
Total Supermarket Division	2,330	2,237	2,141	2,078	2,057
BIG W	161	156	151	142	129
Dick Smith	394	349	310	277	243
Tandy	22	87	106	123	123
Total General Merchandise Division	577	592	567	542	495
Hotels (includes eight clubs)	284	280	271	263	250
Danks (Home Improvement Retail)	8	–	–	–	–
Total Group	3,199	3,109	2,979	2,883	2,802
Wholesale customer stores					
Dick Smith	18	35	43	55	55
Progressive	54	53	52	50	46
Croma (India CEG)	50	33	22	5	–
Danks (Home Improvement Wholesale)	581	–	–	–	–
Statewide Independent Wholesale	220	218	216	217	215
Total Wholesale customer stores	923	339	333	327	316
Trading Area (sqm)					
Supermarkets Division – Australia ⁽²⁾	2,127,195	2,037,680	1,945,641	1,848,792	1,784,279
Supermarkets Division – New Zealand ⁽³⁾	325,256	303,889	296,549	291,092	291,792
General Merchandise Division ⁽⁴⁾	1,061,934	1,038,561	989,767	930,288	843,316

(1)

Supermarket Store Movements July 09 – June 10

New Stores – incremental

26

Closures – permanent

(2)

Closures – for re-development

(3)

Net New Stores

21

(2)

Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets) has increased by 4.4% (FY09: 4.7%)

(3)

Excludes Gull and franchise stores.

(4)

Excludes Woolworths India.

Table for Direct Economic Value

	2009 53 weeks \$'000	2010 52 weeks \$'000	inc %
Direct economic value generated			
(a) Revenues	49,892,205	51,991,074	4.2
Total direct economic value generated	49,892,205	51,991,074	4.2
Economic value distributed			
(b) Operating costs	(40,147,811)	(41,721,761)	3.9
(c) Employee wages and benefits	(5,724,343)	(5,969,926)	4.3
(d) Payments to providers of capital	(1,409,564)	(1,587,711)	12.6
(e) Payments to government	(1,964,199)	(1,998,727)	1.8
(f) Community investments	(27,460)	(36,371)	32.5
Total economic value distributed	(49,273,377)	(51,314,496)	4.1
Economic value retained	618,828	676,578	9.3

Accrued Liability for Benefit Obligation in the Financial Statements of Woolworths Limited

	June 2009 \$m	As at June 2010 \$m	
Defined benefit obligation ⁽¹⁾	(1,536)	(1,837)	
Fair value of assets	1,444	1,753	
Liability for defined benefit obligations	(92)	(84)	

(1)
Includes contribution tax liability.

Government Subsidies Received

	2009 52 weeks \$'000	2009 52 weeks \$'000	inc %
Government subsidies	3,401	3,463	1.8
Total government subsidies received	3,401	3,463	1.8

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