

WOOLWORTHS GOOD BUSINESS JOURNEY



W

THIS PAPER IS MADE WITH 90% **SUGAR CANE WASTE** SOURCED FROM PREVIOUSLY **DISADVANTAGED LOCAL SUPPLIERS**, AND 10% WOOD FIBRE FROM **SUSTAINABLE FORESTS**. IT SUPPORTS OUR GOOD BUSINESS JOURNEY GOALS OF **PROTECTING THE ENVIRONMENT** AND **EMPOWERING OUR PEOPLE**.

CHAIRMAN'S STATEMENT

In 2007 we consolidated and accelerated our previous sustainability efforts under our good business journey programme which brought together our philosophy that the true sustainability of a company is reliant on its own continuous performance and a sustainable society and environment. We further believe that all the elements of economic growth, transformation, social development, the environment and climate change, can either form a vicious or virtuous circle. The Good business journey aims to ensure we drive a virtuous circle that will benefit all of our stakeholders.

The business case

We consider the Good business journey as a key to enhancing our brand while being cognizant of the impacts of our business on society and the environment. We have realised over the past few years that our focus on social and environmental issues can drive innovation and operational efficiencies in our business.

Our customer research shows growing awareness of the programme, and high levels of support for its objectives. In particular, customers increasingly want to understand where products come from, and be certain that these are sourced ethically and without harm to the environment. We recognise that our customers play an important role in helping us make a difference to our communities and environment and we are committed to providing them with as much information and assistance as possible.

Internally, sustainability is one of our seven values, and we measure employee understanding and backing for our good business journey programme through our annual people survey, which has shown high levels of support. Something we cannot measure however, is the innovation and enthusiasm of employees across the organization in integrating sustainability thinking into their daily jobs, and bringing new projects to life that have changed the way we operate as an organisation.

We are continuing to work to build our employees' knowledge around sustainability to enable them to help colleagues and customers understand their impacts and drive the Good business journey messages in the workplace and at home. An example of this has been an energy saving campaign across the business, which has helped employees reduce energy usage in stores and in their homes.

Experience has shown that most sustainability challenges cannot be solved by one company acting alone, and we are excited about the support we have received from our suppliers in implementing programmes like farming for the future, and the many things we have learnt from their efforts. We've also seen business relationships with companies like ABSA and Engen develop into expansions of our social and environmental initiatives with the expanded Eduplant programme and recycling at Engen service stations two clear examples.

Progress and challenges

We are pleased with the recognition that we have received from a number of our stakeholder groups and we will work hard to sustain these efforts. In particular, being chosen as a finalist for the third consecutive year for international responsible retailer of the year and being ranked second in the Carbon Disclosure Project Leadership index in South Africa reinforces our consistency and sustainability progress.

Some of our highlights for the year include the launch of our farming for the future programme that is improving soil and water resources across our produce agricultural base; a successful pilot of customer recycling facilities at Engen service stations; a significant improvement in our BEE score and shift from level 6 to level 5; and the expansion of our Eduplant programme in conjunction with ABSA and Engen.

We have continued to reduce water use, as well as developing a number of programmes to measure and reduce water usage and improve waste water management in our supply chain. We also continue to offset all our direct water usage through WWF's water neutral programme.

Energy usage has decreased by 18% from our 2004 benchmark, and we have successfully rolled out new lighting and energy measurement technologies, as well as retrofitting refrigeration technologies and reviewing distribution methods to meet our 30% relative reduction target for 2012.

We have reduced our foods packaging by 660 tons to date, as well as increasing the amount of packaging that is recyclable, and our sales of reusable bags. Our waste to landfill ratio continues to approach the target of zero we have set for 2012.

During the year we contributed R314m to a range of charity organisations as part of our commitment to community upliftment. Our community focus has been on addressing two of our country's key challenges – food security and education via our Eduplant and MySchool programmes and the distribution of surplus food.

We have experienced difficulty with achieving some of our targets, for instance, sales of organic products, our preferential procurement targets and progress on packaging reductions, which we need to balance with keeping food waste due to damage low. The continuing difficulties in the textile industry in South Africa are another area of concern to us. We are confident that we are making good progress but also note the areas requiring attention, particularly some of our environmental and transformation targets.

Good business journey measurement and governance

At a corporate level, we are satisfied with the progress the business has made – our overall score for 2010 against our one year targets is 84% (mid year: 76%), the first time that we have achieved over 80%. The score of 71% against our five-year objectives (mid year: 63%) is pleasing, although we know that we need to accelerate our progress to meet the 2012 targets. Our comprehensive measurement and tracking system is well embedded in the business and progress measurements are done twice per annum. These scores reflect our progress as an organisation towards the stated targets, at both a corporate and key indicator level (i.e. transformation, economic, governance, social and environmental). We also track progress by business units against each of the indicators, and have included good business journey performance measures in the scorecards of our teams.

An assurance framework is in place and an internal audit coverage plan has been completed for the good business journey in areas where external verification is not available. External verification of our carbon footprint and BEE status was also completed as a step towards a broader assurance process.

The good business journey process is also integrated strongly into the company's risk model, and a good business journey risk profile is reviewed annually by the Sustainability Committee, which plays an important oversight role in ensuring structures and policies are in place to allow effective delivery of our good business journey targets by management.

Looking forward

Although we recognise the broad nature of our good business journey programme (over 200 targets set) is a strength, we will hone in on a few focus areas:

Reduction in energy usage, within the broader climate change context; improving the broader impact of our supply chain activities on water resources; recyclability of packaging and the provision of recycling facilities; working with our suppliers to promote sustainable farming methods, that encourage biodiversity; and building our workforce and supply chain to represent the transformation imperatives in our country.

We have learnt much about issues that affect the environment and society since we announced our good business journey programme in April 2007, and continue to learn more every day, as more and more information on the issues become available.

We always thought of our 2012 targets as the first step in a much longer journey, and have been working hard to refine our focus areas, and add new targets to our programme.

HIGHLIGHTS AND RECOGNITION

KEY SUSTAINABILITY INDICATORS

Indicator	2010	2009	2008	Progress
Revenue	R23.7bn	R21.9bn	R21.8bn	↑
Return on equity (ROE)	39.4%	26.3%	27.6%	↑
Adjusted Headline Earnings per share (EPS)	157.2	126.0	115	↑
Share price appreciation	1225	275	(1120)	↑
Food market share	8.3%	8.5%	9.2%	↓
Clothing, footwear and accessories market share	15.3%	14.4%	15.3%	↑
Good business journey index overall score	84%	79%	77%	↑
Customer tracking study regarding Good business journey elements	26%	24.9%	21%	↑
Number of permanent employees	18977	17 551	18 568	↑
Training and skills development score (out of 15)	10.3	7.7	10.5	↑
Employment equity score (out of 15)	10.6	9.8	9.8	↑
Preferential procurement score (out of 20)	10.4	5.7	2.4	↑
Corporate social investment contribution (Rm)	R314m	R292m	R267m	↑
Energy (reduction in relative consumption from benchmark)	18%	12%	10%	↑
Carbon footprint (total tons of CO ₂)	452 311	408 627	356 133	↓
Water (reduction in relative consumption from benchmark)	26%	11.5%	5%	↑

benchmark)			(stores)	
Health and safety – number of injuries on duty	693	551	511	↓
Foods packaging reduction (towards 20% reduction by 2012)	6.6%	3.3%	Benchmark year	↑
Inclusion in JSE SRI index	x	x	x	→

BUSINESS RECOGNITION

- Woolworths was ranked second out of the top 100 companies in South Africa on the Climate Change Disclosure Leadership Index by the Carbon Disclosure Project, a global initiative to encourage companies to disclose their greenhouse gas emissions. (First in the low impact category in 2008).
- Winner of the retail category in the South African Carbon Leadership Awards 2010.
- Finalist in the 'Agriculture' category for the 2010 Mail and Guardian Greening the Future awards for our Farming for the Future programme.
- Woolworths was chosen as a finalist in the ESG category at the 6th annual African Access National Business Awards 2010.
- Woolworths was chosen as a finalist in the 2010 SANEA Energy awards in the Category: Energy Project Award 2010.
- In 2008 Woolworths was named International Responsible Retailer of the Year at the World Retail Congress. In 2009 and 2010 we were short listed again as one of the finalists for this prestigious award.
- Woolworths was again included in the JSE Socially responsible investment (SRI) index for 2009/10 and was named as one of the index best performers.
- Woolworths Clothing – first as the most fashionable clothing retailer The Sunday Times Top Brands survey,
- Woolworths Food was the overall winner and Woolworths Clothing claimed fourth place in the 2009 Ask Afrika Orange Index service excellence awards. This survey is widely regarded as the largest service excellence benchmark in South Africa.
- Woolworths Taste magazine won Gold for custom magazine of the year in the Admag awards
- WHL Annual report for the year ended June 2009 has once again been rated as Excellent in the E&Y Excellence in Corporate Reporting awards

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is integral to the way we do business, and understanding the interests and expectations of our stakeholders plays a crucial role in deepening and extending our relationships.

Woolworths strives to be South Africa's leading retail brand, offering merchandise that is remarkably affordable with a unique combination of quality, value, innovation and style. Woolworths customers are at the heart of the retail strategy that drives all merchandising and selling decisions.

Understanding customer needs is critical to providing the right product at the right time in the specific store where customers expect to find what they are looking for. Woolworths has over 3.8 million customers, and the insights from our customers enrich our segmentation model and drive new opportunities. During the year

customers have given us insight into their perception of our value offering and promotions, assisting our segmentation strategy.

Woolworths is committed to meeting customers' needs at every level and we monitor customer satisfaction throughout the business using various mechanisms.

Improved customer understanding has led to better profiling and cataloguing of stores, with an increasingly segmented offer. Work is also being done to drive a sub-brand review to make each brand simpler, clearer and better segmented.

We will be introducing a tiered loyalty programme, which will be designed to:

- Build more profitable long-term relationships with more of our customers
- Reward and retain our loyal customers.

Employee understanding and backing for our good business journey programme is measured through our annual people survey, which has shown high levels of support. Something we cannot measure however, is the innovation and enthusiasm of employees across the business in integrating sustainability thinking into their daily jobs, and bringing new projects to life that have changed the way we operate.

We continue to build our employees' knowledge around sustainability to enable them to help colleagues and customers understand their impacts and drive the Good business journey messages in the workplace and at home.

Maintaining and growing our credibility among shareholders and the broader investment community is a key objective. This is done by providing relevant, timely and transparent communication using a variety of different media to allow far-reaching access to information, ensuring all our shareholders enjoy a thorough understanding of our performance and strategy going forward. We have made particular effort over the last financial year to engage with, and update investors who are focused on Environment, social and governance issues, on our progress.

Raising the profile of the key sustainability issues in South Africa is an integral part of Woolworths commitment to the Good business journey. Woolworths ongoing engagement with the media has been an important aspect of managing the company's corporate reputation as well as raising awareness of key sustainability issues.

Experience has shown that most sustainability challenges cannot be solved by one company acting alone, and we are excited about the support we have received from our suppliers and specialist non-profit organisations in implementing programmes like farming for the future, and the many things we have learnt from their efforts. These sustainability initiatives have been a natural extension of the long-standing partnerships we share with our suppliers, and have allowed us to formulate unique, and often farm-specific, responses to biodiversity, transformation and other objectives.

Woolworths operates a tightly integrated network of suppliers, to ensure exacting quality standards and forms long-lasting relationships with its suppliers. Conformance to the Woolworths supplier code of business principles is a prerequisite to ensure social and environmental responsibility across the supply chain.

Woolworths also partners with a broad range of non-profit organisations across a range of environmental, social and transformation issues. This includes the Worldwide Fund for Nature (WWF), Conservation International, Food & Trees for Africa and Heartbeat, amongst others.

The following spread illustrates our stakeholder engagement programme in more detail:

stakeholder engagement – what we’re doing

Our stakeholders	Why we engage	Issues on which we engage include:	How we engage	Our response
Customers	<p>In order to:</p> <ul style="list-style-type: none"> • understand our customer needs; • enhance the Woolworths brand; and • grow revenue. 	<ul style="list-style-type: none"> • consumer preferences; • consumer complaints and issues; and • the Good business journey. 	<p>Electronic and personal engagement with customers including:</p> <ul style="list-style-type: none"> • in-store ticketing, labelling and packaging • focus groups and discussions; • desk research; • customer surveys, mystery shopping surveys; • social media • marketing communication, advertising and direct customer mail; and • Woolworths call centres. 	<ul style="list-style-type: none"> • ongoing product development and innovation; • business focus on key issues, for example availability, product choice, store location and service; and • adopting methods of communication to meet customer preferences.
<p>Employees and service providers:</p> <ul style="list-style-type: none"> • individuals; • collective; • independent contractors; and • service providers. 	<p>In order to:</p> <ul style="list-style-type: none"> • share relevant information and get input and feedback; • attract and retain talent; • develop a high-performance organisation; • improve competence and skills; • optimise delivery and service; and • enhance people’s sense of value and commitment. 	<ul style="list-style-type: none"> • Woolworths vision and values; • business strategy; • business issues, developments and new products and campaigns that affect employees; • employee development programmes; and • employee concerns and issues. 	<ul style="list-style-type: none"> • ongoing direct and indirect engagement – electronic, verbal and written; • research/people survey; • communication and involvement forums; and • regular, formal communication, including television broadcasts, publications and team meetings. 	<p>Ongoing review of:</p> <ul style="list-style-type: none"> • employee health and safety programmes, for example, HIV/Aids programmes; • employee development, remuneration and benefits; • communication and its effectiveness; and • relevant business issues, for example shrinkage

<p>Shareholders:</p> <ul style="list-style-type: none"> • individual; and • institutional. 	<p>To create:</p> <ul style="list-style-type: none"> • an informed perception of Woolworths; • more accurate expectations; • a positive investment environment; • value in the business; and • approval for corporate actions. 	<ul style="list-style-type: none"> • business performance; • business expectations and strategy; and • economic, social and environmental concerns. 	<ul style="list-style-type: none"> • annual general meeting/general meetings; • bi-annual analysts' results review; • individual, documented analysts' meetings; and • reporting, including the annual report, sustainability report, webcam and website updates. 	<ul style="list-style-type: none"> • revised reporting formats as deemed necessary.
<p>Suppliers:</p> <ul style="list-style-type: none"> • local; and • international. 	<p>To deliver:</p> <ul style="list-style-type: none"> • product which furthers the ambitions of the Good business journey; • new and innovative product; • consistent quality and standards; and • conformance to Woolworths supplier business principles. 	<ul style="list-style-type: none"> • issues that pose a risk to the Woolworths business and/or brand; • product development; • environmental and social responsibility standards; and • the Good business journey. 	<ul style="list-style-type: none"> • ongoing electronic and personal engagement, including supplier conferences and supplier visits; and • best practice research and international benchmarking. 	<ul style="list-style-type: none"> • review of product offering; and • regular environmental and social responsibility audits.
<p>Franchisees:</p> <ul style="list-style-type: none"> • local; and • international. 	<p>In order to:</p> <ul style="list-style-type: none"> • ensure a consistent customer experience; • grow revenue; and • build and extend the reach of the Woolworths brand. 	<ul style="list-style-type: none"> • business issues; • initiatives; and • opportunities. 	<ul style="list-style-type: none"> • ongoing electronic and personal engagement, including meetings, an annual franchise conference and regular franchise buying weeks. • franchisee satisfaction surveys. 	<ul style="list-style-type: none"> • reviewing our processes for managing the business.
<p>Government departments of:</p> <ul style="list-style-type: none"> • Trade and industry (dti); 	<p>In order to:</p> <ul style="list-style-type: none"> • discuss issues of mutual concern; 	<ul style="list-style-type: none"> • trade and industry policy on sector development, trade issues 	<ul style="list-style-type: none"> • ongoing electronic and personal engagement; 	<ul style="list-style-type: none"> • consolidation of combined retail positions as input to government; • sharing of information on

<ul style="list-style-type: none"> • Labour; • Agriculture; • Water affairs and forestry (DWAF); • Environmental affairs and tourism (Deat); • Health; and • Education. 	<ul style="list-style-type: none"> • optimise opportunities and minimise risks of regulation: and • anticipate and assess potential policy and regulatory impact. 	<p>and growth;</p> <ul style="list-style-type: none"> • labour market issues regarding flexibility, skills, minimum standards, labour relations; • food standards and agricultural issues; • consumer credit and protection issues; • education; and • transformation and the Good business journey. 	<ul style="list-style-type: none"> • drafting of submissions; • consolidation of information; • participation in research; • meetings with government officials and ministers; and • Nedlac. 	<p>business practice with government; and</p> <ul style="list-style-type: none"> • revision of processes to become compliant.
<p>Organised business:</p> <ul style="list-style-type: none"> • BUSA; • Retailers' Association; • Consumer Credit Association; and • National Business Initiative (NBI). 	<p>In order to:</p> <ul style="list-style-type: none"> • gain support and leverage on issues of common interest; and • get insight into other business and sector approaches. 	<ul style="list-style-type: none"> • trade and industry policy; • crime; • labour market regulations; • textiles and clothing procurement policies; • consumer credit and protection regulations; and • sustainability. 	<ul style="list-style-type: none"> • ongoing electronic and personal engagement; • meetings; • negotiations; and • drafting and input to documentation. 	<ul style="list-style-type: none"> • refinement and shifting of positions to accommodate broader interests; • participation in Business Against Crime initiative; • co-ordination of retail input to textile and clothing issues; and • participation in specific initiatives, for example the NBI's Energy Accord.
<p>Unions and collective employee structures including:</p> <ul style="list-style-type: none"> • internal communications forums; and • SACCAWU and COSATU. 	<p>To engage on collective employment issues.</p>	<ul style="list-style-type: none"> • wages and terms and conditions of employment (UPN only); • verification of union membership; • retail issues; and • textiles and clothing issues. 	<ul style="list-style-type: none"> • ongoing electronic and personal engagement; • meetings; and • participation in CCMA, Nedlac and other labour market institutions. 	<ul style="list-style-type: none"> • a better understanding and response to employee concerns; and • revision of remuneration and benefits policies.

<p>Media:</p> <ul style="list-style-type: none"> • business; • consumer; and • trade. 	<p>In order to:</p> <ul style="list-style-type: none"> • influence stakeholder perceptions; • build the Woolworths brands; and • market the business and products. 	<ul style="list-style-type: none"> • business issues; • consumer issues; • macro-economic issues that affect retail; and • product information. 	<ul style="list-style-type: none"> • ongoing electronic and personal engagement; • interviews; • news releases; and • publications, including printed material and electronic format on websites. 	<ul style="list-style-type: none"> • ongoing review and challenging of business practices; • improved transparency; and • improved information provision.
<p>NGOs and community organisations including:</p> <ul style="list-style-type: none"> • Food & Trees for Africa; • Heartbeat; • Association of Dieticians (ADSA); • South African Association for Food Science and Technology (SAAFoST); • Consumer pressure groups; • Consumer Goods Council of SA (CGCSA); and • Environmental organisations including: WWF, Conservation International and the Landmark Foundation. 	<p>To contribute to the society in which we trade,</p>	<ul style="list-style-type: none"> • the Good business journey; • education and capacity-building on relevant community issues, for example nutrition; • HIV/Aids awareness; and • input to our product strategy and range. 	<ul style="list-style-type: none"> • ongoing electronic and personal engagement; and • joint projects. 	<ul style="list-style-type: none"> • ongoing modifications to product strategy and range; • modification of HIV/Aids strategy; and • greater transparency and communication, for example labelling.

GOVERNANCE AND ECONOMIC

COMMITMENTS AND PROGRESS

Our governance focus includes the measurement, governance, risk profile and assurance process around the Good business journey, and our approach to sustainability reporting.

Our economic focus includes our contribution to the South African economy, local sourcing, responsible lending and our store expansion programme.

Woolworths is a proud South African business with a long tradition of quality and innovation in South Africa.

Commitment	2010	2009	By 2012
Net growth in corporate stores	9	22	31
Net growth in franchise stores	(41)	3	n/a
Ethics programme	Code approved by the Board. Participated in Corporate Ethics indicator managed by the Ethics Institute of SA	Draft code prepared. Ethics benchmark established in employee survey	Full implementation and awareness programme rolled out

GOVERNANCE COMMITMENT

The group is committed to the highest level of corporate governance and the implementation of effective structures, policies and practices that improve corporate governance and create sustainable value for our shareholders and other stakeholders.

Through the blend of disciplines within the corporate governance department the board and management are supported in embedding best governance principles and practices throughout the group.

The board is of the opinion that the group currently complies with all significant requirements incorporated in the Code of Corporate Practices and Conduct as set out in the King II Report and the JSE Listings Requirements, and is working towards meeting the recommendations of King III.

The sustainability committee, a formal subcommittee of the Woolworths Holdings board, integrates the work of the transformation committee and the outputs of the Woolworths Trust, providing a single point of view and direction for all Woolworths sustainability focus areas. The committee is chaired by an independent non-executive director and meets quarterly to oversee progress in achieving all aspects of the Good business journey programme. The Chief executive officer and Managing Director: Foods are members of the committee, together with two independent directors, one of whom chairs the transformation board committee. The committee has considered the contents of this report.

Progress towards meeting 2012 targets and the related one-year goals, is monitored at an operational level through the sustainability and transformation integration committee, chaired by the Chief executive officer. Below this, an integrated Good business journey governance system is in place incorporating strategy setting, delivery, communication and review of performance in terms of the programme.

A complete board evaluation is conducted of the Woolworths Holdings board and its subcommittees every two years. A report is also prepared on an annual basis for each committee to confirm that it has complied with its terms of reference.

The Good business journey index has been reviewed during the current year to ensure the ongoing applicability of the sophisticated weighted system which prioritises all 200-plus indicators and provides a score across each pillar of the Good business journey, as well as for each business unit in achieving their specific targets. The index score is a crucial tool in driving changes in behaviour in the business units as well as providing comparable scorecard data and monitoring progress to one- and five-year targets.

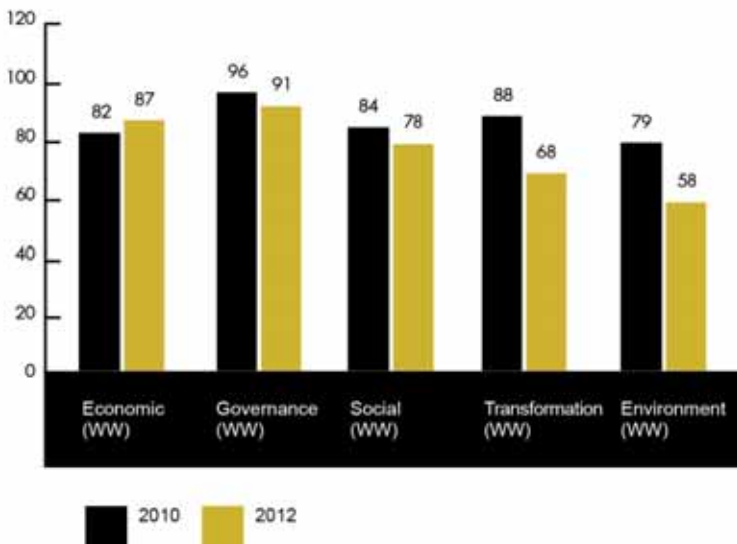
PROGRESS MEASUREMENT 2010

The total sustainability measurement score for 2010 is 84% (2009: 79%). This shows that good progress has been made, but that there are a number of instances in which targets for 2010 have not been met. We had set 80% as a benchmark for good performance and are excited to score above that benchmark for the first time since we began measuring our progress.

The 2012 score of 67% (2009: 61%) is by necessity lower than the 2009 score, because more stringent targets apply for many of the measures, but shows good progress three years into the five-year programme.

The biggest challenges lie within the transformation and environment factors.

The scores per factor are shown below.



INTEGRATED SUSTAINABILITY REPORTING

Woolworths regards its sustainability reporting process as a valuable opportunity to engage with its stakeholder groups and to respond to issues that have been raised.

The focus for our sustainability reporting is to provide readers with an overview of the context for highlights and challenges of the Good business journey progress, as well as our future objectives. This sustainability report is the successor to the 2009 report and focuses largely on South African-owned operations, as well as including information on our Australian subsidiary, Country Road, and its corporate responsibility programme. There have been no significant changes in accounting standards regarding sustainability reporting.

The recommendations of King III and the G3 guidelines of the Global Reporting Initiative (GRI) form the basis for this report cycle, and an analysis of the group's compliance with these guidelines appears in the GRI Index.

ASSURANCE

Woolworths internal audit team has audited selected Good business journey indicators during 2010 and will continue this process twice per annum. The indicators forming part of the programme have been classified into three categories:

- those that are already externally verified;
- those that could be externally verified/audited; and
- those that require internal auditing.

For the final category the Woolworths internal audit team has a four-year plan in place to cover all indicators, focusing on the processes followed to measure data and track changes.

The internal audit framework has added a robust oversight mechanism to the Good business journey measurement process and is part of a process to prepare the business for external assurance in the next financial year.

Our BEE status has been assured by BEE Verification Agency CC for the 2010 financial year. Through the external assurance received from the agency, we have been assessed as a level 5 contributor.

We have also undertaken a limited external verification of our carbon footprint data in conjunction with the Global Carbon Exchange, and their assurance statement can be found under ***carbon footprint***.

KEY SUSTAINABILITY RISKS

The key risks associated with the achievement of the 2012 Good business journey targets and related mitigating actions were reviewed during the current year, and are identified as follows:

Exposure HIGH	Reason based on key metrics	Actions to address performance
The GBJ 2012 and beyond strategy: not being able to maintain sustainability leadership	<ul style="list-style-type: none"> ▪ Key shifts in the sustainability focus of a number of international retailers. 	<ul style="list-style-type: none"> ▪ Woolworths is part of the way through a strategy development process. ▪ We continually benchmark local and international retailers.
Inability to achieve energy targets and associated costs	<ul style="list-style-type: none"> ▪ % relative reduction from 2004 benchmark vs. 2010 target of 20% ▪ energy tariff increases 	<ul style="list-style-type: none"> ▪ The roll-out of technologies (metering on-line and automated lighting) has been accelerated. ▪ Introduced new pilot technologies around refrigeration and air conditioning. ▪ Recently launched an energy awareness campaign in stores.
Inability to meet Foods packaging reduction of 20% by 2012 and ensuring foods packaging recyclability	<ul style="list-style-type: none"> ▪ A reduction of 600 tons of packaging vs. 2010 target of 1000 tons ▪ Recycling program available at 8 sites. 	<ul style="list-style-type: none"> ▪ Focusing on inclusion of recycled content, ensuring recyclability of the containers, making sure recycling symbols are on containers, and the education of customers about recycling, ▪ Further roll-out of recycling facilities in second half of 2010.
Retaining the majority of clothing sourcing in the region – reputational risk	Local sourcing % target now 50% sourcing from the region in 2012	<ul style="list-style-type: none"> ▪ Working with key local suppliers to ensure a sustainable local value chain in key lines. ▪ Increasing sourcing from Lesotho, Swaziland and Mauritius.
Water scarcity and quality issues	<ul style="list-style-type: none"> ▪ Water scarcity key issue for South Africa as over 90% catchments already over allocated. Climate change impacts can create further pressures at a regional level 	<ul style="list-style-type: none"> ▪ Water neutrality commitment and reductions achieved to date. ▪ Installing water meters in all stores. ▪ Working with suppliers to ensure they are water efficient and managing waste water properly.

Exposure MEDIUM	Reason based on key metrics	Actions to address performance
Inability to achieve Organic and free range food sales and organic clothing sales	<ul style="list-style-type: none"> ▪ 2012 target sales organic cotton ▪ 2012 target sales organic and free-range food ▪ 2012 farming for the future target ▪ 2009/10 target for sustainable fibres 	<ul style="list-style-type: none"> ▪ Launched the SA organic cotton pipeline. ▪ Investigating the replacement of conventional cotton with 'better' or fair- trade based cotton. ▪ Increasing the inclusion of other sustainable fibres such as bamboo in product mix. ▪ Promoting 'farming for the future' produce and earth-friendly cleaning range as new product innovation commitments that are fundamentally changing our product offering.
Data integrity:	<ul style="list-style-type: none"> ▪ A number of the GBJ measures had not previously been measured by the business. 	<ul style="list-style-type: none"> ▪ The on-line GBJ measurement system has been improved. ▪ The finalisation of the Metering on line technology has improved data around energy and water. ▪ A three-year audit plan for GBJ is in place, with a view to preparing the business for external assurance.

Exposure LOW	Reason based on key metrics	Actions to address performance
	<ul style="list-style-type: none"> ▪ 	
Internal financial constraints:	<ul style="list-style-type: none"> ▪ A focus on cost reduction has resulted in some GBJ initiatives not being pursued by the business. 	<ul style="list-style-type: none"> ▪ Cost saving projects are submitted to the investment committee to secure funding. ▪ Broader business case development for other projects is being pursued with the business units.
Exclusions to the Good business journey programme: Branded products	<ul style="list-style-type: none"> ▪ To ensure consistency and credibility of the Good business journey programme, all aspects of Woolworths business should be involved. 	<ul style="list-style-type: none"> ▪ Investigating how to incorporate branded products within the ambit of the supplier code and its audit process, to ensure a level of consistency. ▪ Opportunities to partner with brands on sustainability issues to be investigated.

Competition commission inquiry

Woolworths is committed to fair competition principles.

The retail industry in South Africa and around the world is fiercely competitive. We are at pains to ensure that our practices drive the best prices for our quality standards.

Woolworths will continue to co-operate with the Commission and awaits the outcome of its investigation.

VALUES AND ETHICS

During 2009 'sustainability – build for a better future' was launched as the seventh Woolworths value, entrenching its importance in the cultural fabric of the organisation, and joining 'quality and style, value, service, innovation, integrity and energy' as the compass for decision-making at Woolworths.

The revised Woolworths code of ethics was also approved during 2010.

Woolworths participated in a corporate ethics research programme run by the Ethics Institute. Further internal awareness and research was done via a staff culture and values survey that set a benchmark for ethics awareness, against which improvement targets have been set.

As a company we have a zero tolerance policy towards fraud, theft, corruption or any similar illegal behaviour.

Fraud and shrinkage

We will take disciplinary action against any employee who is involved in, or assists with committing fraud, theft and corruption. In terms of the company's disciplinary code, involvement in these acts is a dismissible offence. We continue to promote the Tip-offs Anonymous line run by Deloitte and the rewards for information which leads to successful preventions of fraud and shrinkage.

CONTRIBUTION TO THE SOUTH AFRICAN ECONOMY

Woolworths continues to create wealth across a broad spectrum of the South African economy, at the most fundamental level by generating direct employment and career opportunities for over 20 000 people and indirectly, many more through our manufacturing and processing network as well as assisting to bring small-scale suppliers into the value chain.

Woolworths has done a country of origin assessment in order to confirm that 95% of the food that it sells is South African in origin – a significant contribution to the South African economy, especially the agricultural sector.

Woolworths reiterated the company's commitment to buying as much product locally as possible. The vast majority of goods sold in our stores, by volume, are manufactured in South Africa and we continue to encourage local manufacturing wherever possible.

We will only consider sourcing abroad where local or regional supplier partners are unable to provide the ideal quality, value and innovation that our customers expect.

Woolworths is also well placed to drive enterprise development projects and has set up teams devoted to working more closely with emerging suppliers, further supporting South African businesses first as a crucial part of our indirect economic contribution.

Woolworths' expansion programme has moved to a focus on store extensions and modernisations. We are introducing the concept of a 'superwoolies' in Food through converting and expanding existing stores, which will offer a comprehensive catalogue of food items as well as household and home basics.

The current footprint includes: 378 stores

Woolworths continues to support 160 franchise operations in South Africa, selected African countries and the Middle East.

A detailed review of the Woolworths governance structure and processes can be found in the governance section of the 2010 annual report.

Case Study - Creating jobs and driving economic development

Recruitment consultant and entrepreneur Cikizwa Nqolobe says she owes her success to Woolworths' efforts to empower black and black women entrepreneurs.

Nqolobe cut her teeth in Woolworths HR department, and then in 2006 took the plunge to start her own recruitment consultancy. She was appointed as a preferred supplier to Woolworths and identified as one of Woolworths enterprise development programme beneficiaries.

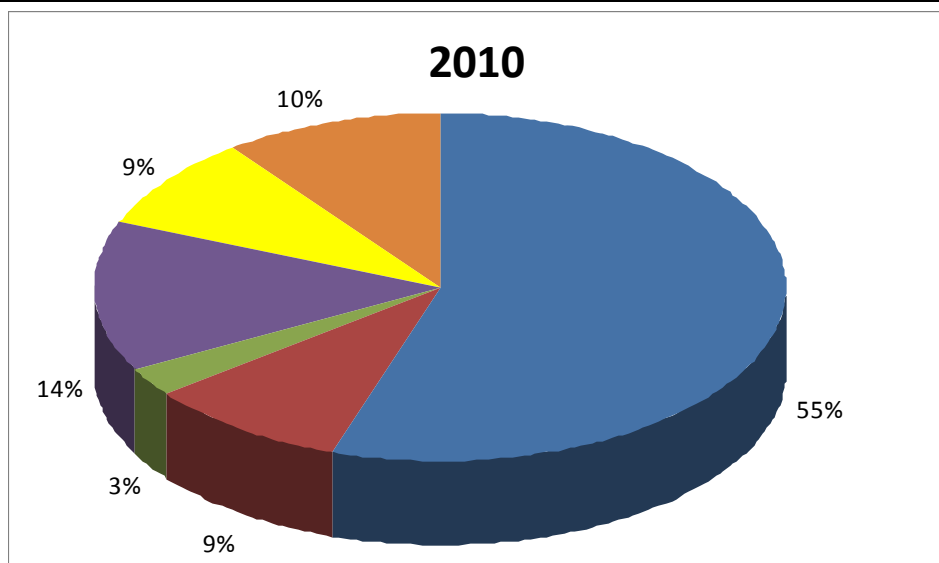
Cikizwa of Indima Recruitment, says, "It's been a quite a ride from Gugulethu to where I am today. Woolworths has really been amazing, first as an employer and then as a champion of my entrepreneurial journey. Woolworths is a dedicated client, financial sponsor and business adviser all rolled into one. I meet with them on a regular basis to discuss Indima's progress and plans to grow and sustain my business into the future."

Zinzi Mgolodela, Woolworths Head of Transformation says, "As we do with other carefully identified aspiring entrepreneurs, we began by helping Nqolobe draw up a comprehensive business plan that clearly mapped her business growth. Then we focused on ensuring she had the business, tools, skills and support necessary to take off as a start up business. We continue to stand by her as she grows her business. We're extremely proud of how hard she's worked and how well she's done."

An illustration of her success is that over the course of a year Indima grew from managing 5 to over 20 contractors in the IT sector (75% growth). "

VALUE ADDED STATEMENT

	2010		2009	
Value added	23,744		22,372	
Less: Cost of sales	- 15,656		- 14,501	
Cost of services and other operating expenses	- 2,888		- 2,706	
	5,200		5,165	
Distribution of wealth:				
		%		%
to employees as salaries, wages and other benefits	2,858	55.0%	2,689	52.1%
to government as income tax (including deferred tax)	491	9.4%	546	10.6%
to lenders as finance costs	151	2.9%	281	5.4%
to shareholders	718	13.8%	1,399	27.1%
depreciation and amortisation	442	8.5%	401	7.8%
earnings retained	540	10.4%	- 151	-2.9%
	5,200		5,165	



TRANSFORMATION AND CSI

COMMITMENTS AND PROGRESS

Commitment	2010	2009	By 2012
Overall BEE level	Level 5 (56.93)	Level 6 (46.5)	Level 4 (65+)
Equity ownership	3.57	4.7	6.5
Management control	9.03	7.3	8
Employment Equity	10.59	9.8	11
Skills development	10.25	7.7.	15
Preferential procurement	10.44	5.7	13
Enterprise development	8.05	6.3	11
Socio economic development	5	5	5
Total CSI contribution	R314m	R292m	R300m
Surplus product distributed	R283m	R262m	N/A
Educators benefiting from the Eduplant programme	8000	5000	N/A

The transformation pillar of the Good business journey embraces the dti's broad-based black economic empowerment (BBBEE) scorecard framework, including: equity ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. BBBEE is overlaid on the Woolworths strategy to ensure meaningful and sustainable empowerment endeavours. To enable the implementation of BBBEE, Woolworths took an integrated and multi-pronged approach to shifting the organisational culture, mainly driven by change leadership initiatives.

The Board transformation committee assists the Board in ensuring that there are appropriate strategies, policies and processes in place in order to drive transformation.

BEE Verification Agency CC was appointed as the company's verification agency for the 2010 financial year. Through the external assurance received from the agency, we have achieved a 56.93% score, a level 5 achievement, improving from 46.5% in June 2009.

Details on the individual sections of the BEE scorecard follow below.

BEE EMPLOYEE SHARE OWNERSHIP SCHEME

The BEE employee share ownership scheme was established in July 2007 to accelerate transformation initiatives by spreading equity ownership more broadly across Woolworths, transferring a 10% holding to Woolworths employees. The scheme also provides a retention incentive to employees.

A board of trustees, with a majority of employee representatives, has been established, chaired by Dolly Mokgatle, and the trustees met twice during the year with full attendance at both meetings. The trustees exercised the voting rights of the preference shares at all the general meetings held by Woolworths. During the

year the trustees also held their first Imbizo for beneficiaries, which was well attended and which received very positive feedback.

Employee turnover in the retail sector and amongst employees benefiting from the BEE employee share ownership scheme had adversely affected the Woolworths ownership status, but has decreased significantly in the last financial year. At the end of June 2010, there were 8706 beneficiaries participating in the scheme.

Our BEE employee share ownership scheme earned a percentage of the dividends paid out to ordinary shareholders and during the year the beneficiaries of the scheme received R16.3m, an increase of 67% on the previous year. The scheme has paid a total of R37.8m in dividends to date. The full benefits of the scheme become due in 2015.

MANAGEMENT CONTROL

Woolworths continues to focus on representivity of black non-executive directors and senior executives through succession planning and talent management processes and the management control score has improved from 7 to 9.03 accordingly.

EMPLOYMENT EQUITY

Diversity of workforce and compliance with the Employment Equity Act are critical for the transformation of Woolworths. This is embedded and aligned to the business strategy, succession planning, talent management processes and employee engagement.

During the year Woolworths went through a Director General review of employment equity progress with the department of Labour, which highlighted the need to focus on African representation at senior management level and disability representation.

There has been extensive work done to ensure integrated and sustainable Employment Equity (EE) Act compliance across the business via diversity committees in all business units.

These committees are meeting, on average, on a monthly basis. The mandate of these committees has been well defined through ongoing training of diversity committee members; Let's Talk! is a successful engagement methodology at all diversity committee meetings to ensure compliance with the EE Act. Some of the major benefits of the Let's Talk! methodology are effective engagement, escalation of EE issues, driving accountability and ensuring a two-way feedback process. The continuous improvement of Integrated Performance Management (IPM) has now seen BEE and/or transformation included in individual employees' performance goals. Individual goals coupled with an effective tracking and measurement capability, contribute in embedding BEE as a way of working that is integral to business strategy.

SKILLS DEVELOPMENT TRAINING

Our learning and development focus is on developing and building competence relating to both leadership/management and technical or functional skills. Learning and development continues to be a key enabler for the development of a black talent pipeline for key roles in the business.

Woolworths drives learning and development through the Woolworths Academy framework, which is structured in a way to guide each learner to undertake a path of progressive learning, and includes:

- 775 employees are on accredited learnership programmes (4% of total employees), leading to a national qualification registered with the South African Qualifications Framework. This has increased from 366 employees in 2009;
- 6 Accredited Skills programmes are running through Supply Chain and Foods; and
- 5 Trainee programmes across the business.

Skills development performance has improved against 2009, but is still underperforming against the Woolworths target for the year.

Total spend on black employees increased significantly from the last financial year.

PREFERENTIAL PROCUREMENT AND ENTERPRISE DEVELOPMENT

Woolworths is committed to supporting existing suppliers to improve their empowerment credentials and introducing small, medium, black-owned and black women-owned suppliers to the business.

The preferential procurement score has improved dramatically (5.7 to 10.44 this financial year) due to focused efforts by the business units to get hold of supplier credentials, well structured central procurement RFP processes which emphasise BEE credentials, and support for suppliers in their own verification processes.

Woolworths Enterprise Development strategic aims are to address the challenges facing small black-owned businesses by assisting these businesses in moving from being survivalist to being sustainable. Key to this is providing these enterprises with business opportunities.

Furthermore, in line with the Woolworths strategy of building long-term relationships with its suppliers and partners, we focus our ED efforts on emerging organisations in our greater supply chain. Woolworths enterprise development strategy rests on four pillars, all of which we believe are essential to help an emerging entrepreneur or small business to grow into a sustainable entity.

The four pillars are financial assistance (including shorter payment terms), guaranteed business, a package of support which includes mentorship, targeted upskilling and the assistance of external experts. In order to be able to deliver the maximum benefit to our ED beneficiaries we will partner with organisations that can further complement our contributions. Currently Woolworths has partnerships with:

- Old Mutual Masizane Fund and Ilima Consultants. This is a development initiative set up by Old Mutual aimed at supporting national economic transformation through enterprise development, with a focus on women-owned businesses; capacity building & skills development and financial education.
- saibl - South African International Business Linkages. This is a business linkage program building the competitiveness of black enterprises through improvements in management, productivity and quality, and use of modern technology, and linking them to domestic and international markets in sustainable business relationships.
- Various independent consultants.

In the current year we have assisted 32 (2009: 25) black-owned companies supplying products and services to various business units.

We see our ED strategy as an investment in the future of our business supply chain, the wider economy and the society in which we operate.

Case Study - Clothing bank

The Clothing Bank was established by two like-minded and accomplished women in 2009. Tracey Gilmore and Tracey Chambers share a passion for making a real and meaningful difference to the lives of impoverished women within South Africa, and it was this commitment that drove them to establish The Clothing Bank creating a seamless supply chain between the retail industry and disadvantaged communities.

The annual clothing excess in the South African retail industry is estimated at a value of R200-R900 million. These excesses, which are normal in the retail industry, could be used efficiently to benefit NPOs, disadvantaged communities and their people.

Once introduced to The Clothing Bank, Woolworths immediately understood the value that it could bring by supporting these social entrepreneurs (currently over 60 women are involved in the programme). Woolworths donated R5 million in clothing for the first year (2010). Woolworths is committed to helping The Clothing Bank, and is doing so through its dedicated Enterprise Development division.

How the Clothing Bank operates

- The clothing collected by the Clothing Bank is managed in three ways:
- Sold to the unemployed women in their trader training programme.
- Given to partner NPOs, welfare institutions and governmental services who identify the needs of communities at grass-roots level.
- Stored and utilised to ensure immediate response for disaster relief.

Case Study - Enterprise development: Strandveld tea

Woolworths continues to demonstrate its commitment to socio-economic transformation and specifically Broad-based Black Economic Empowerment (BBBEE) in South Africa by supporting small, local, community-based enterprises. One of the latest projects to benefit is the Strandveld Tea Farmers Association, which is now growing premium fine rooibos tea for Woolworths.

It's one of the projects that has grown out of the partnership between Woolworths and the Shell Foundation, a U.K.-based charity that tackles global development challenges by helping small businesses in poorer regions around the world. With The Better Trading Company, Shell Foundation's development partners, a study was commissioned that showed rooibos production would have less impact relative to other farming activities in the Elim area, it also suggested ways in which rooibos farming could restore biodiversity in areas already impacted by alien vegetation.

The introduction of rooibos farming is also having a positive effect on the local community, which was established as a Moravian Mission Station in 1824, is still a small, picturesque country village where, until recently most economic activity revolved around subsistence farming and the thatching trade. They started small, planting only 10 hectares in 2006, expanding to 20 the following year, then doubling that again the year after.

In just four years their hard work – with assistance in terms of investment and technical expertise – has paid off, as the project produces export-quality rooibos while creating job opportunities and generating revenue for the people of Elim. It's also benefiting the environment, as the farmers remove dense alien bush when planting rooibos. The rooibos inhibits re-growth of the aliens, but not the indigenous fynbos. In order to preserve the fynbos, planting, weeding and harvesting of the rooibos crop is done by hand. In addition to cultivating rooibos, local farmers have also found employment helping a nearby farmer harvest fynbos for export.

CSI

The Woolworths CSI strategy is aligned both to our core business strategy and to the stated national development priorities of the South African government.

A key focus of all the trust's activities is to build capacity in our communities – to encourage and support our beneficiaries in becoming self-reliant. In particular we are committed to contributing to education by addressing food security and nutrition and the needs of orphans and vulnerable children. The Woolworths Trust is managed by a board of trustees who oversee our core activities in line with our CSI policy.

SURPLUS FOOD AND CLOTHING DONATIONS

Woolworths is committed to using its surplus products to contribute in eradication of poverty in South Africa. Each year, Woolworths gives away millions of rands' worth of its clothes and surplus food to underprivileged South Africans. The surplus food is past its "Sell-By" date but before its "Best Before" and "Use By" dates. Most surplus food and some surplus clothing are distributed by Woolworths to local charities.

R279m worth of goods were donated by Woolworths to needy charities in 2010 (2009: R262m). Note: These figures represent the cost to company, not the retail price of the items.

FOOD SECURITY IN SCHOOLS

Through our major sponsorship of the EduPlant programme we, together with Absa and Engen, assist South African schools in developing permaculture food gardens. In 2010, 8 000 educators benefited from participating in the EduPlant programme, co-ordinated by Food & Trees for Africa. This is the Trust's flagship food security and educational initiative and provides sustainable food security through food gardens to school communities. The project currently receives in excess of R1.5m a year from the Woolworths Trust.

Through the EduPlant programme, schools develop food gardens using permaculture techniques. In harmony with nature, EduPlant schools grow vegetables, fruit, herbs and medicinal plants. These schools provide food for hungry school children and the communities around them.

Through their participation in the EduPlant programme, thousands of schools across the country have become champions of community development; promoting food security, improved nutrition and self-reliance.

In the second half of 2010 Woolworths, together with ABSA, will be funding a pilot project in Siyakhana food garden in Bezuidenhout park in Johannesburg. The Siyakhana Food garden is a project of the University of Witwatersrand and it has the objective of improving availability and accessibility of nutritious food and providing education to the surrounding communities on producing their own food.

Record number of Educators reached through EduPlant workshops and record number of EduPlant entries in 2010

The 2010 EduPlant workshops have been a great success. This year the programme welcomes Engen, Absa and the Woolworths Trust as the funding partners. They are growing and developing this national school greening and food gardening programme, founded and coordinated by FTFA, that is now in its 16th year.

A record number of over 8 000 delegates attended the 72 educator workshops run across South Africa and a record number of over 580 schools have submitted entry forms for the competition this year.

IMPROVING EDUCATION

Through MySchool and Making the Difference through Design and Making the Difference through Nutrition, Woolworths contributes to the improvement of education in South African schools.

We have contributed more than R100m to date to MySchool on behalf of our customers. In 2009-2010 alone we contributed R27m to the MySchool programme through over 500 000 active MySchool supporters. The contributions have supported more than 10 000 schools, many in impoverished areas around the country.

The project also includes MyVillage and MyPlanet, which support selected charities and environmental organisations.

A total of 1 900 schools are benefiting from Woolworths Making the Difference through Nutrition or Design school initiatives. In 2009-2010 Woolworths extended the Making the Difference programme to include class lessons focusing on nutrition, exercise and "Farming for the Future".

ORPHANED AND VULNERABLE CHILDREN

The Woolworths Trust is committed to playing a role in the national effort to support orphaned and vulnerable children in South Africa. We believe in strengthening families, communities and school communities so that they are better able to care for them.

The Woolworths Trust partners with Heartbeat to promote and enable community care for orphaned and vulnerable children. 3 000 orphaned and vulnerable children are able to stay in their own communities as a result of Heartbeat.

During 2010 we continued our support to the Emthonjeni area in Mpumalanga and entered the second year of a project in the Jozini area of KwaZulu-Natal. The project will provide 12 non-governmental organisations (NGOs) with the opportunity to participate in a training and mentoring programme with Heartbeat over a 24-month period. The objective is to enable these NGOs to provide the necessary support to the orphaned and vulnerable children in this particularly needy area. It will extend the reach of Heartbeat to a further 2 000 children in this area.

STAFF GIVING

Woolworths stores are encouraged to support social development projects, schools and charities in their local communities. The Woolworths Trust matches the funds raised by stores with contributions of up to R4 000 per store per year. In addition, stores have their own community giving programmes distributing surplus food and clothes to local charities. Through Working Wonders, an employee recognition programme for community work, Woolworths also encourages and supports employees who are involved in meeting social challenges in their communities.

Case Study - Working wonders winners:

Jama Katangana is being recognised because of his dedication and commitment to the organisation Nants'Ingqayi (NAD). The organisation helps to enrich the lives of the community of Langa. NAD helps enrich this community by supporting all kinds of arts activities from theatre to community 'jazz jams'. They provide skills as well as helping young and old express themselves artistically and, through that, to lead better lives. Jama spends a great deal of his free time working with them and makes sure that it reaches as many people as possible. He has recently been very involved in enabling a group of children from NAD to provide entertainment along the fan walk as part of the World Cup activities. In addition to the wonderful work that Jama is doing in his community he is also a wonderful asset to his department and as stated by his line manager ' He is a real Woolworths ambassador, who gets involved where his help is needed without any expectation of remuneration or reward.'

Arlene Newman is being recognised because of her dedication and commitment to making a difference in the lives of many animals and in particular for her support and involvement with the organisation Adopt-A-Pet. She collects pet food, towels, blankets and monetary donations from her IT colleagues for Adopt-A-Pet, as well as books for The Emma Animal Rescue Society (TEARS). She believes strongly that animals cannot help themselves and they have so much love to give and all they ask for in return is love, a warm bed, food and water. Her workspace is usually surrounded by large bags of food and books that she has to call Adopt-A-Pet to come and collect from her. Arlene is not only making a difference to Adopt-A-Pet she is also a wonderful asset to her department and a great Woolworths ambassador.

Case Study - Habitat for Humanity Build

In November 2009 Woolworths held its first annual charity triathlon. Many staff members, their families and our suppliers ran, swam and cycled to raise money for Habitat for Humanity. Habitat for Humanity International is a non-profit, housing organization that operates as a worldwide ministry seeking to provide simple, decent and affordable housing to communities, in need, throughout the world.

From 12-16 April 2010 Woolworths teams built eight houses for families in Mfuleni Township, Cape Town from the funds raised by the triathlon. The second charity triathlon will take place in November 2010.

SOCIAL

COMMITMENTS AND PROGRESS

Commitment	2010	2009	By 2012
Number of employees	18 977	17 551	n/a
Conversion of part-timers to flexible 40 hours	36%	16%	n/a
Union membership	26%	30%	n/a
Labour turnover (Management)	13%	12%	10%
Number of injuries on duty	693	551	n/a
Full compliance with supplier code: Foods	95.5%	94%	95.5%
Full compliance with supplier code: Clothing	89%	84%	90%

Our social pillar includes a focus on Woolworths people initiatives, social conditions in our supply base, product labeling and health and safety.

PEOPLE

Woolworths is an aspirational and modern retail brand with a strong value based culture that permeates employee relations and assists to drive high performance; therefore we are able to deliver sustainable and profitable growth through our People.

Our integrated people strategy, which is built on the philosophy of creating an inspiring workplace, is the foundation of the company strategic plan and is critical to motivating and rewarding the right employee actions and behaviour in order to effectively execute business plans.

The objectives of the People Strategy are:

- To build employee engagement;
- To establish non-negotiable commitment to EE;
- To develop capability, succession and career pathways;
- To establish a performance motivated culture;
- To enhance values based leadership; and
- To attract outstanding talent.
-

In 2009/10 we made significant strides towards establishing a leading employment value proposition through the implementation of an integrated people and reward strategy. The key achievements for 2009/10 were:

Store Staff Employment Proposition

Prospective and current employees are attracted and retained by the value-based culture which forms the bedrock of the business. From the financial year 2008/2009 to 2009/2010 staff turnover in corporate stores **decreased by 8%** as a result of the improvements made in strengthening the staff employment value proposition, which included:

- Increasing stability through ensuring more guaranteed hours for our store staff. This was achieved through the conversion of flexible 28 hour contracts to flexible 40 hour contracts. On the 30th of June 2010, **37%** of staff were converted to flexible 40 contracts.
- Successfully trialling a variable pay scheme in 4 stores for all store staff. The scheme has been implemented nationally as at July 2010.
- Merging the Alexander Forbes provident fund with the Woolworths Group Retirement fund allowing approximately 4 000 staff employees in corporate stores to receive the same group risk benefits included in the Woolworths Group Retirement Fund,
- Increasing the funeral benefit at no extra cost to the employees.

Short Term Incentives

Short term incentives including the corporate short term incentive scheme, the regional manager and corporate stores gain share scheme and the supply chain gain share scheme performed as planned rewarding participants for successful performance.

Employee engagement

Woolworths employee relations strategy remains focused on developing and maintaining sound one-on-one relationships with all staff, which we firmly believe is in the best interests of our people. Industry norms are reviewed on a regular basis to ensure that Woolworths remuneration remains competitive and market-related.

Lets Talk is an engagement tool that provides employees with the platform to 'be heard' and to track daily actions relative to the operating and trading plan. As at year end 80% of head office and over 50% of stores have implemented the methodology which has translated into improved performance.

People Survey

The employee opinion survey known as 'Lets Ask' was deployed in stores to measure engagement, the effectiveness of our people strategies and leadership. Overall there was **2.1%** improvement in performance. Notable shifts included

- 3% improvement in Culture & Leadership
- 3% improvement in Stakeholder Engagement:
- 8% improvement in Reward & Recognition:

Recruitment

Over the past year a solid platform has been established from which we can build our position as the preferred employer within retail. A full review of recruitment and selection policy, process and metrics has been completed and there has been a focus on building recruitment and selection competence in HR and Line Managers. The development of alternative sourcing channels has also contributed to a significant decrease in recruitment costs across the business.

Head Office Restructure

In order to position the business to effectively deliver the strategy going forward, an organisation-wide structure alignment process was completed at head office. The key outcomes of this process were simpler leaner structures, with clear accountability aligned to the delivery of the business strategy. The intent was also to structure to build succession and increased capability. Key focus areas through the structure alignment process were the retention of key skills and commitment to employment equity.

Employment Equity

Employment equity has continued to be a key business focus in 2009/10 with a specific focus on establishing an EE talent pipeline in line with our strategy of developing and progressing EE talent through the business. The launch of our graduate programme, Growth Academy, in collaboration with the W&RS Seta and the University of Stellenbosch Business School in February 2010 was groundbreaking within the retail sector, and is a significant step towards enabling this strategy. In order to build a culture that enables transformation, a new Diversity workshop was piloted, and will be rolled out across the business in the new financial year.

Skills Development

Development of the requisite skills to deliver our strategy both in the short and longer term remained a key focus area for the business and the numbers of learners participating in formalised Learnerships, Skills programmes and Trainee programmes has increased steadily. The launch of the Growth Academy as well as a Corporate Stores and Real Estate Development Certificate in Business Practice funded by the W& R Seta and run in partnership with the Triple L Learning Academy were highlights for the year. Retail Academy, which focuses on the development of middle to senior management, continued to run in partnership with UCT Graduate School of Business. In addition, there was also a continued focus on general upskilling and building of retail merchant skills. The learning centres at Adderley Street in Cape Town, Rosebank in Johannesburg, and Westville in KZN have all come on stream to accelerate the development of retail skills by providing focused and accredited courses required for modern retail.

SUPPLIER RELATIONS

All our suppliers, service providers and franchisees, whatever their location, are bound by the Woolworths Code of Business Principles. All our suppliers are regularly assessed against it.

This means that the quality of their workmanship has to be the highest, their workforce has to be treated fairly, and that any negative impact their operations might have on the environment is minimised.

Clothing's 2010 compliance target was 90%, but 89% was achieved, a good improvement from 2009, but still slightly below our objective, largely due to challenges in the engagement of international suppliers.

Food targeted a 95% compliance with the supplier code of Business Principles for 2010 and achieved 95, 5% compliance over a two-year audit cycle.

The 2010 winners are Fair Cape and Bakkavor

Bakkavor is receiving an award for their water saving initiatives, their eco-friendly water heating installation, and the use of filtered factory wastewater to irrigate nearby farmland.

Fair Cape is receiving an award for their carbon footprinting study, and for their plan to recover fats and oils from their wastewater to generate power.

Case Study - Woolies recognises suppliers for their commitment to protecting the environment

The Stewardship Awards were created to recognise Woolworths suppliers who are taking the lead in using natural resources efficiently and who are helping to build people and communities.

To enter, the suppliers submit a report outlining their environmental and socioeconomic performance and entries are reviewed by a panel of environmental experts.

PRODUCT SAFETY AND LABELING

Woolworths is committed to maintaining the highest possible levels of product safety throughout the business. Product design and manufacture are always assessed against stringent safety standards.

Food safety is critical to the business and mechanisms are in place to ensure that consumers are offered product which has undergone thorough testing and rigid process control to ensure it is as safe as possible. Processes include routine checks:

- the Woolworths-appointed independent SANAS (South African National Accreditation System) accredited food laboratory runs routine checks for any potentially harmful micro-organisms and pathogens. It also routinely monitors pesticide residue levels on fresh produce and heavy metal levels in fresh fish; and
- an independent auditing organisation, International Britannia Limited (IBL), conducts four hygiene audits a year in each of our stores where food is cooked to ensure that good food handling routines are in place.

Woolworths has a robust product recall process in place, whereby products posing a safety risk are removed from the shelf within two hours of the respective executive being made aware of the risk.

Woolworths labelling policy ensures that customers are given sufficient accurate information to allow them to make informed buying decisions. Woolworths clothing is fully compliant with government requirements in terms of labelling which, in addition to listing the country of origin, require details of fibre content and care instructions plus the importer's code for imported lines or the manufacturer's taxpayer number for local goods.

All Woolworths food labels contain detailed information on ingredients, nutritional values and allergens. Woolworths has a no pin policy in Kidswear, to ensure we keep children safe and free from metal contaminants.

OCCUPATIONAL HEALTH AND SAFETY AND SECURITY

All Woolworths buildings are designed within stringent health and safety guidelines and with employee and customer wellbeing as a primary consideration. Joint worker/management health and safety committees are in place. Prevention is an important aspect of Woolworths health and safety procedures and the company supports ongoing communication in the workplace, particularly around safe working practices in high-risk areas such as stores and the distribution centres.

Woolworths currently employs 14 occupational health practitioners to deliver a comprehensive occupational health and wellness programme which includes an employee assistance programme (EAP). This programme provides confidential counseling for personal or business crises as well as lifestyle counseling to employees to help them manage health-related issues.

Ongoing vigilance and a determination to put the safety of our staff and customers at the forefront of our stores' security management process have been critical to containing crime during the year – armed robberies have, however, stayed the same as the previous year at 18. Fortunately no deaths or serious injuries were recorded.

Injuries on duty	Number of injuries
July 2009 to June 2010	693
July 2008 to June 2009	551
July 2007 to June 2008	511
July 2006 to June 2007	751
July 2005 to June 2006	637
July 2004 to June 2005	687

HIV/AIDS

HIV/AIDS is regarded as a potential threat which can be managed and monitored with the appropriate leadership, strategic planning, implementation of cost-effective and sustainable measures, to manage the impacts on the organisation and its employees.

Activities and Accomplishments:

- Review of the Woolworths HIV/Aids strategy in line with the organisation's strategy.
- Woolworths has a comprehensive Employee Assistance Programme (EAP) which encourages employees / people who are affected or infected by HIV to come forward for confidential counseling and support.
- All Woolworths employees have access to free treatment and care. The Clinical Management Program, (100% Company-funded) offers treatment and other benefits to the HIV-positive employees who do not qualify for membership of the Wooltru Healthcare Fund. Those belonging to the Healthcare Fund can access treatment via the fund.
- Woolworths is currently launching a testing campaign in line with the Government's National HCT (HIV counseling and Testing) campaign. This includes a Wellness component. These tests include HIV, Diabetic, Cholesterol, Body Mass Index and Blood Pressure Screening).
- HIV/Aids awareness within stores and Head Office continues, and some individual stores have their own HIV awareness committees that arrange HIV/Aids-related awareness activities. This will be reinforced by the one-on-one education that takes place with the HIV screening test.
- Woolworths also contributes to better management of issues such as HIV/Aids in the workplace in partnership with organisations such as the South African Business Coalition on HIV/Aids.
- Woolworths also supports national campaigns such as World Aids Day and the 16 Days of Activism Campaign for no Violence Against Women and Children, breast cancer and substance abuse awareness.

The challenges ahead

- Encouraging all employees to know their HIV status by taking part in the HCT Campaign;
- Encouraging employees to confidentially report cases to the Clinical Management Programme, Wooltru Healthcare Fund HIV Programme or Woolworths Health Services to ensure access to support and information;
- Planning for sustainable, cost-effective interventions into the organisation taking the following key factors into account:
 - Put effective measures in place to reduce the financial impact of the HIV/Aids epidemic on the organisation
 - Introduce cost-effective, sustainable interventions that support the organisational strategy.

ENVIRONMENT

COMMITMENTS AND PROGRESS

Our key initiatives under the environmental pillar of our programme include organic and free-range products, healthy eating choices, protection of biodiversity, animal welfare, water management, waste management and the reduction of packaging. We continue to promote environmentally sound farming methods, thereby ensuring that our conventional produce farmers migrate to environmentally sensitive farming methods and organic production.

Commitment	2010	2009	By 2012
Relative water reduction stores	27.3%	12%	30% relative reduction
Water reduction head office complex	24%	20% (restated)	30% reduction
Organic food sales (excluding farming for the future)	R631m	R500m	R1 billion
Organic and sustainable fibre clothing sales	R608m	R400m	R1 billion
Farming for the future compliance levels	68.4%	Benchmark year	85%
Woolworths wine suppliers membership of Biodiversity and Wine Initiative (BWI)	70%	55%	100%
Foods packaging reduction	660 tons	320 tons	2 000 (20% reduction)
Recyclability of foods packaging	66%	50%	90%
Recycled content in foods packaging	24%	23%	25%
Recycling symbols on foods packaging	83%	79%	90%
Reusable bags sales (no. of bags)	920000	900000	1 000 000
Reduction in plastic bag sales per transaction (benchmark 1.33)	.995	1.17	1
Woolworths recycling facilities	8	0 (Except for CFL recycling in store)	50
% waste-to-landfill from distribution operations	16%	33%	0

SUSTAINABLE AGRICULTURE AND MANAGEMENT OF BIODIVERSITY

South Africa has the third-highest level of biodiversity in the world, but agriculture and its impacts, are of the most significant threats to natural resources and biodiversity in South Africa.

Over the past decade it has become clear that while the current approach to farming produces cheap food in abundance it also carries hidden costs for the health of the planet and its people. Years of ecosystem degradation

in South Africa's agricultural landscapes has resulted in depleted soils, barren lands and poisoned waterways, rising input costs and greenhouse gas emissions, and increasing rural poverty.

This situation is driving a move towards the concept of sustainability in farming practices, agriculture which can protect soils and water supply, nourish people, support rural livelihoods and help communities cope with a changing climate. This concept centres on the need to build farm productivity and profitability in a way that protects the natural resources on the farm and social well-being – ensuring that the agricultural sector can meet world food demands, enhance rural livelihoods and underpin stable economic systems.

Woolworths and its suppliers are dedicated to selling products that do not cause harm to the natural world in the way they are made, and we are focused on working with our suppliers to improve farming practices.

WWF as a Strategic Partner in Agriculture

WWF is a leader in understanding and mitigating the impacts of key drivers of biodiversity loss – including agriculture. In South Africa, they have invested in sustainable farm management techniques and tools for large and small growers in a range of commodities and currently manage several product-specific sustainability initiatives, including the Biodiversity & Wine Initiative, the Sustainable Sugar Farm Management System and the establishment of GreenChoice, in partnership with Conservation International, aimed at promoting wise resource use throughout the food supply chain.

We are establishing a collaborative project which assists in enhancing the environmental benefits, and accelerating the adoption levels, of the FFF Better Management Practices across the Woolworths supply base. The high-impact dairy sector has been identified as a good starting point for putting this collaboration between WWF and Woolworths into practice.

WWF will play an important role in verifying the progress and results achieved under the FFF programme, as well as providing specialist knowledge and experience across a range of biodiversity and water areas. Woolworths will partially fund WWF's sustainable agriculture work, as part of the collaboration between the entities.

Woolworths broader response includes:

- taking genetically modified (GM) ingredients out of our food wherever possible. Any GM ingredients remaining are clearly labeled – which means customers can make informed choices while shopping; and
- selling only badger-friendly honey.
- only sourcing wood which is recycled or independently certified as coming from approved sustainable sources, e.g. Forest Stewardship Council (FSC);
- selling no product or by-product of threatened species;
- working on a sustainable solution for potato farmers in the Sandveld;
- requiring Woolworths wine farmers in the Cape Floral Kingdom to be members of the Integrated Production of Wine (IPW) programme and the Biodiversity and Wine Initiative (BWI), over time;
- shifting conventional farmers to adopt environmentally sensitive farming practices – reducing their impact on the environment, through the farming for the future programme (see below); and
- supporting predator-friendly farming. We are against indiscriminate forms of predator management that cause pain, distress or death to predators. We are working closely with our supply base, universities, the Department of Agriculture's research farms and a number of other experts in this field, including the Landmark Foundation, to implement guidelines which set out ethical predator control measures. The foods team is also actively involved in an Anatolian sheepdog adoption programme sponsored by the Woolworths Trust.

Fishing for the future

Woolworths Fishing for the Future initiative is a guarantee to customers that our seafood is: responsibly sourced, legally caught and has full traceability.

We are partnering with the South African Sustainable Seafood Initiative (SASSI) and use their red/amber/green colour-coding system to indicate threatened species.

Woolworths has also recently introduced a new gourmet fish selection – sustainably wild-caught, MSC (Marine Stewardship Council)-certified Alaskan salmon fillets, mackerel smoked & peppered fillets and herring fillets, and sustainably farmed trout smoked fillets. The MSC certification complements the local SASSI programme, and extends our coverage for imported and farmed fish species.

Palm Oil

Woolworths is the first South African company to become a member of the Roundtable on Sustainable Palm Oil (RSPO). The RSPO, a global organisation, has developed a set of standards called the Principles & Criteria (P&C) that define the practices for sustainable palm oil production. These standards address the legal, economic, environmental and social requirements of producing sustainable palm oil.

Currently, the majority of palm oil is produced in Malaysia and Indonesia, and according to the RSPO, these countries account for 83 percent of production. Oil palm is grown most often on newly cleared rainforest or peat-swamp forests rather than on already degraded or abandoned agricultural land - something the RSPO is closely monitoring and working to end. In both countries, the number of critically endangered and threatened land mammals has increased significantly.

The RSPO unites stakeholders from seven sectors of the palm oil industry - palm oil producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation NGOs and social or developmental NGOs - to develop and implement global standards for sustainable palm oil.

Woolworths, which uses some 600 tons of palm oil each year in its products, has joined the RSPO in order to promote and raise awareness of the need for sustainable palm oil production. This commitment includes purchasing certified sustainable palm oil certificates for the tons of palm oil used in Woolworths foods and beauty products. By buying these Green Palm certificates Woolworths is contributing to RSPO efforts to incentivise Indonesian and Malaysian palm oil producers to become certified sustainable producers. Woolworths has also undertaken to replace palm oil with alternatives where possible and has further committed to using only certified sustainable palm oil by 2015.

FARMING FOR THE FUTURE

Together with our farmers, we're pioneering a new approach to growing food sustainably and in harmony with nature so that South Africa's farms will be able to provide enough food for future generations - without compromising quality or adding to the cost. We call it Farming for the Future.

Farming for the Future is a holistic approach that manages the entire farming process systematically. It all starts with building and maintaining the soil, because, as any farmer will tell you, it takes good soil to produce good food.

Healthy soil is better able to retain water, so it needs less irrigation and water use is reduced. It also needs fewer chemical interventions, which means farmers only use synthetic fertilisers or herbicides when needed.

Fewer chemicals mean less chemical run-off, which, along with less soil erosion and loss of top soil, helps maintain water quality and biodiversity. Farmers also use integrated pest management principles in order to reduce reliance on chemical pesticides and herbicides and encourage biodiversity. All the farmers who grow produce for us are joining us on this journey, and by 2012 all our locally grown fresh produce (other than organically certified produce) will be grown this way. Some key progress during the year.

- 96 farms were audited last year as part of the programme over the last year;
- the WW compliance target for this year based on turnover was 57%, while 68.4% was achieved;
- 23 horticulture suppliers are being introduced to the programme; and
- Recent FFF customer research showed that a high percentage of customers understand the programme fully (54%).

Farming for the Future in action

Flip Nel, whose farm has been supplying Woolies with tomatoes, peppers and other fresh vegetables for years, has been out since dawn, running just a few of the hundreds of checks he does routinely to make sure his crops are getting just the right amount of water and fertiliser they need. Flip was one of the first Woolies farmers to adopt Farming for the Future. He's seen for himself how farming this way improves soil and water quality and cuts water use. He's also seen how the new methods have brought more birds and insects back to the farm, and how they're helping to keep insects that could damage his crop under control. He also loves hearing the birds singing as he heads to the fields in the morning.

WATER

Over the course of the current year increasing attention has been focused on water scarcity and quality as key issues for South Africa's development. South Africa is a water scarce country. In addition, the quality of our water is increasingly threatened, in part by industrial and agricultural activity.

The majority of South Africa's water resource is used in farming irrigation, and Woolworths, as a major supplier of fresh produce, has to play a role in water conservation. According to WWF-SA the stress placed on South Africa's scarce water resources has resulted in more than 84% of mainstream freshwater ecosystems being classified as 'threatened' in a recent national survey.

We are deeply committed to being part of the solution and have a long history of working with our suppliers to influence change. We will continue to ensure that our business and supply chain activity conserves our precious water resources.

Woolworths has committed to reducing water usage and managing waste water and water effluent. All suppliers who make fabric for our clothes adhere to very strict standards. No materials, dyes or chemicals used in the production of Woolworths clothing or textiles pose an unacceptable risk to health – or to the environment – during their manufacture or disposal. We continue to entrench our strict code of conduct regarding dyes (including the removal of Azodyes), chemicals and water management in our supply chain.

Woolworths' programme includes the following measures:

- Woolworths measures the amount of water used by suppliers and works with them to reduce water use and improve water waste management during growing, production and manufacture;
- within the Foods unit this work includes the reduction of pesticides, fertilisers and water usage;
- Woolworths fresh produce farmers have adhered to Eurepgap farming practices for nearly a decade. Eurepgap (now known as Globalgap) is an internationally recognised standard for safe and sustainable agriculture, setting guidelines for environmental and labour standards as well as product safety;

- Woolworths is the country's leading retailer in certified organic fresh produce, which is grown without the use of artificial chemicals, such as herbicides and pesticides, and does not release potentially harmful chemicals into water supplies;
- Woolworths is also working with our conventional farmers to help them incorporate more responsible farming practices into the way they farm in order to establish a thriving and sustainable microbial population in the soil through the farming for the future programme;
- we completed a water trial with 66 food suppliers which has highlighted issues with run-off water (into rivers and aquifers) from irrigation practices, and waste water from farm processing and are working with the Global Compact and the German Development Agency (GTZ) to further analyse water usage in agriculture and develop methods for reduction;
- Woolworths is working with the Council for Scientific and Industrial Research (CSIR) to identify South African arable areas that are likely to struggle with water scarcity due to the impacts of climate change and to incorporate this thinking in its supply chain strategy;
- we are committed to water conservation education, especially assisting to educate our supply chain and provide valuable water savings tips to both customers and employees; and
- we are working on researching and understanding the water footprint of selected priority products.

Water neutrality

Woolworths is the only retailer to form part of the World Wide Fund for Nature's (WWF) Water Neutral Scheme. The scheme, launched in association with the government's Working for Water programme, encourages corporates to become water neutral. The programme has multiple objectives of reducing the impact of invasive alien plants on our water supplies, improving the productive potential of land, restoring biodiversity and ecosystems function as well as creating jobs and economic empowerment.

Woolworths is water neutral by eliminating invasive water-thirsty alien plants on supplier farms and in protected areas, such as the Tankwa Karoo National Park. The project will release enough water into South Africa's water system to offset the water used by Woolworths operations each year, ultimately making the company water neutral. Woolworths will also fund the training and employment of workers who will remove alien plants, thereby creating employment as well as managing its environmental impacts responsibly. The project is a 20-year commitment.

According to WWF approximately 7% of South Africa's average annual run-off is used by alien and invasive plants. By assisting to eliminate these plants, Woolworths makes a meaningful contribution towards conserving water resources well into the future.

Real estate

When evaluating new real estate opportunities, Woolworths considers if the design of the property enables the efficient use of water and water waste. This includes:

- storage and use of recycled and grey water systems, retaining as much water on site as possible for re-use;
- use of indigenous shrubs and ground covers, minimising irrigation needs;
- storm water management – allowing rain water to be stored and used; and
- pulse metres in place to improve water measurement and monitoring.

Such measures have already been implemented at the distribution centre in Midrand.

Head office facilities have shown a 24% decrease in water usage from our 2008 benchmark and we have also achieved a 27% reduction in relative usage in stores (2008 benchmark: 122 kl/m²). This is significant, not only for conservation, but also as clear proof that sustainability can deliver cost savings.

Farming for the future and water

Farming for the future measures the water required for the plant and irrigation is used only if and when required. Early indications show a significant water saving. The conservative use of chemicals also prevents fertilisers and pesticides from possible fresh water contamination.

We're pleased to say by 2012 all our locally grown fresh produce (other than organically certified produce) will be grown this way.

The farming for the future audit results have again highlighted the need for us to focus on water consumption and waste water management in the Foods supply chain. The project with the German Development Agency (GTZ) focusing on waste water management in 66 foods packhouses is going to be extended to wine and dairy suppliers.

Woolworths suppliers' efforts

- La Motte produces red wines (Grand Rouge Merlot and Grand Rouge Cabernet Sauvignon/Shiraz Reserve) for Woolworths as well as potted disa plants. La Motte has a certified environmental management system and reduced their relative water usage per litre of wine by 41% in the last financial year from a 2004 benchmark.
- Kimberly-Clark South Africa achieved a 10% reduction in total water usage in the last financial year.

Both suppliers are previous winners of Woolworths eco-efficiency award that recognises suppliers for excellence in sustainable business practice.

ANIMAL WELFARE, ORGANIC AND FREE-RANGE

Woolworths has always had clear guidelines on animal welfare. These include:

- an NSPCA-approved Animal Welfare Code of Practice; and
- insistence that all animals destined for stores must be reared humanely and treated fairly in accordance with our code – abattoirs are regularly audited by a Woolworths technologist.

Woolworths was also heavily involved in the development and launch of badger-friendly honey, predator-friendly farming and sustainable fishing practices.

We do not permit:

- animal testing – we have never asked or commissioned our private label health and beauty suppliers to conduct testing on animals. Our animal welfare policy requires that suppliers did not use any raw materials tested on animals after 1 January 2001;
- products made from real fur;
- selling of whole eggs from caged birds;
- our health and beauty suppliers of our private label to use ingredients that are by-products of the food industry; and
- the use of duck feather and down that is not a by-product of the food industry in homeware.

Woolworths entire private label range of toiletries and cosmetics has been approved by Beauty Without Cruelty (BWC).

- Woolworths extensive Earth Friendly range of household cleaning and personal care products are made with naturally derived, plant-based, biodegradable ingredients and contain no petrochemicals and no artificial colours. Every product carries the endorsement of Beauty Without Cruelty and Woolworths has used recyclable bottles which themselves are made from at least 30% recycled materials.
- Woolworths is committed to addressing the issue of mulesing of wool-producing merino sheep. Mulesing is the surgical removal of strips of wool-bearing wrinkle skin from around the breech of a sheep. Mulesing is a common practice in Australia as a way to reduce the incidence of flystrike on Merino sheep. Although mulesing is not practised in South Africa, Woolworths will continue to monitor local South African suppliers to ensure that they conform to the position statement mandated by Cape Wools SA.

Free-range eggs

Woolworths is proud to have been the first major local retailer to stop selling whole eggs from hens kept in cages in 2004 – only whole free-range eggs are sold in Woolworths stores. We remain the only major local retailer to have achieved this.

Free-range egg production in South Africa is regulated by the Agricultural Product Standards Act. Woolworths free-range egg supplier farmers are fully compliant with the regulatory requirements and the requirements for free-range production as stipulated by the South African Poultry Association. Our free-range farmers are audited regularly to ensure adherence to our strict standards.

Our free-range hens enjoy access to ample food and water, sunshine and shade, the outdoors and protective shelters. They are fed a grain-based diet that contains no animal by-products.

The first hundred food lines “made with free range eggs” will appear on our counters in the last quarter of 2010 with seventy more appearing in 2011. We will be changing “factory-by-factory” as this is controllable and we can guarantee integrity.

Organic products

Woolworths offers South African consumers the widest range of certified organic products, from pasta and peanut butter to T-shirts and towels. In February 2008 we launched over 100 new organic grocery lines which cater for both basic grocery needs and the more specialised tastes of the contemporary cook. The range includes jams, pastas and pasta sauces, rice, condiments, oils, beans, breakfast cereals, biscuits, teas, coffees, juices, nuts, chocolates and more. This has made it easier than ever for shoppers to lead a more comprehensive organic lifestyle.

Woolworths began its organic cotton journey in 2004 and has steadily increased its use of organically grown cotton over the past six years. Woolworths offers a comprehensive collection of organic cotton products in children’s, men’s and women’s outerwear and sleepwear, baby clothing, towels and bedding.

- in 2010 our organic and free-range food sales were over R500m;
- organic clothing sales were considerably higher than 2009 sales, and over R400m of organic cotton sales were achieved, still below the target we have set for ourselves for the year;
- we now sell only free-range lamb, at the same price point as conventional lamb was sold at; and
- we have set internal sales targets for items made from other sustainable fibres, including soya, bamboo and organic wool.

Sustainable fibres

Driving innovation in clothing continued to be a strong focus. The use of organic cotton in clothing increased and garments with both 100% organic cotton and clothing with a percentage of organic cotton remain a popular choice among customers. A range of bamboo products, a natural and sustainable fibre, was introduced in women's outerwear in 2008. Woolworths is the first South African retailer to offer organic wool and has introduced men's formal trousers made from organic wool. A range of bamboo towels and wooden products from sustainably managed forests are available in homeware.

Along with organic wool, bamboo is one of the sustainable fibres we're using to drive innovation in clothing and homeware products.

Bamboo is not only the fastest-growing plant in the world, it doesn't need fertilizers or pesticides, and has no natural enemies. It simply spends its time growing. And it actually helps improve soil quality.

It is antimicrobial and absorbs moisture three to four times better than cotton; it also naturally 'wicks' that moisture away so that it evaporates quickly, a perfect fit for towels.

A whole range of Woolworths duvets are filled with plastic bottles. Stronger than 'virgin' fibre, this specially designed fibre made from recycled plastic bottles makes our cushions, pillows and duvets beautifully fluffy and resilient. By using such fibre, we're saving almost 500 000 plastic bottles a year from going to landfill.

In 2009 Woolworths introduced the first 100% South African organic cotton garments for summer. The range of T-shirts for both men and women is being made from South Africa's first commercial scale organic cotton crop, which was harvested last year in Limpopo. The planting of these 22 hectares was part of a multi-year pilot project which involved Woolworths, the Organic Exchange, ComMark, Cotton SA and the Agricultural Research Councils' Institute for Industrial Crops. With this impressive list of associates, Woolworths has produced an exciting and fashionable range that is environmentally conscious and ecologically sound.

According to the Organic Exchange, conventionally grown cotton consumes approximately 25% of the insecticides and over 10% of the pesticides used in the world. Organic cotton, on the other hand, is produced using only natural compost and pest management techniques, making it much healthier for the environment and safer for farm workers.

Case study – café Moshi

All W Cafés serve only organic coffee made from African Arabica beans, because we believe in supporting Africa's farmers – and also because they're the best Arabica beans in the world.

These beans have travelled from a small organic coffee farm in Tanzania, where local farmers rely on traditional, sustainable methods which are in harmony with nature. The coffee matures slowly, shaded by tall trees, before being hand-picked.

PACKAGING

Woolworths is committed to reducing packaging to the minimum necessary to protect, inform and promote the product. This reduction is supported by an intensive customer education programme and working with our partners to promote recycling facilities.

Reduce

We have set targets to reduce packaging to little more than the essential requirements of product protection and information, specifically:

- reduce clothing packaging by more than a third;
- reduce food packaging by 20%;

- decrease food plastic bag usage by encouraging customers to use reusable bags; and
- reduce clothing plastic bag usage where possible.

In food we have saved over 660 tons of packaging against the targets set in 2008 by analysing the packaging in 1 400 lines of food, specifically by weighing over 200 000 tons of food.

Recycle and reuse

We have set clear targets for recycling and reuse. These include:

- including recycled material in product packaging;
- restricting packaging materials to those that can be recycled locally and rationalise types of plastic;
- putting symbols on plastic packaging to help customers and recyclers easily identify packaging for sorting;
- involving and influencing the packaging industry to develop more sustainable materials; and
- recycling all store equipment including food trays and hangers.

Progress to date:

- 24% of the product lines in food currently contain recycled packaging materials. Where possible, the sleeves on ready-made meals, dips and other food products are made from cardboard which has 80% recycled paper content;
- Woolworths continues to seek raw material that is independently certified as coming from approved sustainable sources (e.g. material certified by the Forest Stewardship Council – FSC); and
- over 83% of our food lines have symbols on the plastic packaging to help customers and recyclers easily identify packaging for resorting.

Woolworths shifts range of wine into plastic bottles

From late August Woolworths shifted two of its entry level wines from glass bottles into PET wine bottles manufactured by Mondi. This will result in a shift of close on 100 000 bottles changing in this pilot.

The lightweight PET wine bottle reduces shipping weight and carbon emissions. It's also shatterproof, eliminating stock loss through breakage, and is 100% recyclable.

The bottle has several "green" benefits: an overall reduction in shipping weight – and therefore carbon emissions – as its 80% lighter than a 750ml glass bottle; less energy consumption in its manufacture, compared to glass; and its smaller size results in savings in both transportation costs and storage space.

The PET bottle is an "active package" that blocks oxygen from outside - essential for wine storage - and also scavenges the oxygen dissolved in wine and caught in the head space. It has the same transparency and aesthetic appeal as glass, but on handling it, its lighter weight and softer feel become apparent.

Case Study - Woolworths launches shoes made from recycled material

As part of its Good business journey, Woolworths is committed to finding new ways to recycle, re-use and re-purpose materials that might otherwise go to landfill. The latest innovation – one that's sure to find favour with eco-conscious parents – is a range of children's shoes made from recycled materials. The uppers and laces of Woolworths new Eco Walkmates Recycled are produced from fibre made from recycled plastic: the uppers from plastic crates and the laces from PET bottles, while the soles contain 80 percent natural rubber and 20 percent recycled rubber. The eyelets (nickel free, in keeping with Woolworths 'no nickel' policy) are fashioned from aluminium – mostly recycled from cool drink cans, tins and aircraft parts, along with an element of new aluminium.

RECYCLING

Woolworths committed to introducing a nation-wide programme supporting the recycling of our customers' waste. Steps to achieve this included Western Cape in-store communication around the nearest municipal recycling facility to each Woolworths store, and a programme in selected stores to collect CFL light bulbs from customers and recycle these. During the current year we made substantial progress in meeting our initial commitment.

Case Study - Offering customers convenient recycling facilities

Last October, Woolworths, along with partners Engen and Nampak began trialling recycling facilities at eight Engen service stations in the greater Cape Town region.

The pilot has offered Western Cape residents the convenience of dropping off their glass, paper, plastic and cardboard for recycling while filling up their vehicles or shopping at selected Woolworths Foodstops and Engen convenience shops.

The recycling project continues to be well supported by customers, with over 110 tons of recyclable materials having been collected from the 8 pilot sites in 9 months, and the frequency of collections having been increased at all sites.

We're now planning to install recycling facilities at an additional fifty Engen sites nationally over the next six months, using larger recycling facilities, currently being manufactured in South Africa. Customer research showed that 89% of customers viewed Woolworths more favourably as a result of the initiative.

Recycling facilities at selected food stand alone stores will also be trialled from September 2010.

PLASTIC BAG USAGE AND REUSABLE BAGS

Woolworths is committed to reducing plastic bag usage as a way of reducing its impact on the environment, saving costs and assisting customers to save costs as well. Woolworths customers are particularly encouraged to use reusable shopping bags, thereby reducing the number of new shopping bags that need to be made.

These have created an opportunity for Woolworths to preserve the environment as well as support enterprise development.

Woolworths two reusable bag suppliers, Isikhwama, based in Maitland, Cape Town, and Gusco, based in Uitenhage, employ 300 semi-skilled and unskilled people who were previously out of work between them.

Reusable bag sales continue to be strong with over 920 000 bags sold, and a number of new designs launched.

As can be seen by the graph below, plastic bag sales declined dramatically following the introduction of the plastic bag levy, but a year-on-year increase has followed since.

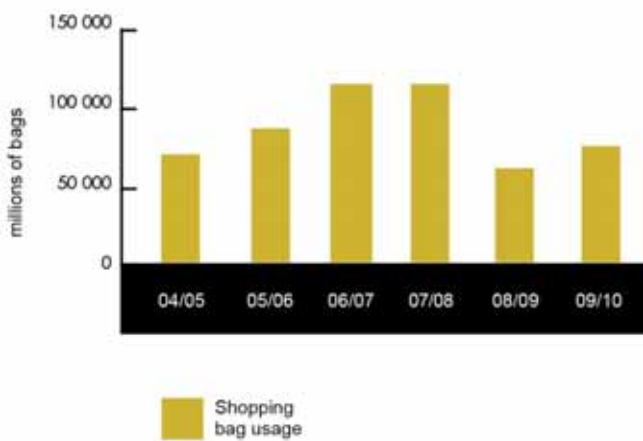
Relative plastic shopping bag sales have also decreased significantly over the last financial year. The 25% reduction target (of 1.0) had been set for 2012, off a 2007 benchmark of 1.3 plastic bags per transaction, with .995 already being achieved during the current year.

Woolworths 'green carriers' food bags are made from 55% recycled plastic, harvested from post-industrial waste, requiring fewer non-renewable resources than would be used to produce bags made entirely from virgin material. The shopping bags used for clothing and general merchandise also contain 35% recycled material which is also harvested from post industrial waste, with a target of 100% recycled bags by 2012.

Woolworths recycles all hangers through Hangerman who collects all unwanted plastic hangers from stores, sorts and cleans them (using a workforce that includes many disabled workers) and sells them back to clothing suppliers at a discount. We have been able to incorporate as much as 50% recycled material in many of our plastic clothes hangers and we make some of our new plastic hangers out of old damaged ones.

Our entire fleet of trolleys and all in-store shopping baskets will be made from recycled material – 86% of this fleet is currently made from recycled material, from post-industrial sources.

Over 30% of our in-store signage is made from recycled material – board made from recycled fibre and virgin pulp – a viable, ecological alternative to the standard plastic commonly used in signage, both fully recyclable and repulpable. In addition the chemicals used in production are all water-based.



HEALTHY EATING AND LIFESTYLE PROGRAMMES

The Good Food Journey is the name we've given to our ongoing quest to offer South Africa food that's better for our customers, better for the environment and better for the people who produce it. It encompasses everything from not using additives like tartrazine and MSG in our foods, switching to more natural flavourants, and offering more organic and free-range choices, to caring for the welfare of animals and promoting healthy eating as part of a healthy lifestyle.

- Woolworths pioneered the practice of date marking ("sell by" and "best before" or "use by" dates) in South Africa, giving customers an indication of when food would be at its best;
- the company focuses on avoiding the use of unnecessary additives (including preservatives) in foods;
- Woolworths does not sell whole eggs from caged hens and our exclusive range of Ayrshire dairy products in addition to all fresh milk is guaranteed free of rBST growth hormones;
- in recent years Woolworths has removed hydrogenated vegetable oils (HVOs) from its fresh prepared food and has removed over 35 tons of salt (based on average annual sales), primarily from its breads, cereals and cold meats, and some 79 tons of sugar from its chilled 100% fruit juices and nectars;
- Woolworths offers yoghurts made with natural flavours and colours, containing no added preservatives and no artificial sweeteners. In addition, all Woolworths yoghurts are made with rBST hormone-free milk. Woolworths yoghurts contain exclusive HOWARU™ probiotic cultures to help stimulate the immune system and assist in lactose digestion;

- Woolworths actively removes and avoids the use of allergens and other ingredients of concern to customers, where possible. No tartrazine or any form of glutamate may be used to produce Woolworths foods;
- Woolworths was the first South African retailer to remove aspartame from its foods. Woolworths has also removed the sweeteners saccharin and cyclamate from its own-brand foods.
- Woolworths pioneered allergen labeling in South Africa by introducing “nut logos” and a “contains” section (later changed to the “allergen” section) on product labels; and
- where we can do so, we will provide choice within our ranges for customers who wish to avoid particular ingredients, e.g. specific gluten-free products, meal solutions not containing garlic, etc.

Removal of azo dyes

From April 2010 Woolworths-branded foods no longer contain azo dyes, a type of artificial colorant frequently used to colour sweets and other brightly coloured foodstuffs.

It's largely due to requests from customers that Woolworths has removed azo dyes.

The removal of all azo dyes has been the biggest step we've taken since we removed tartrazine and MSG from our Woolworths branded foods.

Products where azo dyes have been removed include candy-coated Easter eggs, jelly sweets (including jelly beans, wine gums, rondos and wiggly worms), as well as cupcakes and fruit nectar squash drinks.

CLIMATE CHANGE AND ENERGY

COMMITMENTS AND PROGRESS

Commitment	2010	2009	By 2012
Reduce relative carbon footprint by 30% by:			
reducing relative electricity usage by 30%	18% relative reduction	12% relative reduction	30% relative reduction
regional food sourcing	We source over 95% of our food from South Africa, based on country of origin labeling.		
restricting airfreight of our food products	We have identified that less than 0.1% of our food is air-freighted and ensure that we only use this form of transport where local alternatives are not available.		
reducing relative transport emissions by 20%	See Sustainable transport strategy and distributable unit (DU) measures below .		
DU/litre	8.93	8.56	9.7
DU/km	4.16	3.98	4.44
Refrigeration	<p>First CO2 refrigerant pilot store launched.</p> <p>Ecofridge truck refrigeration launched.</p> <p>Waste heat, recycled from the refrigeration system, is pumped back in to the food market, helping to maintain comfortable trading conditions.</p>	<p>New pilot refrigeration technology rolled out to new stores.</p> <p>Frozen foods displayed in closed refrigeration cabinets - this has been the practice for over a decade, reducing energy usage in the freezers.</p> <p>The refrigeration in Woolworths distribution centre in Gauteng runs on an ammonia glycol mix which has zero global warming potential.</p>	Roll out new refrigeration technology retrofit to all large stores in 2010/11.
Lighting	<p>The electrical profiles of all stores, depots and offices are monitored remotely to ensure that lighting and air-conditioning units are managed in the most efficient way.</p> <p>Automated light switching equipment has been installed in our top140 stores to ensure that lights do not remain on after hours.</p>	<p>All light fittings in stores changed to energy-efficient fittings.</p> <p>Changed to electronic ballasts, in place of magnetic chokes in stores, depots and offices, resulting in a 15% saving in lighting costs.</p> <p>Woolworths only sells energy-efficient light bulbs and offers recycling facilities for these in selected stores.</p>	Automated lighting rollout complete.

Green Stores	Green elements included in the specifications of all new stores. Finalising greenest store to date for launch end October 2010 – Palmyra Road, Cape Town.	Trialed range of new store design and technology initiatives in DCs and stores.	Launch our greenest store to date by end 2010, and put plan in place to make all facilities more energy-efficient.
Clean energy	Solar heating used to supplement heating in new green stores. Waste to energy models being investigated.	Solar heating installations at MidRand DC.	Investigate clean energy commitments appropriate to our business in the light of new legislation.
Work with soil scientists to regularly monitor our farmers' soil sustainability, increasing its CO2 absorption abilities	Farming for the Future (FFF) programme launched.	FFF research completed with over 100 produce suppliers.	All conventional farmers meet FFF standards.

The past year has seen even greater focus on climate change and energy issues, both internationally and in South Africa, following what was for many an unsatisfactory outcome to the Copenhagen negotiations, and significant energy tariff increases locally.

Woolworths recognises that climate change is a major issue that affects the retail sector both directly through the operations we run and indirectly through our supply chains and the use of our products and services by customers. Climate change poses both risks and opportunities to all parts of the business sector and Woolworths believes in playing its part in increasing energy efficiency and reducing carbon emissions to the atmosphere as one of the four pillars of the Good business journey.

CARBON MANAGEMENT PROGRAMME

- Woolworths is committed to engaging with our national government and civil society organisations to develop policies and measures that will provide an enabling framework for the business sector to contribute effectively to building a low-carbon economy.
- Woolworths supports long-term regulatory action around the setting of clear medium and long-term emission reduction targets, as well as adopting goals and incentives for renewable energy production.
- We will engage with our suppliers, staff and customers to create an understanding of the risks and opportunities of climate impacts.
- Woolworths has conducted awareness programmes, campaigns and presentations at stores for the last 25 years to educate staff about efficient use of energy, and a new programme was launched in early 2010, with a new energy-saving mascot – Sparky.
- Woolworths' carbon footprint has been completed and verified by external experts.
- Woolworths is committed to reducing its relative carbon footprint by **30%** by 2012 (benchmark April 2007).
- Woolworths will continue to assess the viability of procuring energy from clean sources.

Products and services – empowering our customers

- Mobilising our customers to make low-carbon choices in their lifestyles is the most ambitious part of our overall carbon strategy.
- We promote 30°C washing temperatures for clothing and sell a range of detergents that allows for washing at low temperatures. This is an important step because around 75% of the carbon footprint of clothing can result from washing, drying and ironing.

Woolworths memberships and awards

- Woolworths signed the **Energy Efficiency Accord** with the Minister of Minerals and Energy in 2006 and is working towards achieving the National Energy Efficiency Strategy targets;
- Woolworths was chosen as the winner of the retail category in the **South African Carbon Leadership Awards 2010**
- Woolworths was ranked second overall in the **Carbon Disclosure Leadership index** as part of the 2009 Carbon Disclosure Project for South Africa. (We were ranked first in the low-carbon category in 2008.)

SUSTAINABLE TRANSPORT STRATEGY

We have looked at our entire distribution process to make it as socially and environmentally responsible as possible. Some of our initiatives include:

- A **route optimisation project** in conjunction with the Imperial group has resulted in a reduction of kms traveled and cost savings;
- Woolworths is running a pioneering project that sees a **5% recycled cooking oil** added to the fuel mix used in 95% of Woolworths trucks. The resulting fuel mix emits substantially less greenhouse gases such as carbon dioxide than traditional fuels such as diesel and petrol, resulting in a saving of 1500 tons of CO₂ per annum;
- **reducing fuel consumption** through the use of Euro 5 technology in conjunction with Imperial. 5 new vehicles are being used to trial this programme. Euro 4 technology is only required by 2014 in terms of current SA legislation. The Euro 5 trucks are being equipped with Bluetec technology with 80% fewer particles and 60% less nitrous oxide and a 2 - 5% fuel saving, estimated at 600 000 litres of diesel per year;
- **improving refrigeration** through the eco-fridge project. By using nitrogen refrigeration in our fleet, we estimate an approximate saving of 3 000 tons of CO₂ per annum, through diesel reductions, as well as efficiency benefits and noise reductions. The first four units are currently on the road;
- Woolworths uses reusable plastic lugs to transport product to and from our stores, rather than cardboard boxes. These lugs are recyclable and reduce our consumption of natural paper-based resources; and
- transit packaging – that used to protect clothes during transport, as well hangers are collected by stores and sent back to the distribution centres for recycling.

An illustration of Woolworths commitment to sustainability at every level of the business is the **Woolworths Midrand distribution centre (DC)**. Every aspect of the design and construction of the 78 000 m² facility has been subject to scrutiny from a social and environmental perspective, ensuring that Woolworths minimises the impact on the surrounding environment and communities.

ENERGY USAGE

Total energy usage for all corporate stores, head office buildings and distribution centres: 319 440 317 kWh (2009: 294 152 197 kWh). These figures are not directly comparable due to the increase in number of stores year on year; hence a relative measure of kilowatt-hour per square metre is monitored.

Our relative energy usage was 533 kWh/m² for 2010 (2009: 576 kWh/m²). This is an **18%** decrease from the 2004 benchmark, attributed largely to the lighting, design and refrigeration technologies described above, and awareness campaigns to encourage employees to use less energy. We introduced a new awareness programme to help our staff members to save energy at work and at home, and our energy mascot ‘Sparky’ has become a popular figure in our stores system with his energy-saving tips.

CARBON FOOTPRINT

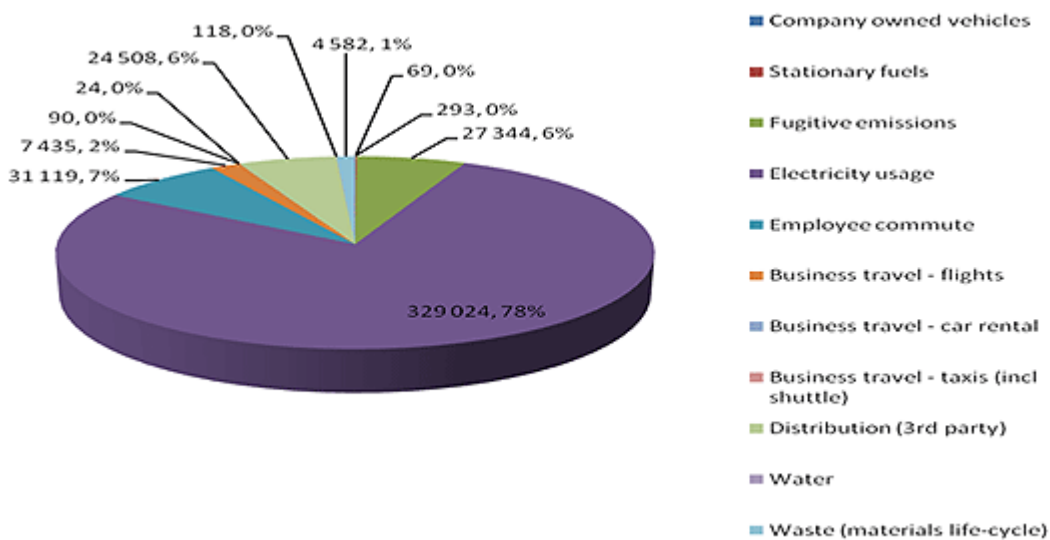
A carbon footprint calculation was conducted on head office buildings, distribution centres and corporate stores by Woolworths and independently verified by Global Carbon exchange using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Total emissions are **11%** higher in this report than for the previous year.

The Scope 1 and 2 emissions only are also 11% higher in this report.

The key reasons for this may be attributed to the following:

- the opening of new stores, especially food stand-alone stores which have a far higher kWh/m² of trading space than an average full-line store and store refurbishments and expansions; and
- the ongoing expansion of categories of Scope 3 emission in the current footprint.



Comparative information:

Scope	Source	Reporting year		
		2007	2008	2009
		Company total (CO2eq tons)	Company total(CO2eq tons)	Company total(CO2eq tons)
Scope 1	Company owned vehicles	27 872.00	32 378.20	68.79
	Stationary fuels	455.70	228.90	293.26
	Fugitive emissions	20 896.60	26 275.60	27 343.78
Sub-total scope 1		49 224.30	58 882.70	27 705.83
Scope 2	Electricity usage	290 466.00	288 229.10	329 023.53
Sub-total scope 2		290 466.00	288 229.10	329 023.53
Sub-total scope 1 and 2		339 690.30	347 111.80	384 435.19
Scope 3	Employee commute	Did Not Report (DNR)	32 554.70	31 119.00
	Business travel - flights	2 288.00	1 923.10	7 434.73
	Business travel - car rental	DNR	DNR	90.50
	Business travel - taxis (incl shuttle)	DNR	DNR	23.84
	Distribution (3rd party)	DNR	22 248.50	24 507.71
	Water	DNR	DNR	117.67
	Waste (materials life- cycle)	DNR	4 317.40	4 582.24
Sub-total scope 3		N/A	61 043.70	67 875.69
Sub-total SA		341 978.30	408 627.40	452 310.88
Country Road		DNR	DNR	17 610
Total		341 978.30	408 627.40	469 920.88

GREEN STORES

Woolworths has developed a sustainable building strategy which includes a list of principles and examples of how they could be practically applied. All professional teams involved in our building developments are required to use these guidelines in building design and development.

Woolworths considers the following measures when considering new real estate opportunities:

- natural ventilation including openable windows to offices and cross ventilation;
- energy-efficient lighting and the use of a Building Management System for light switching;
- solar-powered water heating;
- re-use heat generated by plant and machinery to heat buildings in cold periods of the year;
- LED lighting for exterior signs;
- CO2 refrigeration system;
- under-floor heating in the food market using waste heat and heat pumps and heat reclaim system for food market and cooling;
- natural lighting via exhaust extraction vents;

- reduction in spotlighting and fluorescent lighting as a result of day light usage;
- grey water recycling system;
- dual flush toilets;
- electronic pulse meters installed on all water meters;
- recycling facilities for customers; and
- cardboard shelving and bulkheads.

We support the activities of the Green Building Council, and will be investigating having our facilities independently assessed, in line with the development of the Green star retail rating tools.



3CX Carbon and Energy Services (Pty) Ltd t/a Global Carbon Exchange
 Ground Floor, Liesbeek House, River Lane,
 River Park, Mowbray, 7700
 t| +27 (0) 21 680 5146
 f| +27 (0) 21 680 5011
 www.globalcarbonexchange.com
 Co Reg: 2007/028325/07

Independent Verification Statement

To the Board of Directors and Management of Woolworths (Pty) Ltd

Introduction:

Global Carbon Exchange ("GCX") was engaged by Woolworths (Pty) Ltd ("Woolworths") to perform an independent, limited level verification of the Woolworths' Greenhouse Gas (GHG) emissions inventory assertion ("the Assertion"), for the period January to December 2009. This inventory was calculated by Future Measure and was reported on in the Woolworths' Greenhouse Gas Emissions Report 2009 (Draft dated 22 May, with revisions dated 18 June)("the Report*).The Verification was performed between 17 May 2010 and 18 June 2010.

Objectives, Performance Criteria and Scope

The ISO 14064-3 International Standard guided the verification performed by GCX.

The Assertion verified was for the following:

- That the 2009 GHG inventory for Woolworths was developed in accordance with common industry practice, including the WRI-WBCSD GHG Protocol Corporate Accounting Standards.
- That the calculated GHG emissions for 2009 were 452 311 tonnes of CO_{2e}.

The verification task was to form an opinion at a limited level of assurance about the above Assertion, regarding:

- Conformance with the general requirements of the GHG Protocol Corporate Accounting Standard.
- Reasonableness of the calculated emissions inventory for 2009.

COUNTRY ROAD

BACKGROUND

Country Road was established in 1974 and has evolved into one of Australia's best known lifestyle brands, offering customers a range of own brand products in Womenswear, Menswear, Childrenswear, Babywear, Accessories and Homeware. Road Country is committed to excellent quality and providing customers with products that are fashionable, stylish, spirited, smart and professional.

The company employs 2200 people and operates 66 first stores across Australia and New Zealand (56 and 10 respectively), 84 concession outlets and 7 second stores in Australia. Country Road operates an additional 16 concession stores in Woolworths stores and two stand alone stores in South Africa. With the 2009 launch of its new brand Trenerly brand, 18 Trenerly concession stores have been opened in Woolworths stores and 9 stand alone Trenerly stores in Australia and New Zealand.

CSR HIGHLIGHTS FOR THE YEAR

In the 2008/9 CSR Review, County Road committed to achieving the outcomes listed below in 2009/10. We are pleased to report that each of these has been achieved.

- establish state fundraising committees to further engage employees;
- launch Kiteme with Redkite to increase employee volunteering;
- launch a community partnership in New Zealand (with Red Cross);
- consolidate our relationship with Red Cross to support their *Reduce, Reuse, Recycle* philosophy;
- reduce our environmental impact, by achieving our 2-year National Packaging Covenant Action Plan;
- measure environmental improvements and further minimise our carbon outputs in line with legislative guidelines;
- ensure vendors are signatories to the Country Road Code of Labour Practice; and
- ensure compliance to our labour audit strategy of the vendor base to manage risk.

Additional **2009/10 milestones** include:

- launched Fashion Trade, a clothing exchange programme that raises money for Red Cross and reduces textiles waste to landfill by rewarding our customers;
- developed a 3-year CSR strategy, measures and targets aimed at enhancing our support to the community and minimising our direct impact on the environment;
- increased employee and customer fundraising and reusable cotton bag sales;
- launched first community partnership in New Zealand, with Red Cross;
- launched Sustainable Packaging Policy and Guideline for designers and suppliers;
- undertook carbon assessment, which reported good reduction in total carbon footprint (against 2007/8 baseline);
- achieved a 3.9 rating (out of 5) for first Country Road Australian Packaging Covenant Annual Report;
- received a Fair and Flexible Employer Recognition Award from Workforce Victoria;
- became a CitySwitch Signatory, committing to improve head office energy efficiency; and
- launched an Environmental Code of Practice for the Dyeing, Printing and Finishing of Goods supplied to Country Road.

CSR strategy and philosophy

Country Road's philosophy and practices have consistently demonstrated a commitment to responsible business. In 2008, Country Road launched an internal CSR Framework, the CRSEE, which encompasses the following vision: "Corporate and Social Responsibility at Country Road is about taking a considered approach to the way we conduct business. Through our brand and people, we will innovate and create social, ethical and environmental changes in the world we live."

The CRSEE Framework consists of four focal areas: the community, the environment, ethical sourcing and our people.

In 2009/10, 3-year measures and targets were established with the aim to drive performance in each area, and will be integrated into the Corporate Strategy and divisional plans in 2010/11.

Stakeholder engagement

Understanding and responding to the expectations of our stakeholders – customers, employees, shareholders and others – is integral to how we do business.

In 2009/10, we developed a stakeholder engagement framework, which aims to improve sustainability communication (internally and externally) and risk management and identify new innovative ideas, by actively seeking input from key stakeholders on our CSR strategy and processes. This engagement includes:

- an employee opinion survey which includes questions on CSR; and
- annual market research, which includes a number of questions about customer views on CSR.

COMMUNITY ENGAGEMENT

Country Road is committed to supporting the communities in which we operate. The Company has a Community Policy in place, which offers employees volunteering leave and the opportunity to participate in workplace giving. In addition, the Company provides a significant annual corporate social investment, which is comparable to our industry counterparts and guided by our employees' community priorities.



After supporting a children's charity was identified as the top community priority for our employees, Country Road entered into a 3-year partnership with Redkite in 2008, one of Australia's leading childhood cancer support charities.

As the Major Programme Partner of the Redbag, Country Road will invest \$330,000 over three years to fund the Redbag Programme, which provides special support packs to families at diagnosis.

Part of these funds are provided through employee and customer fundraising – the latter consisting of profits from the sale of our reusable cotton bags and gold coin donations from customers who have their Christmas presents wrapped in store.

In 2009/10, total donations to Redkite increased **6.8%**, due to an increase in employee and customer fundraising.

Summary CSI

Measure	2009/10 Actual	2009/10 Target	2008/9 Actual
Total investment to Redkite	\$131,845	\$118,000	\$123,396
Corporate donation to Red Cross Haiti Appeal	\$10,000	–	–
Corporate donation for Doxa cadets suits	\$4,992	–	–
Product donations	\$129,187	–	\$132,457
No. Redbags packed	600	N/A	195



Red Cross – Fashion Trade

In 2010, Country Road and Red Cross partnered to launch Fashion Trade, a clothing donation programme that aims to raise money for the community and reduce landfill, by encouraging customers to recycle their pre-loved clothing and accessories. Customers donate clothing or accessories (that include at least one pre-loved Country Road or Trenergy item) to Red Cross retail stores, and receive a \$10 discount card that they can redeem when they spend over \$50 at Country Road stores. Red Cross in Australia and New Zealand report that the majority of the items have been of excellent quality – which increases the likelihood of resale: the underlying purpose of Fashion Trade.

The Partnership is also our first formal community partnership in New Zealand and has received a phenomenal response from our New Zealand employees already – with a “friendly” cotton bag sale competition emerging between stores.

The Partnership also offers a range of volunteering, mentoring and fundraising opportunities for Country Road employees in both countries, through Red Cross retail stores and various other community programmes – including disaster relief, school nutrition initiatives as well as youth and Aboriginal and Torres Strait Islander programmes.

MySchool – South Africa

All Country Road and Trenergy standalone stores and concessions in South Africa participate in MySchool, run by Woolworths, allowing customers to use their MySchool supporter cards whenever they make a purchase. Country Road or Woolworths then donates a small percentage of each purchase to the customer's chosen school or charity. Since the launch of Country Road's first stand-alone store in December 2009, the Company has contributed R41, 284 (A\$5,898) to South African schools and charities via MySchool.

Volunteering & Workplace Giving

Due to increasing participation in fundraising activities by Country Road retail teams, Community Committees have been formalised in each State and New Zealand. These teams will be responsible for leading fundraising, volunteering and other related events with retail teams.

Volunteering numbers increased in 2009/10, due to the implementation of Kitetime, a Redkite initiative which encourages employees to take an hour off work to spend time with their loved ones and in turn, make a donation to Redkite in Australia or Red Cross in New Zealand. However, the number of employees participating in ongoing workplace giving remains low, so increasing participation will be a focus in 2010/11.

PEOPLE STRATEGY

Country Road remains committed to attracting and retaining an inspired, committed and high performing workforce, while providing a healthy and safe working environment. "Success through People" forms the basis of the Company Strategic Plan and performance against "People" measures is assessed quarterly by the Executive Committee.

Defining career paths for staff within Country Road is a key focus. 'Number of Internal Appointments' is a key measure captured within the strategic plan and reported on a quarterly basis. Formal succession planning meetings are conducted bi-annually covering store management positions through to executive level. In 2009/10 15 employees were selected to participate in the Management Development Programme and 12 were selected to join the Leadership Development Programme.

Every employee working at Country Road participates in a performance-based incentive programme from store team members, store managers, head office through to the executive team. Country Road provides a paid Parental Leave scheme of five weeks' pay with a further bonus on return to work of three weeks' pay with many flexible working options available on return. Further many Country Road employees access fair and flexible work practices.



In 2009/10 Country Road received a Special Commendation at the Victorian Government Fair and Flexible Employer Awards, for our innovative approach to fair and flexible work practices.

Country Road demonstrates our commitment to providing and maintaining a safe and healthy environment for anyone who associates with us – staff, customers, our contractors, suppliers and visitors. We regard compliance

with legal requirements as an absolute minimum standard. Our goal is to actively promote well-being and safety by maintaining the very highest safety standards.

Equal Employment Opportunity applies to all employment practices including recruitment, selection, promotion, redundancy, conditions of employment, training and development. Each year Country Road submits an Equal Opportunity for Women in the Workplace Agency (EOWA) report and in accordance with the guidelines, we report on the following areas:

- Country Road's policies and conditions of service;
- HR statistical information, e.g. labour turnover reports;
- review of the workplace profile; and
- Employee Opinion Survey results.

Both in 2008/9 and 2009/10, 86% of the Country Road workforce were women

ENVIRONMENT STRATEGY

Country Road is committed to understanding, managing and, where possible, reducing the environmental impacts of our operations. This enables the Company to address the expectations of our customers and employees – maintaining trust in our brand – and protect shareholders' interests, by responding proactively to a changing regulatory environment.

The environment strategy aims to reduce impacts in three focus areas: packaging and waste; energy use and carbon emissions; and responsible sourcing. These areas were selected due to the extent of the Company's direct impact and its ability to reduce their impact. Although water is not a core material impact for Country Road – due to the relatively low levels we utilise – we are implementing measures to better track and reduce consumption where possible.

Packaging & Waste

In 2008, Country Road became a Signatory to the Australian Packaging Covenant (APC), a national initiative between the government and packaging supply chain, focused on reducing the amount of used packaging that reached landfill. As an APC Signatory, Country Road submitted a detailed 2-year Action Plan (2008–2010), which included 18 performance indicators focused on the following: reviewing our consumer packaging; working with our vendors to improve the sustainability “credentials” of our packaged goods in Homeware and Accessories; and reviewing improving our apparel packaging where feasible.

78% of the Action Plan was completed in 2009 (the results of which are summarised in the Country Road 2008/9 CRSEE Review) and the remaining 22% was completed in 2009/10. 2009/10 achievements include:

- a Sustainable Packaging Policy and Guide was developed in line with the Australian Packaging Covenant Sustainable Packaging Guidelines and has been communicated to design teams and product vendors, in the aim to integrate sustainability principles into packaging design;
- when developing shipping cartons for Country Road's new online store, we worked with the production company on the sustainable profile of these boxes. All of the boxes are made from recycled material and are fully recyclable;
- an internal audit determined that 92% of Country Road's take-home packaged goods are recyclable and 95% of stores recycle cardboard and 42% of centre stores have access to plastic recycling facilities;
- a plastic bag recycling programme was successfully piloted in six centre stores;
- reusable cotton bag sales increased **107%**, resulting in a \$17,759 donation to Redkite;

- reusable bags were introduced into New Zealand stores, of which profits (\$1 per \$5 bag) will be donated to New Zealand Red Cross;
- the head office recycling rate remained the same as last year, at 43% (up from 32% 2008 baseline);
- a comprehensive waste audit was undertaken for strip stores, which has provided a detailed baseline for total strip store waste, as well as the waste packaging and recycling breakdown. actions to improve waste management have been identified and will be implemented in 2010/11;
- a process to improve hanger reuse and recycling is being implemented by our Sourcing, Supply Chain and Operations Divisions – to build on the successful pilot project, which reduced 4.6 tons of plastic from reaching landfill; and
- all take-home consumer packaging that is recyclable continues to be labeled to support customer awareness about recycling and Country Road public documents are printed on either FSC, or PEFCV-certified paper.

Energy and carbon

A second carbon audit was completed for Country Road in 2009/10, showing positive progress against the Company's 2007/8 baseline results. Opportunities to further improve the Company's energy efficiency and reduce direct carbon emissions have been identified and will be explored further in 2010/11. Measures and targets to improve energy efficiency and reduce carbon emissions were also developed in 2009/10 and will be integrated into relevant divisional plans in 2010/11. Results will be reviewed by the board annually.

To support the achievement of these targets, Country Road recently signed up to CitySwitch – a leading local government programme that supports companies to improve office energy efficiency.

Responsible Procurement & Sustainable Raw Materials

Wool Sourcing: Country Road has taken a proactive approach towards sourcing a sustainable supply of non-mulesed wool, by engaging in ongoing consultation with wool industry groups and relevant industry bodies. Country Road is committed to generating real change in this area, by encouraging the adoption of commercial alternatives to current industry practices. Our winter 2010 Lambs wool and Merino key volume programmes for both Country Road and Trenerly brands, were sourced from both non-mulesed and ceased-mulesed wool top. Moving forward, we aim to work with the industry to feasibly and incrementally increase the proportion of our wool products that come from non-mulesed sources.

Office supplies: Country Road procures the majority of its office supplies from Corporate Express, who was named the 2008 Sustainable Company of the Year at the 8th Annual Australian Sustainability Awards, and offers a broad range of "Earth Saver" products. In 2009/10, 51% of the products we purchased from Corporate Express were from the Earth Saver range.

Paper use: A survey of Country Road's Australian and New Zealand paper use revealed that we used approximately 30,600 kg of office paper in 2009/10, 21% of which was 50% recycled paper. Since the survey, the proportion of 50% recycled paper has increased to 39% of total office paper use. The change resulted in a reduction of 2.3 tons of virgin paper.

Water: Water tanks with a capacity of 39,000 litres were installed at head office in 2008, which saved 600,000 litres of water in 2009/10 (up 50% from 401,000 litres in 2008/9).

ETHICAL TRADE STRATEGY

Country Road sources clothing and accessories from various countries. In doing so, the Company considers the social and ethical implications of the manufacture of Country Road products. The Company's approach to addressing this is to implement and audit labour standards for product vendors and incrementally integrate environmental standards for product vendors and sustainability principles into other procurement areas.

Human Rights & Labour standards for vendors

All Country Road primary vendors are required to be signatory to the Country Road Code of Labour Practice (CoLP). The CoLP is based on the International Labour Organisation (ILO) conventions. Signed codes are consistently monitored and updated by our Sourcing Department and the majority of vendors are audited annually against the CoLP by a third party.

Environmental and Chemical standards for vendors

In 2009/10, Country Road launched the Environmental Code of Practice (ECoP) for the Dyeing, Printing and Finishing of Goods supplied to Country Road, which aims to ensure that within existing technology, no materials, dyes or chemicals used in the production of garments, fabrics, leather and/or textile-related products present an unacceptable risk to health or the environment during their manufacture, use or disposal. Primary vendors will be required to be signatory to the ECoP and primary vendors will be responsible for ensuring that both their own facilities and those of their third party suppliers are adhering to the ECoP.

Product Safety

Country Road has an obligation to ensure that all products offered for sale are as safe as can reasonably be possible for the purpose of which they are intended and must comply with current Australian & New Zealand legislation as well as world's best practice as far as possible.

FOCUS FOR 2010/11

In 2010/11, Country Road aims to integrate its 3-year CRSEE Strategy into the business and enhance stakeholder communication to employees and customers in a meaningful and genuine way. In each specific CSR focal area, the Company aims to achieve the following:

Community

- increase employee and customer fundraising and volunteering through Community Committees and the CRSEE Retail Award;
- continue financial commitment to Redkite and undertake a partnership review;
- grow Fashion Trade, by increasing the number of quality items donated to Red Cross in Australia and New Zealand and, in turn, increase their retail revenue; and
- continue MySchool contributions in South Africa.


Ethical Trade


















- Roll out the Country Road ECoP to all primary manufacturing vendors.

Environment




















- implement plan to increase energy efficiency in stores, and at head office through CitySwitch;
- submit second Packaging and Waste Action Plan to the Australian Packaging Covenant;
- maintain position on mulesing; and
- increase responsible procurement.

GRI INDEX

				Assurance I = Interna l E= Externa l	Statu s	Priority (High = 6, Medium = 5, Low = 3/4)	Good business journey report section or Annual report (AR) reference
Factor description	Sub-item description	Issue description	GRI ref no				
Economic	Economic value	Economic value generated and distributed – disclosure of information relating to direct economic impact	EC1, EC9	E	●	M	AR
		Paying suppliers, including penalty arrangements	EC1	I	●	M	AR
		Comparison of standard entry level wage to SA minimum wage	LA1	I	●	M	Social Report
		Local procurement	EC6	I	●	H	Governance and Economic Report
		Financial implications	1.2	I	●	M	Climate Change and Energy Report
		Understanding and describing significant indirect economic impacts (e.g. multiplier effects)	EC9	I	●	L	Governance and Economic Report
		Governance	Governance structures	Board structure	4.1– 4.3, 4.7, LA13	I	●
Mandate for sustainability and staff awareness	1.1			I	●	L	Governance and Economic Report Stakeholder Engagement
Governance of sustainability	4.1 – 4.4 4.9, 4.10			I	●	M	Governance and Economic Report















Risk management	Risk management	1.2	I		L	AR Governance and Economic Report
	Managing the interface between risk	1.2	I		H	Governance and Economic Report
Stakeholder engagement	Stakeholder engagement at a business unit level	4.14 - 4.17	I		H	Stakeholder Engagement
	Stakeholder engagement	4.12, 4.14 – 4.17, SO5	I		H	Stakeholder Engagement
	Engagement with government	4.12, 4.14, SO5	I		H	Stakeholder Engagement
	Managing political donations	SO6	I		L	AR
Ethics and organisational integrity	Adherence to the Woolworths	4.8, SO2	I		M	AR Governance and Economic Report
Sustainability reporting	Timely and appropriate reporting	3.1 – 3.8, 3.11	I		M	AR Governance and Economic Report
	Alignment of Woolworths sustainability reporting to GRI	3.1 – 3.6	E		L	Governance and Economic Report
	Assurance/verification of sustainability data and	3.13	N/A		L	Governance and Economic Report
Accounting and auditing	Accounting and auditing	3.13	E		L	AR
Accounting and auditing	Regulation of the use of external auditors in the provision of non-audit services	N/A	E		L	AR
	Disclosure of financial information over and above the IFRS requirements	N/A	E		L	AR
	Accessibility of financial information	2.7	I		L	AR
Compliance and enforcement	Compliance with	SO2	I		L	AR
	Company-wide compliance with laws and regulations	SO8, 4.12, 4.13 EN28, PR9	I		L	AR
Integrated	Integrated	N/A	I		H	Social Report












	sustainability requirements for suppliers	sustainability requirements integrating revised code of business principles, environmental best practices and BEE requirements		I			
Social	Structures to manage employee relations	Freedom of association	LA4 – 5, HR5	I	●	L	Social Report
		Communication with employees	LA4 – 5, HR5	I	●	L	Social Report
		Prevention of discrimination	HR4, HR10	I	●	L	Social Report
		Workforce profile	LA1 – 2	I	●	H	Social Report
		Discipline	HR5	I	●	L	Social Report
	Performance and talent retention	Employee	LA11/12, 4.14	I	●	H	Social Report
		Training for functional and advanced	LA11/12	I	●	H	Social Report Transformation Report
		Appropriate	LA12	I	●	M	Social Report Transformation Report
		Business restructuring	LA5	I	●	L	Social Report
	Reward and recognition	Linkages between executive pay	4.5	I	●	L	AR
		Employee	LA3, EC3, EC5	I	●	L	AR
	Sustainability leadership	Systems/training for sustainability management	HR11, EN26	I	●	H	Stakeholder Engagement
	Workplace health & safety	Health & safety – safe conditions	LA6 – 7	I	●	M	Social Report
		Health & safety	LA6	I	●	L	Social Report
		Health & safety	LA6	I	●	L	Social Report
Health & safety		LA6	I	●	L	Social Report	
Employee wellbeing	Counselling or psychological support for those in need	LA8	I	●	L	Social Report	
	Employee wellbeing – workplace environment	EN26	E	●	L	Social Report	









(building design)						
Chronic illnesses	HIV /Aids for employees	LA8	I		L	Social Report
	Other chronic illnesses	LA8	I		L	Social Report
Social conditions in supply chain	Social conditions in the supply chain	HR2, HR6, HR7	E		H	Social Report
Sustainable products	Innovation wrt sustainability	EN26	I		H	Chairman's Statement and various sections of Good Business Journey Report
	Fairtrade™ labels and products	PR3	I		L	Environment Report
	Nutrition	PR6	I		L	Environment Report
	Responsible lending practices	PR6, PR9	E		H	AR
	Responsible interest-bearing product terms	PR6, PR9	I		L	AR
	Responsible debt collection	PR6, PR9	E		L	AR
Customer satisfaction	Treatment of customers	PR5	E		L	AR Stakeholder Engagement
Product safety	Safety in product design	PR1	I		L	Social Report
	Safety in product manufacture	PR1	I		L	Social Report
Product labelling	Compliant labelling of Woolworths products	PR3	I		L	Social Report
	Nutritional information	PR3	I		L	Environment Report
Product recall	Product recall (red alert)	PR4	I		L	Social Report
	Product recall (red alert) – response	PR4	I		L	Social Report
Ethical advertising	Transparency, truth	PR6	E		L	Stakeholder Engagement
Sustainability content	Representation of sustainability concept	PR6	I		H	Stakeholder Engagement
	Representation of	PR6	E		H	Stakeholder

	sustainability concept					Engagement
	Recognition as market leader in sustainability	PR8, PR9	E		H	Highlights and Recognition
Transformation	Consumer/user privacy	PR8, PR9	E		L	Stakeholder Engagement
	Compliance with consumer data protection legislation and regulations	PR8	E		L	AR
Sustainability research						
Equity ownership	Transfer of economic interest to black people	EC9	I		H	Transformation Report
Management control	Empowerment at board and executive level	LA13	I		H	Transformation Report
Employment equity and diversity	Improve diversity of Woolworths people	LA13 – 14	I		H	Transformation Report
	Develop leadership capacity for employment	LA11 – 12	I		M	
	Develop skills pipeline	LA11 – 12	I		M	Transformation Report
Skills development	Transformation	LA10/11, HR4, EC7	I		M	Transformation Report
	Accreditation of Woolworths learning programmes	LA11	I		M	Social Report
	Establish centres of learning	LA10, 11	I		L	Social Report
Preferential (BEE) procurement	Develop BEE supplier partners to provide core product for Woolworths	EC6	I		H	Transformation Report
Enterprise development	Enterprise development in value chain	HR1 EC6	I		H	Transformation Report
Socio-economic development	Level of contribution to social development	SO1	I		L	Social Report
	Spending on social development	SO1	I		L	Social Report
	Divisional CSI or community	SO1	I		L	Social Report

		development support					
		Educational programmes conducted through MySchool	PR6	I		L	Social Report
Environment	Waste from selling operations	Enhance customer awareness on waste management	EN22	E		M	Environment Report
		Decrease plastic bag usage by encouraging customers to use re-usable bags	EN2	I		L	Environment Report
		Use of recycled material in plastic bags	EN1, EN2	I		M	Environment Report
		Use of recycled material in trolleys and shopping baskets	EN2	I		L	Environment Report
	Waste from selling operations	Recycling and reuse of plastic hangers	EN2	E		L	Environment Report
		Integrated waste management in stores	EN6, EN28, SOI	I		H	Environment Report
	Waste – packaging	Reduce clothing, general merchandise and food packaging	EN26	I		H	Environment Report
		Packaging materials that can be recycled	EN2, EN26/27	I		H	Environment Report
		Use of recycled material in product packaging	EN2	I		H	Environment Report
		Symbols on packaging to assist consumers to sort recyclable material	EN1, EN2, EN20	I		H	Environment Report
		Compostable packaging solutions	EN2, EN26	I		H	Environment Report
		Reduce paper used in Financial Services	EN15	I		L	Environment Report
		Waste – marketing	Managing waste from marketing material	EN22	I		M
	Reuse and recycling of visual/merchandising material		EN22	I		L	Environment Report

Waste from operations	Remove waste-to-landfill from distribution centres	EN21, EN29	I		H	Environment Report
	Recycling facilities in new corporate buildings	EN26	I		L	Environment Report
Waste – IT products & consumables	Recycled or reused PC equipment	EN22, EN26	I		L	Environment Report
	Recycled or reused other IT equipment	EN22, EN26	I		L	Environment Report
	Reduction or reuse of IT consumable items – printer cartridges	EN2	I		L	Environment Report
	Reduction or re-use of IT consumable items – paper	EN2	I		L	Environment Report
	Safe disposal of IT products that are of a hazardous nature	EN24	I		L	Environment Report
Carbon emissions	Reduce energy usage within WWs	EN3, EN5/6	I		H	Climate Change and Energy Report
	Direct fossil fuel reduction	EN18, EN29	I		H	Climate Change and Energy Report
	Direct fossil fuel reduction (transport emissions)	EN2, EN26, EN29	I		M	Climate Change and Energy Report
	Direct fossil fuel reduction (effective fleet management)	EN18, EN29	I		L	Climate Change and Energy Report
	Direct fossil fuel reduction (regional sourcing and reduction of airfreight)	EN11, EN14, EN26	I		H	Climate Change and Energy Report
Quality of air	Improve air quality through use of paints with low levels of harmful solvents	EN19/20	I		L	Climate Change and Energy Report
	Improve air quality through planting of trees	EN19/20	I		L	Climate Change and Energy Report
	Reduce harmful impact of refrigerants for both	EN19/20	I		L	Climate Change and Energy Report

	ambient and chilled cooling systems					
Water usage	Management of water usage of operations through recycling/reuse and treatment	EN8, EN10, EN21, EN26	I		L	Environment Report
	Work with suppliers to reduce water used and improve water management (effluent) during the growing, production and manufacture of our products	EN10, EN21	I		H	Environment Report
Biodiversity	Source wood from sustainable sources	EN14, EN26	I		H	Environment Report
	Source fish from approved sources only	EN14, EN26	E		H	Environment Report
	Evaluate fibres from sustainable sources(e.g. bamboo, hemp and soya products)	EN14, EN26	I		L	Environment Report
	Reduce impact of lamb production on natural biodiversity (including resolving wildlife / human conflicts)	EN14, EN26	E		L	Environment Report
	No products or by-product from threatened species	EN14, EN26	E		L	Environment Report
	Develop sustainable solution for potato farmers in Sandveld	EN14, EN26	I		L	Environment Report
	Encourage WW wine farmers in Cape floral kingdom to be part of Biodiversity and Wine initiative (BWI)	EN14, EN26	E		L	Environment Report
	Ensure that paper and board come from the most sustainable sources	EN14, EN26	I		L	Environment Report
Organic and free range	Increase organic and free-range food,	EN14, EN26	I		H	Environment Report

	locally produced where possible					
	Increase organic cotton sales (total organic)	EN14, EN26	I		H	Environment Report
	Develop organic cotton pipeline in SA	EN14, EN26	E		L	Environment Report
Improve environmental performance amongst suppliers	Promote environmentally sound conditions in the supply base	EN26	E		H	Environment Report
	Extend ECO-Efficiency awards programme to all suppliers	EN26	I		L	Environment Report
	Set up model "green" factories with selected suppliers	EN26	E		L	Environment Report
	Establish a supplier best practice network	(blank)	I		L	Environment Report
	Animal welfare	Adhere to Woolworths Code of animal welfare	EN15	E		L
Noise levels	Manage or reduce excessive noise levels	EN26	I		L	Environment Report