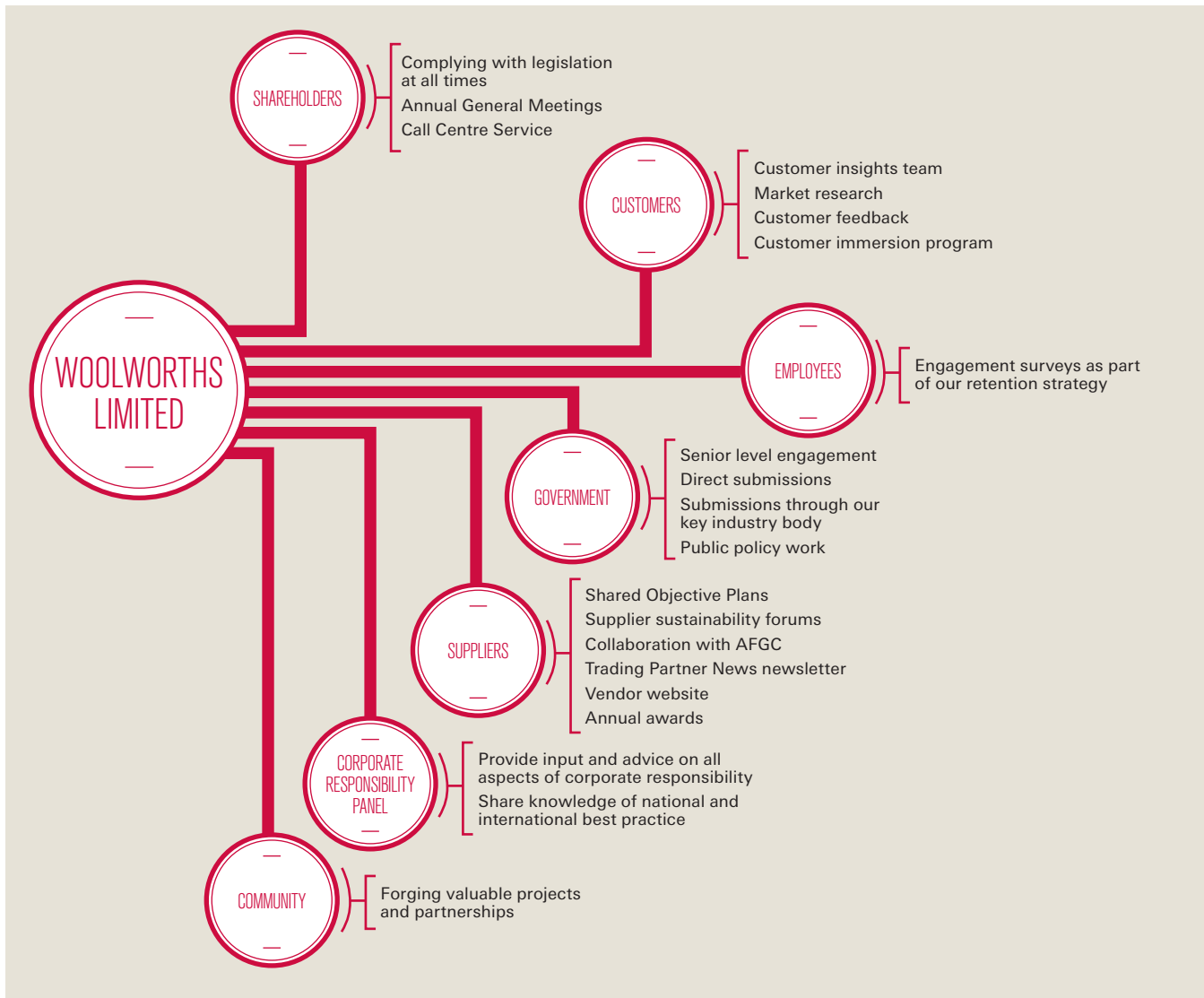


STAKEHOLDER ENGAGEMENT

Woolworths' size and reach means our operations have an impact beyond our immediate interactions with customers, shareholders and staff. Inevitably too, we play a significant role in the lives of the communities in which our businesses are located.



In recognition of this, we have established a number of programs to engage with stakeholders. Through these programs and other avenues we have established, we seek input and advice, and communicate and share knowledge with groups and individuals with whom we share mutual interests.

Our most important stakeholders include shareholders, employees, customers, suppliers, government and the broader community. However, we also engage with interest and advocacy groups from time to time on particular issues.

SHAREHOLDER ENGAGEMENT

Woolworths' engagement with shareholders is governed by the Corporations Act 2001 which sets out the laws regulating businesses in Australia.

Ensuring we comply with this legislation at all times, we make use of many channels to engage and communicate with shareholders, heed their advice and concerns and, where appropriate, adapt our strategies and policies accordingly. The most important of these is the annual general meeting (AGM), traditionally held in November each year. (The 2009 AGM has been scheduled for 26 November in 2009 at the Sydney Convention and Exhibition Centre in Darling Harbour). All shareholders are invited to attend the meeting and can address questions and raise issues and concerns directly with our management and board.

In addition, Woolworths provides a call centre service to address shareholders' questions about their investment. Our call centre provider is required to conduct annual satisfaction surveys with investors to measure service satisfaction. The contact details are as follows:

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone: 1300 368 664

Shareholders are also able to raise matters in writing with our CEO, Chairman, Company Secretary or via the email contact page on the Woolworths Ltd website at www.woolworthslimited.com.au.

CUSTOMER ENGAGEMENT

As a company that prides itself on being 'customer-centric,' Woolworths has an established customer insights department which plays a key role in identifying customer needs and employing strategies that lead to greater satisfaction levels and the best-possible shopping experience.

The aim of the customer insights team, which provides support to all our divisions, is to provide an early indication of opportunities – and challenges –



for the business, keep abreast of trends and develop growth strategies. In doing so it works with a select group of high-calibre market research agencies who can interpret research findings and make actionable recommendations.

We use several sources to understand the attitudes and feelings of Australian consumers and to identify key retail trends around the world. We also commission studies to get customer feedback on specific issues – such as evaluating the 'fresh' shopping experience and identifying drivers of cross-shopping, evaluating new store designs and the self-checkout system, and catalogue design and effectiveness.

Our customer immersion program – aimed at seeing our operations through the eyes of the customer – is another project that offers useful insights. It involves decision makers spending time with customers (in their homes and on shopping trips).

CUSTOMER COMPLAINTS AND ENQUIRIES

Woolworths has policies to handle all types of customer feedback:

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

We have systems in place to capture customer feedback and complaints including:

- Store Management details displayed at the entrance of our stores for complainants to consult when they have feedback
- If a customer does not wish to discuss the complaint at store level, they can contact Woolworths on the customer line 1300 767 969 or via the Woolworths Supermarkets website www.woolworths.com.au.

If the issue cannot be resolved at store level, the complaint is escalated to either a regional or national level. The complaint is investigated and the customer contacted (if they have requested further contact).

Our customer immersion program – aimed at seeing our operations through the eyes of the customer – is another project that offers useful insights. It involves decision makers spending time with customers (in their homes and on shopping trips).



If the issue is with a product, the supplier may become involved and contact the customer to help resolve the issue. This will only occur if the customer has given their consent to have their details passed on. On a monthly basis we receive between 3,500 and 4,500 customer queries. These range from customer complaints to compliments and general enquiries.

SUPPLIER ENGAGEMENT

We work with all our suppliers, in particular with our top 50–60, to draw up annual Shared Objective Plans. Our senior management team briefs suppliers on our business strategy and discusses issues of significance with them at annual meetings in every capital city. Additionally we communicate with suppliers via a quarterly newsletter called Trading Partner News and a vendor website on which we post all relevant documents to ensure they have easy and up-to-date access to information. Finally, we hold annual awards and celebrate our partnerships at a dinner where we announce the Supplier of the Year, as well as the winner of the \$100,000 Fresh Food Grant, awarded for a sustainable product, packaging or process.

To complement these efforts, in 2009 we established a supplier sustainability forum which meets every six months. At the first event, held in April 2009, the main topic was sustainable packaging. Among those represented were Woolworths' Private Label suppliers, members of the Australian Food and Grocery Council (representing our suppliers), representatives of the National Packaging Covenant (a voluntary initiative by government and industry to reduce the environmental effects of packaging on the environment) and a number of other brand suppliers.

Our draft Sustainable Packaging Design Guidelines were discussed and feedback from our suppliers was sought.

Suppliers' industry representatives

Woolworths worked closely with the Australian Food and Grocery Council (AFGC) on various research projects during the year. In 2008 we jointly funded a study with the AFGC to examine the costs and benefits of carbon labelling, which would allow customers to see at a glance how much greenhouse gas was used to produce the product.

In 2009 we contributed to a water project which is investigating water use in the Australian food manufacturing industry, the potential for recycling and improved efficiency measures.

GOVERNMENT ENGAGEMENT

We engage with Government and contribute to public policy work through senior level engagement, direct submissions and through our key industry body the Australian National Retailers Association. We also contribute to the public policy work of a number of other relevant industry bodies such as the Business Council of Australia, Property Council of Australia, the Australian Food and Grocery Council and many more.

Our submissions to the Government are available on our website www.woolworthslimited.com.au.

EMPLOYEE ENGAGEMENT

With over 191,000 team members, Woolworths is one of the largest employers in Australasia. We aim to ensure that every member of our team remains engaged and views Woolworths as a great place to work.

With this in mind we offer a range of financial and non-financial employee benefits, and continually seek new and improved ways to stay ahead of the changing needs of the workforce. For example, as part of our retention strategy we conduct engagement surveys to identify employee issues. In 2008 over 51,000 staff were surveyed. The research showed engagement levels and commitment that exceed international benchmarks. A general trend in this research has been levels of engagement and commitment to the organisation and manager, as well as intent to stay, that exceed international benchmarks identified, measured and reported by the Corporate Leadership Council.

For more information about how we engage with our employee stakeholders, please refer to the People section on page 30 and information about our 'Eco Ambassadors' on page 60.



2009 Corporate Responsibility Panel
Back row, left to right:
 Armineh Mardirossian, Bob Welsh, Terry A'Hearn (representing Mick Burke), Dr Simon Longstaff (Panel Chair), Stephen Dunne and Andrew Hall.
Front row, left to right:
 Sam Mostyn, Michael Luscombe and Clare Martin.

CORPORATE RESPONSIBILITY PANEL

In 2007, Woolworths set up a Sustainability Advisory Group to provide input and advice on environmental sustainability issues to the CEO and senior management. In early 2009, we expanded the scope and membership of the group to encompass all aspects of corporate responsibility. The new body, which meets three or four times a year, is called the Corporate Responsibility Panel.

The panel's role is to communicate knowledge of national and international best practice and provide advice on Woolworths' corporate responsibility and sustainability strategies and direction, and on effective stakeholder engagement strategies.

The panel's first meeting was held on 13 August. Discussion focused primarily on Woolworths Liquor Group's existing initiatives for responsible retailing of alcohol and opportunities for future initiatives and investment in this area.

The panel comprises the following external experts:

- Greg Bourne – CEO, WWF Australia
- Mick Burke – Chairman, Vic EPA
- 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 – Business Consultant
- 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.

COMMUNITY ENGAGEMENT

Engagement framework for new stores

Our aim is to work with internal and external stakeholders to understand their views and expectations about a broad range of issues relating to our business and to achieve outcomes that benefit all.

During 2009 Woolworths opened 195 new stores, including 28 new Australian supermarkets. While the vast majority of our new store developments proceed smoothly, we recognise there is a significant opportunity to improve communication with local community stakeholders during the development process.

Because one of our objectives is to build long-term relationships with customers and the communities in which we operate, we are working to incorporate this principle into our store planning and construction process.

Supermarkets are long-term community amenities. We believe local communities should be aware of the potential economic, employment and social benefits they represent. It is equally important to win the support and trust of community stakeholders before a store opens.

As such, a new framework was created in 2009 for property development stakeholder communications which will equip local, regional and national teams with the skills and resources they need to better manage stakeholder issues relating to property projects.

The framework will help identify likely community concerns such as design, traffic,



have long-term benefits. Beneficiaries include seniors and sporting groups, community halls, drama clubs, Lions and Rotary clubs, charities and not-for-profit organisations. The money is typically spent on upgrades to community social infrastructure, equipment for sporting clubs and volunteer services.

Landcare Australia

In partnership with Landcare we are funding the Woolworths Sustainable Farming Program. Our aim is to support grassroots sustainable farming initiatives by landholders and community networks. Projects that receive grants will be implemented by community Landcare groups or natural resource management organisations guided by Landcare Australia.

Agricultural Business Scholarship

Together with University of Western Sydney and the Royal Agricultural Society of New South Wales, Woolworths set up the Agricultural Business Scholarship in 2007. In 2009, for the third year, the scholarship was offered to 30 young Australians working in agriculture and related fields, giving them a chance to fast-track their careers. This year's program was oversubscribed, with almost 200 applicants seeking places.

The 12-day course is coordinated by the University of Western Sydney whose lecturers, along with our senior management, present on various business topics. The course is held at the Woolworths Academy at our Norwest office in Baulkham Hills, Sydney.

Planet Ark

Research commissioned by Planet Ark, the not-for-profit environmental organisation set up by tennis player Pat Cash and charity campaigner Jon Dee in 1991, shows that there is still confusion among consumers about what materials can be recycled and where.

Woolworths is working with Planet Ark to develop a consumer education campaign through our stores to boost recycling rates, reduce contamination and improve the quality of materials going into the recycling stream.

An awareness program during National Recycling Week (9–15 Nov) will focus on kerbside recycling – how to recycle correctly and avoid contamination of the recycling streams with non-recyclables. Awareness will be boosted through in-store communication and via *Australian Good Taste* and our *Fresh* magazine, as well as catalogues and other point-of-sale communication material.

construction impact and heritage issues and encourages a consultative approach. Full implementation will occur over time but a number of new development projects have already used its principles to improve consultation with the community. These include Yarram and Bright in Victoria, Sippy Downs in Queensland, Harbourtown in South Australia, and Ulladulla and BIG W Moree, both in New South Wales.

Partnerships

Woolworths has forged many valuable community projects and partnerships. They include:

The Country Women's Association (CWA)

The Country Women's Association is the largest women's organisation in Australia with a membership of over 25,000 in 1,500 branches. Its aim is to improve conditions for women and children and make life better for families in rural and remote parts of the country.

Because it works closely with farming communities and understands their needs, Woolworths views the CWA as having special relevance as a community partner. The CWA's knowledge and contacts help us to understand how we can support and build capacity in rural and regional communities, especially those affected by drought.

One way in which we do this is through the Woolworths and CWA Community Recovery Grants program, which gives community organisations the opportunity to receive funding of up to \$3,000 for initiatives that strengthen social infrastructure and