

ENVIRONMENT

Beyond pure business and cost considerations, Woolworths 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 and that they will expect, and appreciate, steps we take to be part of the solution.

CLIMATE CHANGE

We have retail businesses in Australia and New Zealand. Both are signatories to the Kyoto Protocol and committed to implementing a globally consistent emissions trading scheme.

Australia's national greenhouse gas inventory was an estimated 553 Mt CO₂-e in 2008⁽¹⁾. It was 75.6 Mt CO₂-e in New Zealand in 2007⁽²⁾. This is equal to 28.6 tonnes CO₂-e per capita in Australia⁽⁶⁾, making it the fifth largest per capita emitter in the world⁽³⁾, and 18.8 tonnes CO₂-e per capita in New Zealand in 2005, making it the eleventh highest per capita emitter.

While these quantities are not significant in the global context – Australia contributes 1.5% and New Zealand 0.2% of global total emissions – the effect of climate change in the region could indeed be significant if an international agreement is not reached to reduce global greenhouse emissions.

(1) National Greenhouse Gas Inventory, accounting for the KYOTO target May 2009 – Australian Government, Department of Climate Change.

(2) New Zealand's Greenhouse Gas Inventory 1990–2007 www.mfe.govt.nz/publications/climate/greenhouse-gas-inventory-2009/html/page2.html

(3) Garnaut Review, Chapter 7 www.garnautreview.org.au/chp7.htm



SUMMARY OF PERFORMANCE AGAINST SUSTAINABILITY COMMITMENTS AND TARGETS

Target	Progress status		Comments
CO₂-e emissions reduction from facilities			
	2008	2009	
Achieve overall 40% CO ₂ -e reduction by 2015 (on projected growth levels), bringing our emissions back to 2006–07 levels.	➔	➔	Emissions from our facilities (stores, Distribution Centres and offices) totalled 3.45 Mt which is a 3% decrease compared to the recalculated emissions for 2008. Further reduction in total CO ₂ -e is expected as we increase the proportion of our sustainable stores and retrofit our old stores with lower carbon technologies.
Build all new Woolworths supermarkets opening from September 2008 to conform to our sustainable design guidelines to minimise energy use and environmental impacts.	➔	✓	Of 28 supermarkets opened after 1 September 2008, 24 were built and fitted to our sustainable guidelines. The four non-compliant stores were scheduled to open prior to September 2008 and were designed before the adoption of the sustainable design guidelines.
Achieve 25% reduction in CO ₂ -e emissions per square metre for new sustainable store designs compared with business as usual designs.	➔	➔	20 of the stores have been opened long enough to have sufficient data for performance analysis. 17 out of 20 meet or exceed the 25% CO ₂ -e reduction/m ² and three fall short of this target. All stores will be reassessed after a full 12 months of trading.
Work with the Green Building Council to develop a green star-rating tool for supermarket interiors.	🕒	🕒	
Engage with interested parties in the development of an ecological footprinting calculator for evaluation of supermarket interior design and fit-out.	🕒	🕒	This commitment is under investigation to determine its value to the business.
CO₂-e emissions reduction from transport			
Establish accurate baseline data in 2008 for all modes of transport.	➔	✓	Very accurate data available for Woolworths-owned vehicles and improved accuracy from third party logistics provider fleet.
Establish a forum with major transport suppliers to develop a low carbon strategy for our third party distribution network.	➔	✓	Direct meetings with third party logistics providers, including fleet development and operational planning participation in industry forums, including the Road Transport Authority's Green Truck Partnership.
Conduct a comprehensive study on biodiesel availability in Australia, including quality, vehicle compatibility and cost impacts.	✓		Woolworths sponsored and contributed to CSIRO Future Fuels Forum on alternative fuel research. The report "Fuel for thought – the future of transport fuels: challenges and opportunities" is available on www.csiro.com.au
Trial the use of hybrid powered trucks for home deliveries.	➔	✓	Our third party carrier trialled the use of hybrid trucks and the fuel savings at this stage are not enough to justify the higher cost of investment required to purchase the trucks. This technology is rapidly evolving and we will continue to evaluate commercial viability as the trucks' fuel efficiency improves.
Achieve 25% reduction of CO ₂ -e emissions per carton delivered by Woolworths owned trucks by 2012.	➔	➔	Total reduction of 6.5% in emissions, achieved to date.
Achieve 30% reduction on 2006 levels in CO ₂ -e emissions from company car fleet of 3,100 cars (dependant on mix of car size and fuels chosen) by 2010.	➔	➔	13% reduction in emissions achieved compared to 2008, 5% reduction compared to 2007 ⁽¹⁾ . Only 56% of the fleet has been converted to fuel efficient cars. Full conversion is expected in 2010.

(1) This is based on a fleet size of 3,496 instead of the target fleet of 3,100.

✗ Not achieved 🕒 Delayed ➔ In progress ✓ Completed ★ Target Exceeded

SUMMARY OF PERFORMANCE AGAINST SUSTAINABILITY COMMITMENTS AND TARGETS

Target	Progress status		Comments
	2008	2009	
Water efficiency			
Develop a more complete baseline of water usage.	➔	➔	Developed improved estimation of supermarket water use. Data collection underway for water use in Logistics, Petrol, Liquor and BIG W.
Roll out the Water Wise project nationally for all our supermarkets.	✓		Completed in 2008. 664 supermarkets and 148 BIG W stores were fitted with water efficient fittings in 2008.
Reduce water use by at least 200 million litres a year by 2010.	➔	➔	Comparing like for like store numbers in 2007, 172 million litres of water saved.
Ethical sourcing			
Develop and implement an Ethical Sourcing policy.	➔	✓	The Ethical Sourcing Policy was launched in December 2008 and implementation commenced in February 2009. Please refer to page 25 for more information.
Identify sustainable sourcing gaps and develop appropriate policies.	➔	➔	Work completed in 2009: – Select tissue range: PEFC certified – A4-paper for own-use: FSC certified supply contract finalised for 2010. Work in progress: – Animal welfare – Fish and seafood sourcing – Review of palm oil sourcing policy.
Conduct staff training and capacity building for our buying teams to help them understand issues and types of third party certification required from suppliers.	➔	➔	Training conducted: – Green claims and green marketing in 2008 – Forest Stewardship Council (FSC) certification process conducted by FSC in 2008 – Ethical Sourcing Policy training conducted in 2009.
Packaging			
Establish a supplier forum to work together on more sustainable packaging.	✓		Sustainable Packaging forums were held in September 2008 and April 2009. In agreement with our suppliers we will continue these forums biannually extending the scope beyond packaging to all sustainability aspects.
Establish more comprehensive baseline data for packaging of Private Label products, including information on materials consumption, local/imported origin, recycled content and recyclability.	➔	⌚	National Packaging Covenant is being revised for its next term. We are waiting to learn the final requirements for data due by the end of 2009 before investing in data improvements and database development.

✗ Not achieved ⌚ Delayed ➔ In progress ✓ Completed ★ Target Exceeded

Target	Progress status		Comments
	2008	2009	
Packaging continued			
Review Private Label procurement policy and supplier guidelines to incorporate: <ul style="list-style-type: none"> – Standardised reporting and data collection – Compliance with the Environmental Code of Practice for Packaging (ECOPP) – Package labelling in line with ISO 14021 Standard for environmental claims – Supplier training to assist them in meeting policy requirements. 	➔	➔	Sustainable Packaging Guidelines have been drafted, provided to suppliers for review and discussed during a Supplier Forum. Application of the Guidelines will be trialled, but the Guidelines will not be finalised until the new version of the National Packaging Covenant is finalised.
Conduct an audit of compliance with the ECOPP and ISO 14021 for Private Label products.	✓		Audit conducted on 694 Private Label products and 45% of all non-compliances have been addressed.
Trial the use of PIQET for Private Label products.	✓		Meat tray packaging options were assessed using PIQET.
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.	🕒	🕒	PIQET Training provided to Woolworths Packaging Technicians and external packaging suppliers.
Use PIQET to evaluate 20 Private Label products by 2010.	➔	➔	PIQET assessments conducted on five products with 11 different packaging systems.
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.	➔	✓	Number of reusable produce crates was doubled to 3.4 million.
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 for organics recycling services to be issued in late 2009, searching for services in all states.
Implement a waste audit program for all stores and Distribution Centres.	🕒	✓	Waste audits conducted at 30 supermarkets, delivering an up-to-date snapshot of our waste stream.
Continue phasing out polystyrene.	➔	➔	Doubling the number of reusable crates to 3.4 million has reduced the need for 31.1 million in total of polystyrene, cardboard and waxed cardboard boxes.
Implement a staff education program to encourage greater recovery of plastic and cardboard.	✓		Eco Ambassador Program has increased awareness of recycling programs and improving efforts. Eco Ambassador education programs are ongoing.
Eliminate food waste from the general waste stream by 2015 (where receiving facilities are available).	➔	➔	Foodbank and Food Rescue Program have provided 1,354 tonnes of food to charities. Organic material sent to EarthPower increased to 5,785 tonnes.
Reduce amount of plastic in the general waste stream to less than 1% by weight by 2010.	➔	➔	Reduced plastic in waste from 10% to 8%.
Reduce amount of cardboard in the general waste stream to less than 1% by weight by 2010.	➔	➔	Cardboard in waste stream remained at 7%.



Woolworths opened 28 supermarkets after 1 September 2008 and 24 were built and fitted to our sustainable guidelines.

CLIMATE CHANGE continued

Why is this material to our business?

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

The main carbon emissions from our business arise from facilities (existing and new stores, Distribution Centres and offices) and transport. Electricity and fuel costs are rising and the advent of carbon pricing in the near future could add significantly to these costs. So there is a strong business case to find ways to reduce our electricity and fuel use and support the development of renewable energy and alternative fuels. By reducing the price impact of carbon on our business we can be more cost competitive and deliver better value to our customers.

Beyond pure business and cost considerations, Woolworths 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 and that they will expect, and appreciate, steps we can take to be part of the solution.

What is our commitment?

In our Sustainability Strategy 2007-2015 we set the following commitments and targets:

Facilities

- Reduce our CO₂-e emissions by 40% by 2015 (from projected growth levels), bringing our emissions back to 2006-07 levels
- Build all new supermarkets opening from September 2008 to conform to our sustainable design guidelines to minimise energy use and environmental impacts
- Achieve 25% reduction in CO₂-e emissions per square metre for new sustainable store designs compared with business-as-usual designs.

Transport

- Establish accurate baseline data in 2007-08 for all modes of transport
- Establish a forum with major transport suppliers to develop a low-carbon strategy for our third-party distribution network
- Trial the use of hybrid-powered trucks for home deliveries
- Reduce CO₂-e emissions per carton delivered by Woolworths owned trucks by 25% by 2012
- Reduce 2006 levels of CO₂-e emissions from company car fleet of 3,100 cars (dependent on mix of car size and fuels chosen) by 30% by 2010 (and adjust for growth in the business).

How are we performing?

In 2009 our total carbon emissions in Australia and New Zealand was 4.05 Mt, which is higher than our baseline total emissions of 3.7 Mt. In 2008 we reported total emissions of 4.3 Mt which has now been found to be an overestimate and the emissions for that year have been recalculated to be 4.19 Mt.

Our emissions reported for this year are the most accurate we have reported as we improve our measuring and estimating processes to meet the standards required by the National Greenhouse and Energy Reporting (NGER) legislation. As well as improving estimations, which are required for some parts of our business, reduced refrigerant loss and developing new stores with efficient designs has reduced emissions. Electricity usage has increased in almost all parts of the business due to business growth but the carbon impacts from synthetic refrigerants, transport fuels and waste have reduced.

We are continuing to expand as a business and the impact of that expansion is starting to reduce as we benefit from initiatives in our stores and within logistics.

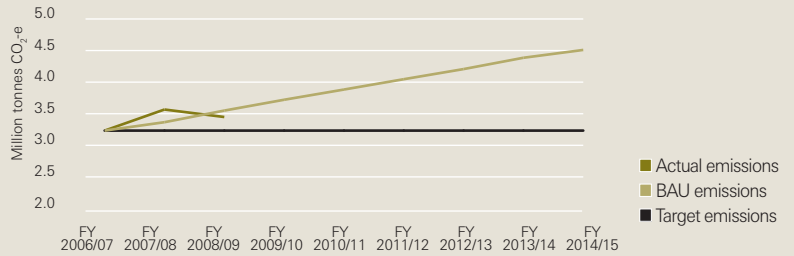
Facilities

Emissions from our facilities (stores, Distribution Centres and offices) totalled 3.45 Mt which is a 3% decrease compared to the recalculated emissions for 2008.

Existing stores

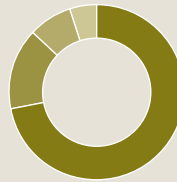
As well as building new supermarkets to meet our sustainable guidelines we have also included energy efficient innovation in the planned retrofits and refurbishments of existing stores. Project CO₂ involved a trial on retrofitting eight stores resulting in reductions in carbon emissions and cost savings. Store refits now include installation of high efficiency fans in refrigeration cases, improved heating control in freezers' glass doors to minimise fogging and adding

TOTAL EMISSIONS FROM FACILITIES 2006-2009



TOTAL EMISSIONS, BY SOURCE (TONNES OF CO₂-e)

Australia



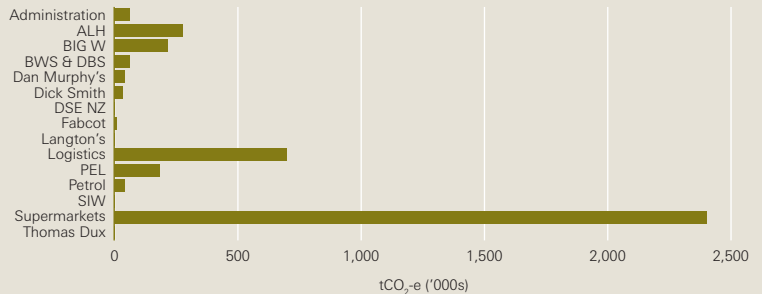
- Electricity purchased 72%
- Fuel combustion (transport) 15%
- Refrigerants 8%
- Waste 5%

New Zealand

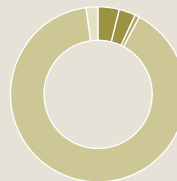


- Electricity purchased 42%
- Fuel combustion (transport) 13%
- Refrigerants 45%

COMPARISON OF CO₂-e EMISSIONS FROM FACILITIES, BY DIVISION

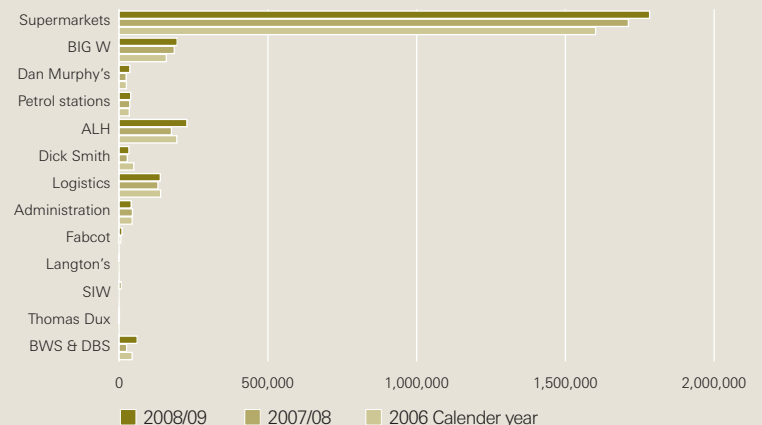


TRANSPORT EMISSIONS BY END USE



- Business travel 4%
- Logistics transport 3%
- Logistics 3rd party rail 1%
- Logistics 3rd party road 90%
- Trolley collection 2%

ELECTRICITY USE (MWh) - COMPARISON BY DIVISION



heat into the case, installing small glass fences to the front of open multi-shelf refrigeration to reduce the spill of cold air, and installing glass lids onto island freezers.

Woolworths' Petrol division continues to benefit from the rollout of LED canopy lighting at petrol stations, reducing both the energy use associated with lighting and maintenance costs. This business also implemented a "Lights Off" energy efficiency program, involving a traffic light colour code system where light switches are colour coded depending on whether they are never turned off (Red) for safety or security reasons, turned off at close of business (Amber) or off when not required (Green).

In our Distribution Centres, Logistics have installed daylight switches in non-refrigerated "sheds" with skylights, allowing the lights to switch to 50% lighting or off during sunny days. A range of compact fluorescent and LED lighting has been trialled in high-bay areas to determine if adequate lighting levels can be delivered with this technology.

Green stores

Woolworths opened 28 supermarkets after 1 September 2008 and 24 were built and fitted to our sustainable guidelines. Four stores – Redcliffe (Queensland), Glen Innes (NSW), Campbelltown Mall (NSW) and St Georges Terrace (WA) – did not meet these guidelines. The latter three stores were identified in the 2008 Corporate Responsibility report. Redcliffe was scheduled to open in August 2008 but the opening date was postponed to early September. These stores included technologies such as efficient refrigeration, refrigerants with lower global warming potential, LED signage, T5 lighting and automated after hours lighting controls.

Our green store guidelines have been adapted for application in Woolworths Liquor Group stores with other divisions to follow in 2010.

Transport

In 2009, we reduced our carbon emissions per carton delivered by a further 6%. This was achieved by improving the efficiency of our Victorian fleet through investment in more fuel efficient fleet prime movers and trailers and through consolidating deliveries between Distribution Centres and stores.

We continue to roll out the Euro 5 prime movers, which comply with the strictest international emissions standards and tested a new aerodynamic trailer designed to reduce drag, improve fuel efficiency and cut noise. If approved, the latter would allow deliveries outside regular times, which in turn would take trucks off the roads during peak times.

In the second half of 2009 we will be contracting a third party carrier which operates a fleet on 20%

Five Distribution Centres harvesting rainwater.

RAINWATER HARVESTED FOR REUSE IN 2009

8.05ML

Water Wise Project

In 2009, Woolworths used an estimated 1.94 GL in all supermarkets. Compared with the amount used in the same number of stores in 2007, we have reduced our water usage by 172 million litres. This was achieved through our Water Wise Project which saw the installation of flow restrictors in taps and water-saving ultra rinse guns at 812 supermarkets and BIG W stores throughout Australia. Completed in June 2008, Water Wise is being extended to other divisions and is expected to deliver further water savings.



biodiesel, made from reclaimed waste tallow (non food based). Our own use of alternative fuels, including biodiesels, liquified natural gas and compressed natural gas continues with some changes expected in the coming year.

In 2009, the carbon emissions from our company car fleet reduced by 13% compared to the previous year. This occurred, even though the size of our total fleet increased by 241 vehicles, because over half the fleet has been converted to fuel efficient options. The ongoing roll out of new vehicles will continue to reduce carbon emissions.

WATER

Australians use on average 722,000 litres of water per person per year, enough to fill three-quarters of an Olympic size swimming pool. This figure includes the water used to produce our food and the goods we buy.

Water continues to be 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 help find solutions.

Why is this material to our business?

Food production accounts for 45.9% of average water use in Australia. As a retailer of fresh fruit, vegetables and meat we rely upon the sustainability and productivity of our farming communities, so they, and Woolworths, have a responsibility to use water wisely. Using water efficiently can obviously also deliver business cost savings.

All water supplied to and discharged from Woolworths stores and sites is managed by licensed water authorities. We draw no water directly from bores, rivers, or other natural sources. We do not treat wastewater for reuse or recycling on site.

We only have metered water data for 20% of our supermarkets. The remainder are located in shopping centres and billed for water usage through their lease outgoings. We have estimated our total water use based on our metering data.

172 ML reduction in water use in our stores in 2009 based on 2007 baseline.

What is our commitment?

In our Sustainability Strategy 2007-2015 we committed to:

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

How are we performing?

In 2009, Woolworths used an estimated 1.94 GL in all supermarkets. Compared with the amount used in the same number of stores in 2007, we have reduced our water usage by 172 million litres. This was achieved through our Water Wise Project which saw the installation of flow restrictors in taps and water-saving ultra rinse guns at 812 supermarkets and BIG W stores throughout Australia. Completed in June 2008, Water Wise is being extended to other divisions and is expected to deliver further water savings.

Five of our 14 Distribution Centres harvest rainwater. The largest rainwater harvesting system commissioned in November 2008 with a capacity of 924 kilolitres is located at our Sydney regional Distribution Centre in Minchinbury. In just over seven months of operation, 6.5 million litres of rainwater has been captured and reused for cooling towers.

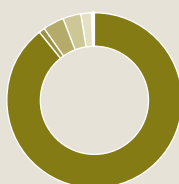
The rainwater tanks were complemented by the installation of smart water meters in key areas of water use – including the cooling towers and rainwater tanks – to allow online trending of water use at the site. Having up-to-date, accurate information on water use allows us to monitor improvements from water reduction initiatives or to identify more opportunities to reduce water use.

The next large scale rainwater harvesting is planned for our Wyong Distribution Centre. The capacity of this project will be one million litres. It has received funding from the NSW Department of Environment, Climate Change and Water. In addition, through engagement with the Rural Fire Service in Wyong, the tanks and system are being designed to provide access to a fill-up point so the Fire Brigade/RFS will be able fill appliances and water tankers in fire emergencies.

CO₂-e EMISSIONS FROM COMPANY CARS

Year	Australia		New Zealand			Combined tCO ₂ -e
	Total Fleet	New Fleet	tCO ₂ -e	Total Fleet	New Fleet	
2007	2700	0	20314	433	0	23364
2008	2795	598	21670	460	0	25508
2009	3037	1800	19719	459	180	22170
Combined	Total Fleet	New Fleet	Conversion			
2009	3496	1980	56.6			

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



- Logistics transport (3rd party road) 89.4%
- Logistics transport (3rd party rail) 1.1%
- Business travel (company cars) 3.8%
- Logistics transport – WoW trucks 3.3%
- Trolley collection 2.1%
- Home delivery from stores 0.3%
- Forklifts 0.1%

EMISSIONS FROM FACILITIES

TONNES OF CO₂-e EQUIVALENT

Division	Scope 1	Scope 2	Scope 3	Total
Supermarkets	299,323	1,677,914	414,746	2,391,983
BIG W	7,685	180,376	27,696	215,757
Dan Murphy's	1,718	36,411	5,085	43,214
Petrol	1,174	37,883	5,317	44,374
BWS and other liquor	3,973	52,724	7,748	64,445
ALH	20,973	228,863	29,165	279,000
Dick Smith	193	31,370	4,812	36,374
Logistics – Distribution Centres	1,532	134,280	19,043	154,855
Administration/Data Centres/Fabcot	798	44,806	8,436	54,039
Australia sub-total	337,368	2,424,625	522,047	3,284,041
Supermarkets NZ (PEL)	73,957	59,660	28,196	161,813
Dick Smith (NZ)	–	1,890	178	2,068
New Zealand sub-total	73,957	61,550	28,374	163,881
Total	411,326	2,486,175	550,421	3,447,922

Note:

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

Transport end use	Tonnes of CO ₂ -e	
	Australia	New Zealand
Logistics transport (3rd party road)	539,026	–
Logistics transport (3rd party rail)	6,377	–
Business travel (company cars)	22,912	3,838
Logistics transport – WoW trucks	20,084	–
Trolley collection	12,429	–
Home delivery from stores	1,778	–
Forklifts	616	–
Total	603,222	3,838

INVESTING IN SUSTAINABLE AGRICULTURE

Why is this material to our business?

In line with our 'Fresh Food People' branding, maintaining sustainable, reliable ongoing supplies of fresh food is of profound strategic and operational importance to Woolworths. It is obviously of equal importance to local farmers and suppliers, many of whom depend on us for their livelihoods and existence. Ninety-seven per cent of the fresh produce we sell is grown in Australia, representing a huge commitment to local sourcing.

What is our commitment?

In our Sustainability Strategy 2007–2015 we committed to a partnership with Landcare Australia to fund grassroots sustainable farming projects and promote sustainable agricultural practices.

How are we performing?

Through the Landcare partnership we established the Woolworths Sustainable Farming Program in 2007. In the past three years, \$5.80 million, one third of the funds raised through our Backing Our Farmers Campaign and Drought Action Day, has gone to Landcare to fund projects under the Woolworths Sustainable Farming Program.

In 2008 Landcare allocated supporting funds of over \$1.25 million to 57 projects throughout Australia. This year it allocated further funding to three of the existing projects and supported a further 36 projects to the value of over \$1.2 million.

Landcare has issued funding to projects ranging from addressing climate change mitigation, climate adaptation, water efficiency, improving grazing and livestock management, crop management, soil conservation and many more across Australia. For more information on projects and grant applications go to www.landcareaustralia.com.au

In addition to our Landcare partnership, we launched the Fresh Food Grant in 2007, committing to the awarding of \$100,000 to a project annually for 10 years. The projects must focus on improving fresh food sustainability in Australia.

The 2007 grant was awarded to Houston's Farm to support the development of a carbon footprinting tool for the horticulture industry. The 2008 grant went to Moraitis for piloting the use of biochar in agriculture and monitoring output improvements.

PACKAGING

Why is this material to our business?

We have more than 2,000 Private Label products just in our supermarkets and many more in our other retail brands. As a brand owner, we can influence the choice and efficiency of consumer packaging used in our Private Label range. Consumer packaging is also an important issue to our customers, as evidenced by the volume of inquiries we receive about packaging reduction and recyclability.

Woolworths Limited is a signatory to the National Packaging Covenant, an industry agreement covering the whole of the packaging supply chain with the aim to reduce packaging waste. The National Packaging Covenant reported that the overall recycling rate of packaging was 57% in 2008, with improvement still required to achieve the 2010 target of 65%.

What is our commitment?

In our Sustainability Strategy 2007–2015 we set the following commitments and targets:

- Establish a supplier forum to work together on more sustainable packaging
- Establish more comprehensive baseline data for packaging of Private Label products, including information on materials consumption, local/imported origin, recycled content and recyclability
- Review Private Label procurement policy and supplier guidelines to incorporate:
 - Standardised reporting and data collection
 - Compliance with the Environmental Code of Practice for Packaging (ECOPP)
 - Package labelling in line with ISO 14021 Standard for environmental claims
 - Supplier training to assist them in meeting policy requirements
- Conduct an audit of compliance with the ECOPP and ISO 14021 for Private Label products
- Trial the use of The Packaging Impact Quick Evaluation Tool (PIQET), a packaging life cycle assessment tool, for Private Label products
- Report annually to the National Packaging Covenant and Woolworths Corporate Responsibility Report
- Implement revised Private Label procurement policy and supplier guidelines by 2008
- Provide training to 50 suppliers by 2008
- Use PIQET to evaluate 20 Private Label products by 2010
- Continue to replace waxed cardboard and foam boxes with reusable plastic crates where possible, with a targeted increase of 1.7 million to 3.4 million crates.

In the past three years, \$5.87 million, one third of the funds raised through our Backing Our Farmers Campaign and Drought Action Day has gone to Landcare to fund projects under the Woolworths Sustainable Farming Program.

NUMBER OF REUSABLE BAGS BOUGHT BY OUR CUSTOMERS

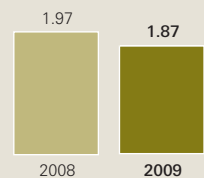
8.82⁽¹⁾ MILLION



(1) Supermarkets only.



HDPE PLASTIC BAGS USED PER CUSTOMER TRANSACTION



Number of reusable plastic produce crates used to replace waxed cardboard and polystyrene boxes has been doubled to 3.4 million crates. Eliminating the need for approximately 31.1 million waxed cardboard boxes.

How are we performing?

Two supplier forums were held in 2009, one providing training on PIQET and the other involving review and feedback of Woolworths' Sustainable Packaging Guidelines.

Our draft Sustainable Packaging Guidelines were issued to our Private Label suppliers and relevant industry groups for review and feedback. The draft guidelines include design strategies for effectiveness, efficiency, reuse, recovery, recycling, safety and communication.

Meanwhile the National Packaging Covenant Council has issued its draft Sustainable Packaging Guidelines for the broader industry which are expected to be finalised at the end of 2009.

Woolworths has taken a strategic decision to finalise its guidelines only once the National Packaging Covenant has formalised and made its own guidelines public. This is to ensure consistency – that both sets of guidelines support the same objectives and that we avoid potential conflicts that could create problems for packaging suppliers.

The independent labelling audit of all Private Label packaging assessed compliance with the ISO 14021 standard for environmental labelling.

Of the 331 non-conformances identified in 694 Private Label products, 57% of the 21 high priority, 66% of the 50 medium priority and 40% of the 260 low priority actions have been addressed.

The PIQET was used to compare polyvinyl chloride (PVC) and polyethylene terephthalate (PET) clamshell packaging, and polystyrene, PET and polypropylene (PP) meat trays. The packaging life cycle assessment revealed that the polypropylene tray has the lowest environmental impact and is recyclable. However it also showed that a film layer must be applied to the inner surface of the tray to enable heat sealing to ensure the shelf life of the meat in it is not compromised.

From an environmental perspective, protecting the shelf life of meat products is highly important because meat has a relatively high water and carbon footprint. However, initial evaluation of the combined polypropylene tray and film option shows that it may be prohibitively expensive.

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



WASTE AND RECYCLING

Why is this material to our business?

Reducing waste not only minimises our impact on the environment – it makes good business sense. Woolworths pays for every kilogram of waste we put into a rubbish bin and goes to landfill. When we recycle we get revenue for some of these materials.

What is our commitment?

In our Sustainability Strategy 2007–2015 we set the following commitments and targets:

- Identify organics recycling technologies similar to EarthPower for recycling source-separated food waste from supermarkets outside Sydney and determine commercial feasibility
- Implement a waste audit program for all stores and Distribution Centres
- Continue phasing out polystyrene
- Implement a staff education program to encourage greater recovery of plastic and cardboard
- Increase the number of Sydney stores using EarthPower from 53 to 100 by 2010
- Eliminate food waste from the general waste stream by 2015 (where receiving facilities are available)
- Reduce amount of plastic in the general waste stream to less than 1% by weight by 2010
- Reduce amount of cardboard in the general waste stream to less than 1% by weight by 2010.

How are we performing?

In Australia, the volumes of waste⁽¹⁾ to landfill and materials recycled increased in 2009 as the company continued to open and operate new stores and as data collection and reporting improved.

In New Zealand, waste and recycling volumes decreased along with waste to landfill in 2009.

Organic waste

Fifty-three Woolworths supermarkets in Sydney send their organic waste to EarthPower, a reprocessing facility that produces green power and fertiliser from the waste. In 2009, we increased the volume of organic material dispatched to EarthPower by 8% up to 5,785 tonnes, generating about 1,850 MWh of electricity, enough to power 290 homes for a year.

Food Rescue program

Over the past year our supermarkets have focused on diverting fit-for-purpose food waste from landfill. Expanding upon our lengthy partnership with Foodbank, the Supermarkets division implemented its Food Rescue program, in which food fit for human consumption, but not for sale, is either transported back to the Distribution Centres for donation to Foodbank or donated to local, approved charities. More than 1,350 tonnes of food is diverted from waste through these programs. (More information on these is available in the Community Investment section.)

Produce and bread fit for animal consumption is also being diverted to wildlife carers and zoos.

Waste audits

Woolworths recycles more material than is sent to landfill, but there are always opportunities to divert more recyclable material from our rubbish bins.

A recent waste audit of 30 supermarkets nationally showed that our cardboard and paper recycling had not improved but our plastic recycling had increased. Plastics in the waste stream have decreased to 8% by weight (including 3% non-recyclable plastics) from 10% in 2007.

Further improvement is expected from the national roll-out of the Eco Ambassador program, which includes an Eco Ambassador in every supermarket and supporting processes and material to encourage improvement in recycling.

Electronic waste

As the world becomes more innovative the volume of electronic waste, or e-waste, is increasing. Dick Smith is a founding member of Product Stewardship Australia (PSA), an industry led organisation that is developing nationally consistent solutions for end-of-life electronic and electrical products.

In 2009, PSA has successfully escalated e-waste stewardship to a Federal level and is working with the Federal Government on legislation needed to support a national e-waste infrastructure.

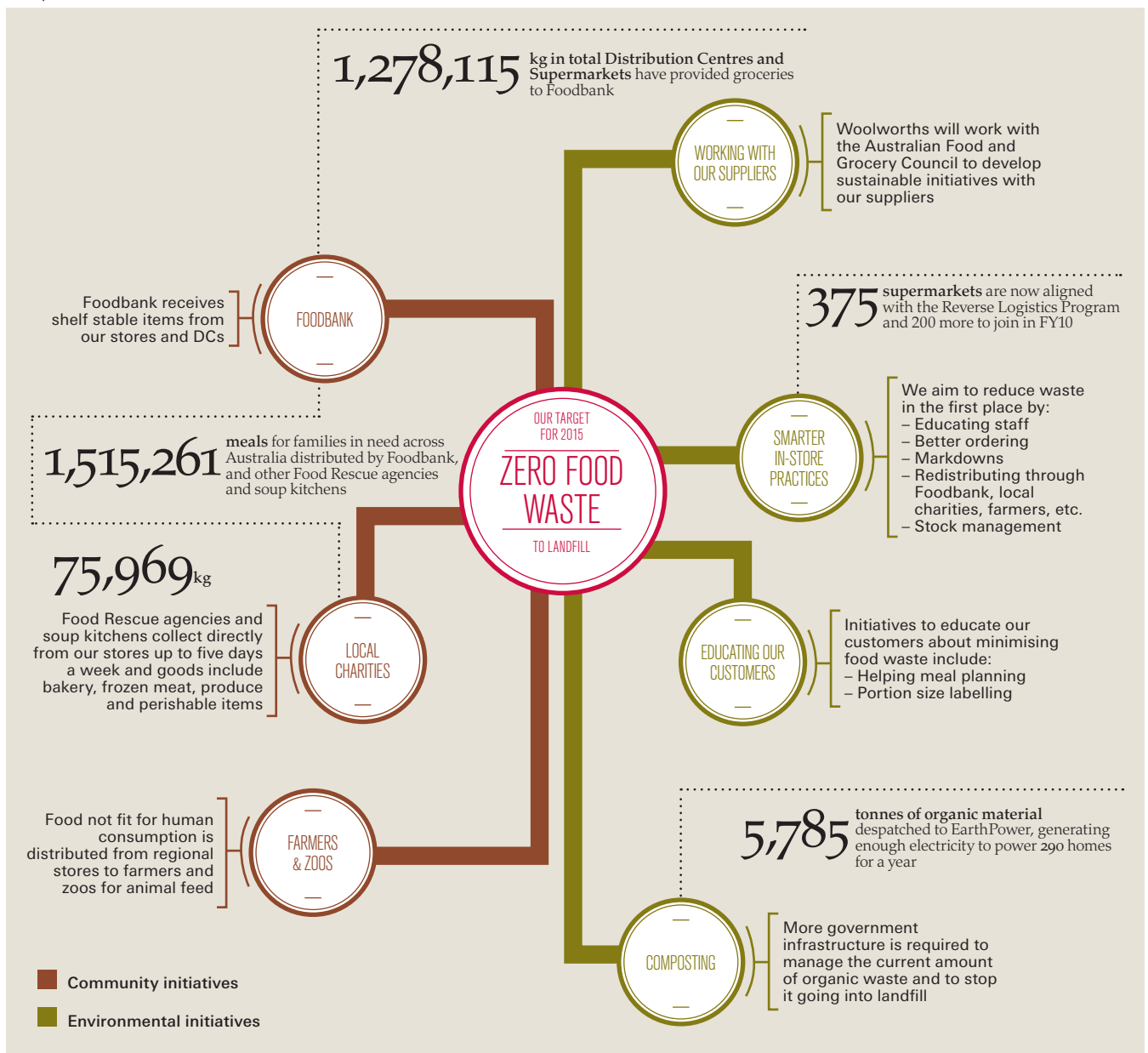
Dick Smith collects mobile phones and accessories under the Mobile Muster program, printer cartridges in conjunction with Planet Ark and operates its own scheme for collecting and recycling batteries.

In 2009, these programs resulted in the diversion of 971 kg of phones and accessories, 120,867 printer consumables (including cartridges) and 807 kg of batteries from landfill. BIG W also supported the recycling of 887 mobile phones, raising \$1,227 for charities associated with Cerebral Palsy.

(1)

Woolworths does not have any waste deemed hazardous under the terms of the Basel Convention.

As part of our commitment to sustainability, we aim to achieve zero food waste by 2015



Eco Ambassador Program



Engaging with our staff on sustainability at work and at home is essential for Woolworths to achieve many of its targets and commitments. The Eco Ambassador program involves training and support for passionate employees on sustainability to help them champion improvements in their workplace, homes and communities.

Our aim is to have at least one Eco Ambassador at every store.

ECO AMBASSADORS TRAINED

2008	530
2009	838
Total	1368

The Eco Ambassador program continues to expand and develop. Following on from the national workshops held last year we conducted our first workshop in New Zealand in February 2009, adding another 38 keen employees to the program.

In addition to workshops for our Eco Ambassadors we have developed a number of other tools such as self-training toolkit, e-learning and an employee website to help increase the number of Eco Ambassadors quickly.

Our Supermarket division has achieved their target of having at least one Eco Ambassador per store through these tools and by adopting a regional based structure and Chairpersons. This approach is supported by monthly communications within the ten regions, national phone links between the Chairs and a monthly newsletter.

Awareness on sustainability and our initiatives has also been made available to all employees through our dedicated website, www.acttoday.sustainability.com.au, which includes up-to-date information and forums for our employees to share ideas.

PAPER USE

From January to June 2009 we used 181,396 reams of paper in Australian Supermarkets, BIG W, BWS, logistics, support offices, petrol and Thomas Dux. In 2009 our two largest users of paper, the support offices at Norwest and Pennant Hills used a total of 41,590 reams.

In 2009, our retail businesses distributed 892 million catalogues in Australia and 148 million in New Zealand using 52,800 tonnes of paper. Our catalogues are a key marketing tool, liked by our customers and match our competitors' activities.

In an on-line survey of our registered Everyday Rewards customers in September 2008, our customers told us that 53% of them read the catalogues in full and 65% read the catalogues to find the specials.

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.

The majority of our store developments are urban redevelopments or renewal of sites previously used for retail or commercial purposes. In 2009 we had 23 projects in construction, all of which had no biodiversity concerns or consent conditions.

Review of our existing facilities commenced in 2008. This is work in progress and with more than 3,000 sites it will take time to complete.

VOLUNTARY CODES AND REPORTING

National Packaging Covenant (NPC)

Woolworths Limited's NPC Annual Report and data for 2008 are available on the NPC website www.packagingcovenant.com.au. Our NPC annual report was approved and registered by the NPC on 1 April 2009. The assessors rated our report 3.1 stars out of the NPC 1-5 star rating system.

Carbon Disclosure Project (CDP)

Woolworths Limited has been a signatory to the CDP since 2007. Our 2008 report (CDP7) was submitted in May 2009. CDP is an independent not-for-profit organisation that acts as an intermediary between shareholders and corporations on all climate change related issues, providing primary climate change data from the world's largest corporations to the global marketplace.



In the financial year ending June 2009 10,438 palletised boxes of clothes hangers were reused by BIG W, up 3% from the previous year.

WASTE AND RECYCLING

Woolworths Limited's CDP reports are all available from the CDP website at www.cdproject.net/.

Global Reporting Initiative (GRI) and Accountability Standard

Woolworths Limited's annual corporate responsibility reports are based on the GRI (www.globalreporting.org) Sustainable Reporting Guidelines (G3). The Global Reporting Initiative is a network-based organisation that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide.

The reports are independently assured to AccountAbility's AA1000 Assurance Standard 2008 www.accountability21.net/.

United Nation Global Compact (UNGC)

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 ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. For more information go to www.unglobalcompact.org.

Compliance

Regulatory reporting

Woolworths Limited is required to report under the Energy Efficiency Opportunities (EEO) Act 2006 and the National Greenhouse and Energy Reporting (NGER) Act 2007. Our first EEO report is available on our corporate website homepage www.woolworthslimited.com.au. Our first NGER report is due by 31 October 2009 and will cover the financial year 2009. Our second EEO report for the 2009 financial year is due by 31 December 2009.

Spills

Woolworths Petrol had two spill incidents in 2009 at petrol stations in South Dandenong, Victoria, and Maddington West, Western Australia.

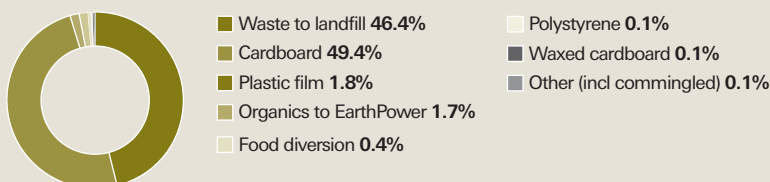
The South Dandenong service station spill occurred on 29 April 2009. The root cause analysis showed that the third-party carrier had misread the current dip figure and as a result over-filled one of the tanks. The overflow entered Eumemmerring Creek. The incident was reported to all relevant authorities. Police and fire brigade worked to contain the spill and EPA and Melbourne Water also attended to advise on any further action.

MATERIALS DIVERTED FROM LANDFILL

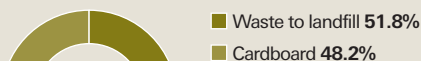
	2007 tonnes	2008 tonnes	2009 tonnes
Australia			
Organic waste	4,860	5,354	5,785
Food to Foodbank	700	1,251	1,278
Food Rescue (excl. Foodbank)	-	-	76
Plastic film	6,055	6,057	6,207
Cardboard	147,189	165,908	167,787
Polystyrene	-	589	99
Waxed cardboard	-	220	268
Other (incl. commingled)	-	-	336
New Zealand			
Cardboard	-	20,547	19,105
Plastic film	-	641	-
Total (tonnes)	158,804	200,567	200,941

WASTE DISPOSED AND RECYCLED

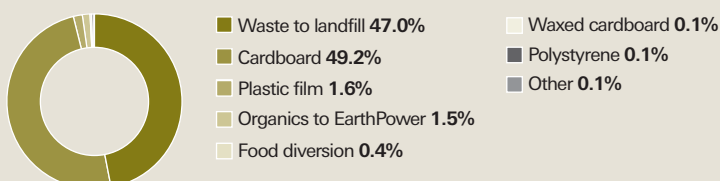
Australia



New Zealand



Australia and New Zealand



SUPERMARKETS GENERAL WASTE COMPOSITION

	Cardboard (incl. paper)	Plastics (incl. flexible and rigid)
2006 Audit	7 %	10 %
2009 Audit	7 %	8 %

The contracted third-party carrier completed an incident investigation and a copy of the incident report has been provided to the EPA. No further information or outcomes have yet been provided by the EPA.

On 15 May 2009 a fuel tanker caught fire at Maddington West petrol station in Western Australia which resulted in fuel spilling into the stormwater drains surrounding the site. This incident is still the subject of investigation and no root cause has been identified.

Fines

In 2009, there were no environmental incidents that incurred monetary fines.

OTHER EMISSIONS

Ozone depleting substances

In 2009, total emissions of ozone depleting substances were 50,779 kg from refrigerant gas losses (primarily R22) from our air conditioning units.

RESEARCH

Environmental Impacts of Shopping Bags, prepared for Woolworths Limited by Sustainable Packaging Alliance and RMIT. This paper is available on our website www.woolworthslimited.com.au

AWARDS

Woolworths Limited was a Banksia 2009 finalist in the Large Business Sustainability Award category. Other finalists in this category were GPT Group, Yarra Valley Water, Tasmanian Alkoloids and University of Technology (UTS). We congratulate the finalists and the category winner, The GPT Group.

Woolworths Limited was awarded the Association of Chartered Certified Accountants Australia and New Zealand (ACCA) 2009 Sustainability Reporting Award in the retail sector for its 2008 Corporate Responsibility report.

Foodbank Australia CEO Bronwyn Broekenstein presented Woolworths with an award recognising it as the first organisation (retailer or manufacturer) to donate 1,000,000 kg of product to Foodbank. This award joins the Leadership award that was awarded to Woolworths at the Australian Food and Grocery Council dinner, held in Canberra during September 2008.

MEMBERSHIPS AND INDUSTRY CODES

Some of the organisations of which Woolworths is a member are:

Australia

- Australian National Retailers Association
- Food & Beverage Importers Association
- Australian Food & Grocery Council (AFGC) – Allergen Bureau
- Australian Liquor Stores Association
- Australian Institute of Food Science & Technology
- Australian Institute of Packaging
- Packaging Council of Australia
- Property Council of Australia
- Business Council of Australia
- Australian Logistics Council
- Australasian Compliance Institute
- Compliance and Ethics Leadership Council
- Produce Marketing Association
- Horticulture Australia Limited
- Australian Citrus Growers
- Efficient Consumer Response Australasia
- Sydney Chamber of Commerce
- Australian Employers Network on Disability
- Environment Business Australia
- Victorian Transport Association
- NSW Road Freight Advisory Council
- Safety Institute of Australia
- Victorian Storage Industry Alliance
- Procurement Strategy Council
- Customs Brokers and Forwarders Council of Australia
- Consumer Electronics Suppliers Association
- National Retail Technical Standards Committee
- Western Australian Chamber of Commerce and Industry (Retail Trade Association)
- Australian Hotels Association
- Urban Taskforce
- Retail Traders Association – WA
- NSW Central Coast Chamber of Commerce
- National Retail Association – Queensland
- Energy Users Association of Australia
- National Australian Testing Authority
- Australian Toy Association
- National Safety Council of Australia (NSW Division) – Life Member
- New South Wales Self Insurers Association
- Self Insurers of South Australia
- Self Insurers Association of Western Australia
- Association of Self Insured Employers of Queensland
- Self Insurers Association of Victoria
- Self Insurer Association of Tasmania
- Photographic Members Association.

In 2009, total emissions of ozone depleting substances were 50,779 kg from refrigerant gas losses (primarily R22) from our air conditioning units.

New Zealand

- New Zealand Retailers Association – Board member
- New Zealand Business Council for Sustainable Development
- Packaging Council of New Zealand and a signatory to the New Zealand Packaging Accord
- New Zealand Business Roundtable
- Property Institute of New Zealand
- Association of New Zealand Advertisers
- The New Zealand Marketing Association
- Equal Employment Opportunities Trust
- New Zealand Fresh Produce Importers Association
- New Zealand Retail Meat Industry Training Organisation
- Retail Meat New Zealand
- Equal Employment Opportunities Trust
- Employers Disability Network
- Seafood Industry Training Organisation.

International

- CIES – The Food Business Forum – www.ciesnet.com
- Global Social Compliance Program (GSCP)
- United Nations Global Compact (UNGC).

Industry codes

Woolworths is a signatory to the following industry codes:

- Electronic Product Code
- Produce and Grocery Industry Code
- Retail Logistics Supply Chain Code of Conduct
- AS 3806 – Australian Standard for Compliance Programs.

Product requirements

All products must meet the current New Zealand and Australian Commonwealth, State or Territory's regulatory requirements relevant to the product type/category.

The following is a list of applicable product standards:

Food

- Food Standards Australia and New Zealand (FSANZ) – Governs all food legislation in Australia relating to food safety, labelling
- Australian Competition & Consumer Commission (ACCC) – Stipulates the requirements relating to country of origin statements and deceptive and misleading labelling
- New Zealand Commerce Commission
- Therapeutic Goods Administration (TGA) – Stipulates the requirements relating to country of origin statements and deceptive and misleading labelling.

- Australian Pesticides and Veterinary Medicines Authority (APVMA)
- Australian Quarantine and Inspection Service (AQIS) – Body accountable for inspection of all imported goods
- Trade Weights and Measurements – Legislation governed by the Department Fair Trading within each Australian state/territory
- Trade Weights and Measurements (New Zealand)
- New Zealand Food Safety Authority (NZFSA)
- Environmental Risk Management Authority (ERMA)
- New Zealand Medicines and Medical Devices Safety Authority (Medsafe).

Alcohol

- Australian Liquor Stores Association (including the various state branches)
- Various state and territory based mandatory licensing restrictions and voluntary product restrictions.

Consumer Electronics Standards

- AS/NZS61558 Safety of power transformers, power supply units and similar
- AS/NZS60335 Household and Similar Electrical Appliances – Safety
- AS/NZS60065 Audio, video and similar electronic apparatus—Safety requirements
- AS/NZS60950 Information technology equipment – Safety
- AS/NZS3197 Portable Electrical Control or Conditioning Devices
- AS/NZS3112 Plugs and Socket Outlets
- Radiocommunications (UHF CB Radio Equipment) Standard
- Radiocommunications (Short Range Devices) Standard
- AS/NZS4763 Safety of Portable Inverters
- AS/NZS3820 Essential Safety Requirements for Low Voltage Electrical Equipment
- AS/NZS3105 Electrical Portable Outlet Devices
- ASA/NZS3191 Electric Flexible Cords
- AS/NZS ISO 8124 Safety of Toys
- Radiocommunications (Electromagnetic Compatibility) Standard
- Radiocommunications (Electromagnetic Radiation – Human Exposure) Standard
- Relevant standards specified in the Telecommunications Labelling (Customer Equipment and Customer Cabling) Notice
- AS/NZS60320 Appliance couplers for household and similar general purposes
- AS/NZS4665 Performance of External Power Supplies
- AS/NZS62087 Power Consumption of Audio, Video and Related Equipment.