



2009 the Good business journey

WOOLWORTHS HOLDINGS LIMITED

WHL

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shirt:
easy to iron, stain
release fabric.

knitwear:
durable, easy
care yarns.

pants:
fabric repels water
and stains.

bag:
reflective trims and
durable fabric.

shoes:
Approved by the
South African Podiatry
Association.

socks:
durable and easy
to care for.



highlights & recognition

key sustainability indicators

Indicator	2009	2008	Progress
Revenue	R21.9bn	R21.8bn	▲
Return on equity (ROE)	30.3%	27.6%	▲
Headline EPS	109.3	115	▼
Share price appreciation	275	(1120)	▲
Food market share	8.5%	9.2%	▼
Clothing, footwear and accessories market share	14.4%	15.3%	▼
Good business journey index overall score	79%	77%	▲
Customer tracking study regarding Good business journey elements	24.9%	21%	▲
Number of permanent employees ¹	17 551	18 568	▼
Training and skills development score (out of 15)	7.7	10.5	▼
Employment equity score (out of 15)	9.8	9.8	►
Preferential procurement score (out of 20)	5.7	2.4	▲
Corporate social investment contribution (Rm)	R292m	R267m	▲
Energy (reduction in relative consumption from benchmark)	12%	10%	▲
Carbon footprint (tons of CO ₂) (absolute) ²	408 627	356 133	▼
Water (reduction in relative consumption from benchmark)	11.5%	5% (stores)	▲
Health and safety – number of injuries on duty	551	511	▼
Foods packaging reduction (towards 20% reduction by 2012)	3.3%	Benchmark year	▲
Inclusion in JSE SRI index	x	x	►

¹ Now excludes Woolworths financial services headcount.

² Increase due to increase in scope of carbon footprint. Relative carbon emissions are however decreasing.

business recognition

- named International Responsible Retailer of the Year in 2008 at the World Retail Congress. In 2009 we were short listed again as one of the finalists for this prestigious award;
- ranked first in the low carbon category of the South African leg of the Carbon Disclosure Project in 2008;
- ranked second in the 'green' category of the Ask Africa Trust Barometer for 2009 – a corporate reputation benchmark;
- ranked second in the Sunday Times Top Brands survey in the category "company that has done the most to promote 'green'";
- awarded the Special Award for the Top Performing Energy Efficiency Accord Signatory at the eta (Eskom energy efficiency) Awards;
- won the Metropolitan Oliver Empowerment award for "top empowered company in retail and property";
- Woolworths reporting has been ranked as 'Excellent' again in the Ernst & Young Excellence in Corporate Reporting Awards for 2009;
- ranked 18th out of 399 South African companies analysed for an ACCA report on uptake of King III and GRI Sustainability Reporting in 2009;
- the Midrand Campus was awarded the Platinum Logistics Achiever Award for logistics and supply chain management excellence; and
- Woolworths Online has won the award for "Best Food and Wine Online Store" at the 2008 South African e-commerce awards for the third year in a row.

the good business journey

The Good
business
journey builds
confidence in
our brand.



Brian Frost

Bj Frost
Chairman of the
sustainability committee
and independent
non-executive director

The financial year under review was characterised by an economic downturn at a global level, the effects of which were felt by individual customers, employees and corporates.

Woolworths was not immune to the effects of this recession. In no way has this resulted in us taking the focus off our Good business journey programme. Instead we have seen a strong alignment between our Good business journey priorities and opportunities for saving costs and identifying operational efficiencies. New energy, refrigeration and packaging technologies, employee awareness and prioritising recycled content and recycling have reduced our environmental impact, whilst simultaneously saving us considerable amounts of money.

However, we have experienced difficulty with achieving some of our targets, for instance, sales of organic products. The recession has also resulted in resource constraints for most companies, as well as posing particular challenges to the textile industry in South Africa.

The Good business journey builds confidence in our brand and long-term strategy across a range of stakeholder groups. We believe Woolworths customers want to understand how products are brought to market and that this is done in a manner that supports local economic development in our communities and minimises any negative environmental impact. Employees certainly want to be part of an ethical organisation, and our Good business journey is an area of strong employee pride and support. Indeed, sustainability – build a better future – became our seventh corporate value during the year, in recognition of the important part it plays in our organisational culture.

In our Good business journey report last year, we noted that our focus for 2009 would be to embed the Good business journey as a way of working into the business and to measure our delivery against our one and five-year goals and targets. Our extremely comprehensive measurement and tracking system is in place 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 are also able to track progress by business units against each of the indicators, and have included Good business journey performance measures in the scorecards of our teams.

At a corporate level, we are satisfied with the progress the business has made – our overall score for 2009 against our one year target is 79% (mid year: 67%), just one point short of what we had deemed would be 'good' performance. The score of 61% against our five-year objectives (mid year: 36%) is pleasing, although we know that the achievement of the last 20% will be the most difficult and we need to accelerate our progress to meet the 2012 targets.

One of the requirements of a comprehensive measurement system is verification – ensuring consistency of data and reporting practices. 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 readily available. Internal audits were conducted across foods, clothing, general merchandise, our supply chain and real estate.

We had also committed to increasing our focus on energy, water and packaging. We have reduced our water use significantly during the year, as well as kickstarting a number of programmes to measure and reduce water usage and improve water quality issues in the supply chain. We also became the first retailer to join WWF's water neutral programme, ensuring that we offset all our direct water usage.

Energy usage has decreased by 12% from our 2004 benchmark, and we have increased the speed of our technology rollout, as well as piloting some new refrigeration and distribution methods to meet our 30% relative reduction target for 2012.

We have reduced our foods packaging by 328 tons during the year, as well as increasing the amount of recycled content in packaging and store equipment such as hangers, trolleys and baskets, increased the amount of packaging that is recyclable, and our sales of reusable bags. This has laid a good foundation, but we have much work left in this area.

We can also celebrate some big steps in addressing biodiversity concerns with the launch of our fishing for the future campaign. This campaign assists our customers in making informed decisions. We will however never sell fish species on the red list, one of a handful of areas where we believe in self denial, others being selling only free-range whole eggs and free-range lamb.

During the year we contributed R292m to a range of charity organisations as part of our commitment to community upliftment. Much of our community focus has been on addressing two of our country's key challenges – food security and education – in an integrated fashion, our Eduplant programme playing a key role in this.

We're never quite satisfied with the intensity with which we communicate our Good business journey achievements and we've been working hard at improving this, whilst also focusing on communicating other complementary parts of our strategy such as 'value' and 'innovation'. It remains a challenge to communicate the many, often technical aspects of the programme, and one we are trying to address through more focused communication. We're increasing the frequency and reach of our communication and also tracking our customers' awareness of the Good business journey. We know that our customers play a vital role in helping us make a difference to our planet and our world and we need to give them as much information and assistance as possible.

We've also committed to improving our staff knowledge to enable them to help colleagues and customers understand their impacts and drive the Good business journey messages deeper into our stores and communities.

2010 focus

In addition to continued good progress against our 2012 objectives, our intense focus on packaging and energy usage, within the broader climate change context, will remain. We will continue to focus on improving the broader impact of our supply chain activities on water resources. Recognising the challenges posed by the premium on organics, we are working hard with our produce suppliers to refine farming methods, with promising results. We will launch this farming for the future programme publicly and share the valuable lessons we have learnt with the industry.

We are confident that we are making good progress but also note the areas requiring attention, particularly some of our environmental and transformation indicators. We are committed to engaging with our supplier base to improve our preferential procurement performance, and to provide ever more opportunities for skills development.



SN Susman
Chief executive officer

Finally, we are delighted with the recognition that we have received. Being chosen as a finalist again for international responsible retailer of the year and being ranked first in the Carbon Disclosure Project Leadership index in South Africa reinforces our progress. This also presents an ongoing challenge to sustain these efforts.

Our Good business journey programme has proven to be a driver for both cost saving and innovation, as well as delivering broader societal and environmental benefits and we fully intend to push even harder to magnify these benefits.

stakeholder engagement

Woolworths
operates a
tightly integrated
network of
suppliers, to
ensure exacting
quality standards.

Stakeholder engagement is an integral part of the way we do business, understanding the interests and expectations of our stakeholders playing 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 3.5 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.

Maintaining and growing our credibility among shareholders and the broader investment community is a key objective. This is done by providing relevant, timeous 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.

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.

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.

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.

stakeholder feedback on the 2009 Good business journey report

- Michelle Nel – SAB environmental journalist of the year
- Peter Willis – Cambridge Programme for Industry
- Wildlife and Environment Society of South Africa (WESSA)

As part of our stakeholder engagement programme, and to complement our Good business journey verification framework, we asked top environmental journalist Michelle Nel, Peter Willis, South African Director of the University of Cambridge Programme for Sustainability Leadership, and WESSA for their input into our reporting, and comment on our progress. We hope that we have addressed their comments in the body of this report.

Feedback from Michelle Nel:

"My goodness, Woollies is taking its environmental mission seriously. Well done on all the hard work so far and may other retailers follow suit."

What Michelle would like to see from Woolworths:

- more local content in clothing please;
- make sure you pay farmers fair prices; if we drive South African farmers out of business, we threaten food security;
- continue to push the good BEE employee share ownership scheme, since giving existing business kingpins shares is meaningless;
- assist customers with packaging returns, knowing that space and hygiene are issues at a store level; and
- make sure you conserve fuel by asking your truck drivers to drive at 70 km/h which, according to the literature, is the optimal speed for energy conservation and also a safer speed.

Peter Willis looks for signs that leading retailers are doing the following:

- taking systematic steps to understand the social and ecological implications of their supply chain and of their operations;
- prioritising those implications where they can make improvements (reducing impacts, enhancing lives and eco-systems) in cost-effective ways;
- executing those improvements, drawing on the innovations and expertise of others but also, wherever possible, stimulating and harnessing the innovation of their own employees, who are often closest to the problem and its solution;
- taking those improvements to scale once they've been proven;
- communicating changes to stakeholders in ways that build trust by being accurate and build further innovation by being inspiring;
- adopting an attitude of continuous learning in relation to the social and ecological context in which the business is run. This enables employees to spot risks and opportunities early;
- becoming steadily more transparent with their range of stakeholders. This is a critical leadership quality in this age and helps to build trust at many levels; and
- thinking creatively about what the business of retail needs to become in the next five to ten years if it is to provide a valuable service to its community at a time when many systems of survival will be challenged.

Feedback from the Wildlife and Environment Society of South Africa (WESSA):

- "WESSA has four main themes of Biodiversity: Loss/Ecosystem Services, Water, Energy and Waste, with Climate Change being overarching. I was very encouraged to see in your Sustainability Report the strong focus Woolworths has on these same themes, especially when it comes to water and their commitment to the WWF Water Neutral Scheme. Packaging and waste issues are also being addressed and the drive to be more energy efficient and reducing carbon emissions all help to combat the juggernaut 'Climate Change' threat."

Raising the
profile of key
sustainability issues
in South Africa is
an integral part
of Woolworths
commitment to
the Good business
journey.



stakeholder engagement – what we’re doing

Our stakeholders	Why we engage	Issues on which we engage include:
Customers	In order to: <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.
Employees and service providers: <ul style="list-style-type: none">• individuals;• collective;• independent contractors; and• service providers.	In order to: <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.
Shareholders: <ul style="list-style-type: none">• individual; and• institutional.	To create: <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.
Suppliers: <ul style="list-style-type: none">• local; and• international.	To deliver: <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.
Franchisees: <ul style="list-style-type: none">• local; and• international.	In order to: <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.
Government departments of: <ul style="list-style-type: none">• Trade and industry (dti);• Labour;• Agriculture;• Water affairs and forestry (DWAF);• Environmental affairs and tourism (Deat);• Health; and• Education.	In order to: <ul style="list-style-type: none">• discuss issues of mutual concern;• optimise opportunities and minimise risks of regulation; and• anticipate and assess potential policy and regulatory impact.	<ul style="list-style-type: none">• trade and industry policy on sector development, trade issues and growth;• 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.
Organised business: <ul style="list-style-type: none">• BUSA;• Retailers' Association;• Consumer Credit Association; and• National Business Initiative (NBI).	In order to: <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.
Unions and collective employee structures including: <ul style="list-style-type: none">• internal communications forums; and• SACCAWU and COSATU.	To engage on collective employment issues.	<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.
Media: <ul style="list-style-type: none">• business;• consumer; and• trade.	In order to: <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.
NGOs and community organisations including: <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.	To contribute to the society in which we trade,	<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.

How we engage	Our response	Shifts this year
<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; • 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. 	<ul style="list-style-type: none"> • focus on value promotion; • segmentation progress; and • broader size ranges.
<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 and uniforms. 	<ul style="list-style-type: none"> • people survey improvements (7%); and • moving part time employees to flexi hours status.
<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. 	<ul style="list-style-type: none"> • R750m paid out in special dividends.
<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. 	<ul style="list-style-type: none"> • survey of product group suppliers completed.
<ul style="list-style-type: none"> • ongoing electronic and personal engagement, including meetings, an annual franchise conference and regular franchise buying weeks. 	<ul style="list-style-type: none"> • reviewing our processes for managing the business. 	<ul style="list-style-type: none"> • buying weeks held to gain input.
<ul style="list-style-type: none"> • ongoing electronic and personal engagement; • drafting of submissions; • consolidation of information; • participation in research; • meetings with government officials and ministers; and • Nedlac. 	<ul style="list-style-type: none"> • consolidation of combined retail positions as input to government; • sharing of information on business practice with government; and • revision of processes to become compliant. 	<ul style="list-style-type: none"> • food security concerns; and • textile industry challenges.
<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. 	<ul style="list-style-type: none"> • climate change engagement.
<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. 	<ul style="list-style-type: none"> • recognition of access rights.
<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. 	<ul style="list-style-type: none"> • greater focus on online media.
<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. 	<ul style="list-style-type: none"> • Eduplant programme expansion through partnerships.

governance report

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.

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

commitment statement

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 specialist 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.

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 Chief operating officer: support services 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, and was completed during the period under review. 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.

key sustainability risks

In the event that Woolworths does not achieve its 2012 sustainability targets, it would negatively impact our reputation and undermine stakeholder confidence, particularly following the external recognition received to date. 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:

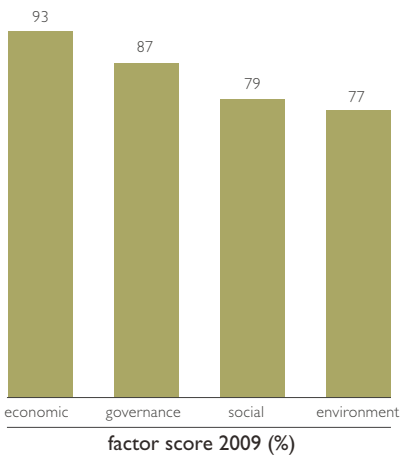
Risk item	Risk rating	Mitigating actions
Managing reputation	High	Stakeholder engagement programme in place, corporate communications and public relations teams are accountable.
Internal financial/resource constraints	High	The strategy is self-funding in that no additional costs are to be incurred by business units in meeting the targets and all Good business journey savings would be reinvested in other Good business journey initiatives. A process has been put in place to measure savings and ensure reinvestment.
Inability to achieve energy targets	High	A co-ordinated energy programme is in place to deal with all aspects of energy (and climate change) across the business. An acceleration plan is in place for the rollout of energy efficient technologies.
Inability to achieve packaging targets	High	Packaging benchmarks have been set and Good business journey guidelines included in all packaging processes.
Exclusions to the Good business journey	Medium	Country Road has developed a formal sustainability framework aligned to the Woolworths Good business journey. Franchise division also has a Good business journey scorecard. Branded products require some additional engagement to ensure alignment.
Non-alignment of business plans	Medium	Business decisions are aligned to the Good business journey targets as business units were consulted regarding targets which were ultimately agreed by the board. Good business journey targets are also included in all business unit scorecards.
External trading conditions	Medium	The targets which were set for the Good business journey were based on an understanding of the international and local environments at that time. The sustainability team and business areas regularly scan the environment to identify and assess the impact of potential changes and, if necessary, our internal targets would be updated and shared publicly.
Accountability	Medium	Targets are incorporated into the group strategy and balanced scorecards.
Data integrity	Medium	An assurance framework is in place to ensure data integrity.

progress measurement 2009

The total sustainability measurement score for 2009 is 79% (2008: 77%). This shows that good progress has been made, but that there are a number of instances in which targets for 2009 have not been met. We had set 80% as a benchmark for good performance and are just below that.

The 2012 score of 61% (2008: 62%) is by necessity lower than the 2009 score, because more stringent targets apply for many of the measures, but shows good progress two years into the five-year programme.

The biggest challenges lie within the transformation and environment factors. The scores per factor are shown alongside.



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.

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 2008 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 II 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 on pages 59 to 63. Woolworths internal audit team has audited selected Good business journey indicators during 2009 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. We have also undertaken a limited stakeholder review session with an influential academic, environmental non-governmental organisation and journalist focusing on sustainability issues, and their feedback has been incorporated into this report, as well as their comments presented on page seven.

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 Woolworths code of ethics was also revised during 2009, with guidance from the Ethics Institute of South Africa. Woolworths also participated in a corporate ethics research programme run by the Ethics Institute. Further internal awareness and research will be done via a staff culture and values survey.

fraud and shrinkage

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

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. During the year a fraud and shrinkage campaign took place to highlight the Tip-offs Anonymous line run by Deloitte and the rewards for information which leads to successful preventions of fraud and shrinkage.

A detailed review of the Woolworths governance structure and processes can be found in the governance section of the 2009 annual report.

economic report

Woolworths
opened 25
stores, including
our first store
at an airport,
OR Tambo
International.

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.

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 18 000 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 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. International sourcing is only encouraged where the right technology and quality is not available locally, or comes at a premium to the customer.

Woolworths has recently 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.

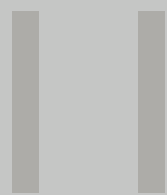
Woolworths is also well placed to drive enterprise development projects and has set up teams devoted to working more closely with emerging suppliers, further supporting South African businesses first as a crucial part of our indirect economic contribution.

Woolworths' expansion programme has slowed in light of current economic conditions, but has continued to make good progress in 2009:

- Woolworths opened 25 stores, including our first store at an airport, OR Tambo International (2008: 42), bringing the total number of stores to 410 in 2009; and
- Woolworths continues to support 160 franchise operations in South Africa, selected African countries and the Middle East.

joint venture with Absa

On 1 October 2008, Woolworths Financial Services and Absa entered into a joint venture, bringing the best of both worlds together – Woolworths Financial Services which has a strong brand and retail footprint, and Absa which has a well-earned reputation in South Africa, and is the largest retail bank in the country.



This joint venture means that two parties have entered into a strategic alliance to form a partnership to share markets, intellectual property, assets, knowledge and profits. Absa owns 50% plus one share of the joint venture.

The economic climate has had a negative effect on the credit environment, resulting in escalating bad debt. Woolworths financial services credit risk management and collections processes, however, remain sound. Woolworths has tightened credit granting criteria to reduce bad debt. There was a strong focus on collections both internally and through external collection agencies.

competition commission inquiry

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.

This investigation is not about price fixing – it is about testing pro-competitive and anti-competitive effects of certain practices. Woolworths will co-operate with the Commission.

where we're going

- drive business delivery of the Good business journey 2010 goals and 2012 targets;
- a comprehensive relaunch of the revised Woolworths ethics policy, ensuring alignment with our values;
- move towards a more comprehensive assurance process for the content of the sustainability report, in line with the recommendations of King III.
- rollout of 14 new corporate stores (nine full-line and five food stand-alone) and 13 new franchise stores, including seven Woolworths food stops;
- refurbishment, modernisation and extensions of 30 stores;
- continue to focus on enterprise development initiatives; and
- consolidate our business with our local South African supplier base and maintain strong local and regional food sources. Simultaneously we will investigate new international sources to ensure affordability and value to our customers.

case study – creating jobs and driving economic development

Woolworths offers beautiful beaded rings which have been handcrafted by the women of Iziko Lo Lwazi, a non-profit organisation in Hout Bay dedicated to empowering women through training and employment. The project started as an adult literacy programme offering free English lessons to the women of the Imizamo Yethu informal settlement in 2001.

In addition to the training they have received in papermaking and beading, the women of Iziko Lo Lwazi have participated in business skills courses, seminars on HIV/Aids, nutrition, child care, emotional health and regular literacy classes.

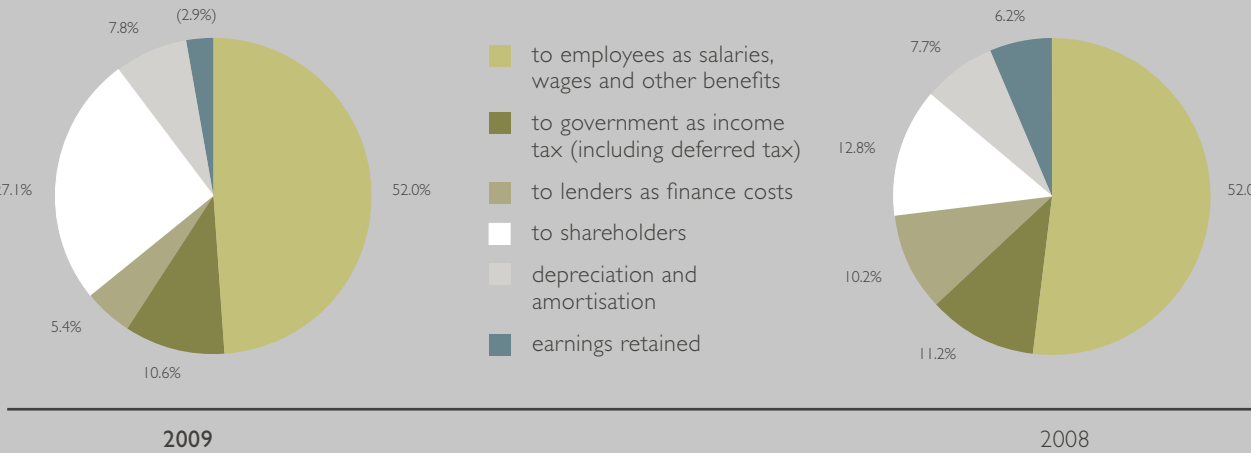
Today, between 12 and 16 women work at Iziko Lo Lwazi, supporting some 65 people. In addition to being sold locally – including the rings and soul babies produced for Woolworths – their beaded jewellery, hand-made paper and gifts are exported. Each of these rings is far more than a unique piece of African craftwork – it is an important step in building a sustainable, economically empowered community.

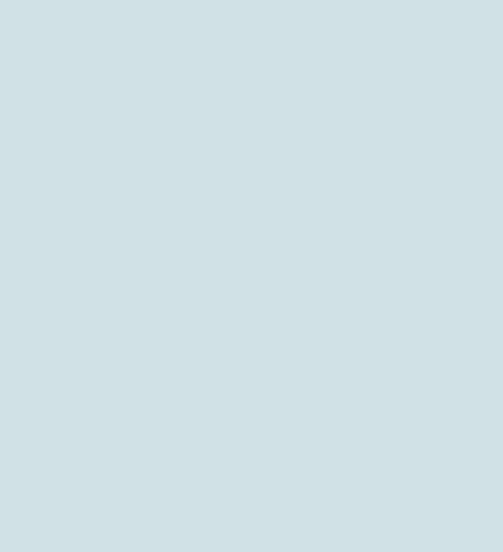
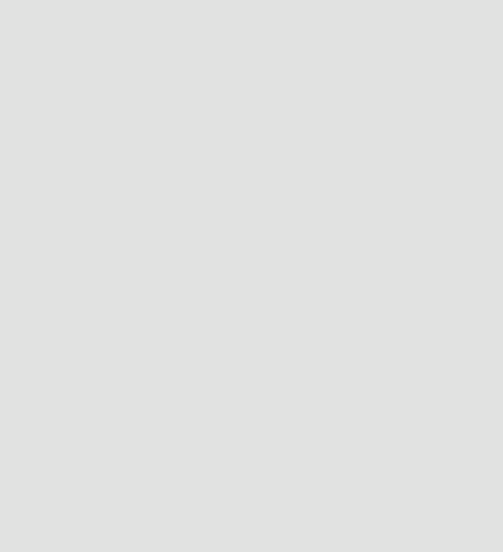
Woolworths is a proud South African business with a long tradition of quality and innovation in South Africa.



Woolworths value added statement

	2009		2008	
	Rm		Rm	
Value added	22 372.1		21 753.5	
Less: Cost of sales	(14 501.1)		(13 798.3)	
Cost of services and other operating expenses	(2 706.3)		(3 022.2)	
	5 164.7		4 933.0	
Distribution of wealth:				
to employees as salaries, wages and other benefits	2 688.1	52.0%	2 563.4	52.0%
to government as income tax (including deferred tax)	546.3	10.6%	552.5	11.2%
to lenders as finance costs	281.2	5.4%	502.5	10.2%
to shareholders	1 399.2	27.1%	629.8	12.8%
depreciation and amortisation	401.4	7.8%	377.9	7.6%
earnings retained	(151.5)	(2.9%)	306.9	6.2%
	5 164.7		4 933.0	





transformation report

Woolworths was
awarded “Top
Empowered
Company in Retail
and Property” at
the Metropolitan
Oliver
Empowerment
Awards.

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 Woolworths black economic empowerment (BEE)/transformation programme was awarded “Top Empowered Company in Retail and Property” at the Metropolitan Oliver Empowerment Awards. The awards celebrate companies and individuals driving BBBEE in every sphere of South African life.

Some of the critical milestones in the BEE transformation journey:

- we have clear sight of the BBBEE components that are tracking well and those lagging behind against our annual targets;
- the BEE employee share ownership scheme continues to empower individual employees participating in the scheme through bi-annual dividend payouts of R21m to date;
- there is a continuous organisational culture shift aimed at embedding BEE as a way of working across the business;
- business units BEE reviews were held for the first time this year, ensuring the necessary elevation of BEE as a leadership accountability issue;
- Woolworths has the necessary BEE specialist knowledge residing in the BEE office to inform strategy and support BEE implementation across the business. There has been a lot of effort put into designing tools, processes and systems integration to enable BEE implementation, measurement and tracking. Furthermore, extra capacity has been built in the form of BEE Champions;
- Employment Equity Act compliance has improved significantly since the beginning of the Director General review process late in 2007 and the partnership with the Department of Labour is at satisfactory levels; and
- one of the Woolworths Trust flagship projects, the EduPlant programme has reached higher levels of self-sustainability with the introduction and recognition of mentoring schools.

The BEE employee share ownership scheme continues to empower employees participating in the scheme through bi-annual dividend payouts.

- There is growing empowerment of:
- black employees, women and people with disabilities through the BEE employee share ownership scheme, focused recruitment, succession planning, promotions, development and retention mechanisms;
 - black and female unemployed communities through learning and job creation opportunities;
 - black owned and small enterprises through supplier support, coaching and development and opportunities to join the Woolworths supply chain; and
 - communities through sustainable food security and nutrition initiatives in schools across the country, as well support for orphaned and vulnerable children.

- The identified challenges along the journey:
- keeping focus on transformation efforts and investment during tough trading times;
 - shifting the organisational culture continues to be a challenge in realising some of our transformation intentions; and
 - improving transformation of the Woolworths supplier base.

Woolworths has set a target to become a level 4 BEE contributor (dti codes) by 2012. Work has continued in close collaboration with employees, franchise partners, suppliers, business partners and government to meet the targets.



analysis of BEE scorecard

The total score for 2009 is 46.5 points (level 6 contributor) against a 50.4 points 2009 target and 70 points for the 2012 target.

Empowerdex Rating Agency, has issued Woolworths' BEE Certificate for the 2009 financial year.

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 and there have been four dividend payouts made to date, totalling R21m. The full benefits of the scheme become due in 2015.

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. Employee turnover in the retail sector and amongst employees benefiting from the BEE employee share ownership scheme, has adversely affected the Woolworths ownership status.

management control | Woolworths continues to focus on representivity of black non-executive directors and senior executives through succession planning and talent management processes.

employment equity | Employment equity and diversity is critical for the transformation of Woolworths. This is embedded and aligned to the business strategy, succession planning, talent management processes and employee engagement. Woolworths has a leader-led employment equity strategy and human resource practitioners who play an enabling role.

As follow-up to the Department of Labour DG review process, there has been extensive work done to ensure integrated and sustainable Employment Equity (EE) Act compliance across the business. Some of the highlights in this area are:

- the diversity committees in all business units are now well established and meeting, on average, on a monthly basis. The mandate of these committees has been well defined through ongoing training of diversity committee members;
- divisional director accountability for EE compliance has improved. This was reinforced at the BEE reviews and was key to the effectiveness of the business unit diversity committees;
- Let's Talk! methodology is adopted as an 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; and
- the continuous improvement of Integrated Performance Management (IPM) has now seen BEE and/or transformation cascading from being just a board goal to next levels, through operating plans, down to individual employees' performance goals. Individual goals coupled with an effective tracking and measurement capability contributes in embedding BEE as a way of working that is integral to business strategy.

2012
Woolworths
has set a target
to become a
level 4 BEE
contributor
(dti codes).

Woolworths workforce profile

Occupational Level 2	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nat	African	Coloured	Indian	White	Foreign Nat	
Top management				2	1		1				4
Senior management	2	12	14	67	8	3	6	6	40	4	162
Middle management	54	141	49	229	14	62	153	39	271	21	1 033
Junior management	440	364	84	262	3	446	521	111	283	4	2 518
Semi-skilled	2 555	979	121	99	2	6 272	2 429	350	199	3	13 009
Unskilled	266	80	20	7		279	117	10	5		784
Temporary employees		1				11	6	1			19
	3 317	1 577	288	666	28	7 073	3 233	517	798	32	17 529

* Excludes Country Road and Woolworths Financial Services.

Learning and development continues to be a key enabler for the development of a black talent pipeline.

skills development training

Learning and development continued to be a key enabler for the development of a black talent pipeline for key roles in the business. Woolworths initiated the process to accredit the learning interventions with the relevant Skills Education Training Authority (SETA).

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.

Woolworths has supported its black-owned franchisees as preferential business partners as part of the enterprise development (ED) strategy.

Woolworths ED 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. Our assistance takes the form of financial assistance through:

- loans;
- shorter payment terms; and
- grants (limited).

This is combined with assisting in the development of business skills through training, coaching and mentoring.

We recognise that in order to be able to make a meaningful contribution, we will need to partner with many other organisations. Partnerships have been established with organisations that provide financial and developmental assistance, as well as organisations that can assist with providing business skills training and coaching.

In the current year we have assisted 25 black-owned companies supplying products and services to various business units, and seven black franchisees.

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.

enterprise development in homeware

Our home department is making big strides when it comes to enterprise development. Woolworths helps organisations in two main ways. Firstly, we use them as suppliers. Secondly, we help them develop business skills. This is the motivation for our new home Lifestyle project which promotes the work of local designers in our Design Quarter and Willowbridge specialist stores.

Ubuntu @ the Craggs, one of the organisations being supported, is a co-operative consisting of 29 women from around Plettenberg Bay, that supplies high-quality bed and table linen.

where we're going

The key focus areas for 2010 are:

- further embedding BEE as a way of working by making sure that it cascades from the board scorecard to individual goals, and that people are measured on it as part of integrated performance management;
- further enhancement and integration of BEE into business processes and systems to ensure the key principles of data integrity, measurement and tracking highlighted in the BEE codes;
- build a deeper capacity in the business, ensuring that BEE consciousness is present at all appropriate times, i.e. when decisions on supplier selection, recruitment, employee development, and so forth, are being made;
- aggressive improvement of Woolworths preferential procurement score by influencing transformation of existing key suppliers whilst introducing new empowered small and medium enterprises to our supplier base;
- ensuring strict and sustainable EE compliance and delivery to our EE plans in line with the commitments we made to the Department of labour's DG review process; and
- a commitment to educating our business partners and suppliers on BEE, its intent, its implementation and how it can add value to our and their businesses' sustainability.

case study – enterprise development: Intaba jams

The town of Piketberg is home to Intaba Mountain Fruit Processing, one of the projects of the Izandla Women's Initiative, which was established through a partnership between Nozala Trust, the Cape Women's Forum and Vuya! Investments. This organisation was formed to generate new opportunities in job creation, work to alleviate poverty, and develop small, medium and micro enterprises (SMMEs) focusing on women.

Intaba (the name means 'mountain' in several African languages) manufactures jams, chutneys and other fruit products. The company has nine directors and 22 staff. Last Christmas, they produced a wonderful blueberry and raspberry jam exclusively for Woolworths. From September 2009 they will be supplying Woolworths with a range of jams all year round.

At Intaba everything is done by hand, from picking the fruit fresh daily, to bottling and packing for shipping. Each individual piece of fruit is carefully inspected. No preservatives or colourants are added.

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





A key focus
of all the
Woolworths
Trust's activities
is to build
capacity in our
communities to
support self-
reliance.

Since Woolworths humble beginnings in 1931, caring for people has been at the heart of the Woolworths way of doing business. In 2003, our corporate social investment (CSI) strategy was formalised in line with global best practice with the formation of the Woolworths Trust. This legal entity is managed by a board of trustees who oversee our activities in line with our CSI policy.

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

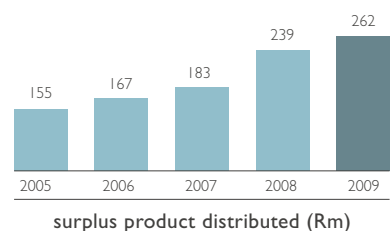
A key focus of all the trust's activities is to build capacity in our communities – to encourage and support our beneficiaries in becoming self-reliant. In particular we are committed to contributing to education by addressing food security and nutrition and the needs of orphans and vulnerable children.

surplus food and clothing donations

Woolworths is committed to using its surplus products to

help ease the burden 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 is distributed by Woolworths to local charities.

R262m worth of goods were donated by Woolworths to needy charities in 2009 (2008: R239m). Note: These figures represent the cost to company, not the retail price of the items.





The Woolworths Trust has four defined focus areas:

food security in schools

Through our major sponsorship of the Woolworths Trust EduPlant programme we assist South African schools in developing permaculture food gardens. In 2009, 5 000 educators benefited from participating in the Woolworths Trust 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 R3m a year from the Woolworths Trust.



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

In 2009 the Woolworths Trust, together with Food & Trees for Africa, have formed partnerships with new corporate funders and in 2010 an EduPlant programme will be launched which will reach into more school communities and enable more learners and their communities to benefit from the development of food gardens.



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 R75m to date to MySchool on behalf of our customers. In 2009 alone we contributed R25.8m to the MySchool programme (2008: R24.5m) through 608 000 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 2008 Woolworths extended the Making the Difference programme to include education on the environment and sustainable development.

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 2009 we recommitted support to the Emthonjeni area in Mpumalanga and finalised a formal partnership between the Trust and Heartbeat for a two-year 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.

where we're going

- make a total contribution to social investment needs in excess of R300m per year by 2012;
- expand the reach of the EduPlant programme in conjunction with our new corporate funding partners;
- focus on the growth of our flagship project, Heartbeat, in KwaZulu-Natal – the Heartbeat learning centre which provides mentoring and support to other NGOs; and
- look at ways to reach out to more communities through our store community interventions (matching funds).

case study –

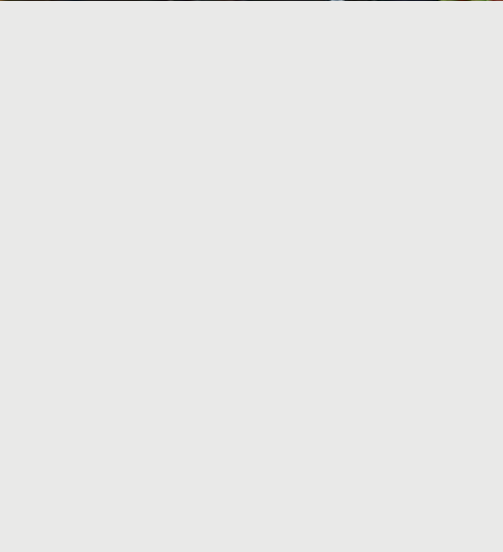
working wonders: Emmerentia Laubser

Food Departmental manager, Jacaranda –
Indomiso Orphanage and the Bothleng community

Emmerentia (Emmie) first got involved with the people of Bothleng when she decided to create a proper Christmas for the children there. She realised their huge need and began to do more and more. She spends her spare time contacting sponsors, collecting money, food and many other desperately needed items. Emmie visits, regularly handing out goods and playing with the children. She is establishing a children's day-care centre, organising summer camps (using her own leave) and is setting up a beadwork project.

Woolworths
stores are
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support social
development
projects, schools
and charities
in their local
communities.





social report

The Woolworths
people strategy
is to enable
sustainable growth
and profitability
through people.

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

our people

The Woolworths people strategy is to enable sustainable growth and profitability through people. This includes:

- building a successful and delivery-orientated merchant community;
- attracting, developing and retaining passionate, committed, talented and high performing retailers; and
- driving employment equity and skills development.

what we're doing – achievements for 2009

- confirmation of the people strategy and desired culture and leadership practice;
- implementation of integrated performance management;
- establishment of the learning academy framework;
- development of a holistic talent and retention framework;
- improved culture and climate feedback;
- infrastructure and process improvements;
- investment in people strategy – talent management system, learning centre;
- implementation of Let's Talk! in human resources and upskilling of human resources team;
- improved human resources service delivery; and
- improvement in people survey results.

challenges for 2009

- consistent implementation of the people strategy across the business;
- implementation of the customer assistant employment proposition for store staff;
- the strike;
- consistent use of learning and development budgets; and
- high labour turnover at a store level.

The people
survey results
show significant
improvement in
communication,
performance
management and
change leadership.

employee engagement

The annual people survey measures the views of our people and focuses on strategy execution, structures for delivery, talent creation, business disciplines, stakeholder value, recognition and reward and change leadership.

The people survey results show:

- an increase of over 7% in the overall people survey score from 54.1% in 2008 to 61.4% in 2009;
- significant improvement in communication;
- great improvement in performance management;
- great improvement in change leadership;
- continued work required on leadership congruence – consistency in interpretation of strategy;
- continued work required on clarifying accountabilities and collaboration between areas;
- increased focus needed on engaging different stakeholder groups; and
- increased clarity and education required on recognition and reward systems.

diversity management

A new diversity management approach was piloted and will be rolled out. The feedback from the pilot participants has been good. This work will go a long way in shifting individuals to be the change they would like to see in

Woolworths, whilst identifying, naming and addressing diversity and transformation barriers in the business.

Let's Talk!

Let's Talk!, as an employee engagement methodology, is being rolled out aggressively across the business. The

intent of the rollout is to drive sales, profitability, productivity, knowledge and customer service through focused and disciplined communication and engagement.

employment proposition

Woolworths offers a compelling employment proposition. Significant opportunities exist for training and development in a modern, exciting and vibrant retail environment.

Prospective and current employees are attracted and retained by the value-based culture which forms the bedrock of the business. The Woolworths focus over the last few years has been to invest in infrastructure to support growth, focus on attracting and retaining top retail talent, the introduction of our BEE employee share ownership scheme, the selling team employment proposition, the shift to total cost of employment and re-energising Woolworths values.



We are focusing on ensuring that experienced sale staff can serve our customers. This includes:

- conversion of part timers to flexible 40 hours (4% to 16% by June 2009);
- provide sufficient hours of work to ensure a meaningful wage;
- structure stores to facilitate career progression; and
- a store and regional manager gain share scheme to reward performance in selling teams.

During the year we established the Woolworths merchant academy which develops the skills required to execute the strategy and building technical, functional and leadership skills. Our successful retail academy, run in partnership with the Cape Town Graduate School of Business, will be complemented by a new growth academy for junior management. The learning centre at Adderley Street in Cape Town has also come on stream to accelerate the development of retail skills by providing focused and accredited courses required for modern retail. Another will open in Gauteng in the coming year.

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.

union recognition

The South African Commercial, Catering and Allied Workers' Union (Saccawu) embarked on a protected national strike during September 2008. The union

demanding organisational rights such as the right to organise its members and implement stop order facilities from Woolworths.

The dispute with Saccawu was not about the Woolworths employment proposition. Woolworths employee salary increases are competitive in the retail sector and all employees have contracts with benefits which guarantee minimum hours of work every week.

Woolworths and Saccawu agreed to a verification process which was part of the strike settlement agreement. A verification process was concluded which showed that the membership has increased to 30.29% after the strike, from less than 15% in November 2007. This is sufficient for Woolworths to grant organisational rights to the union.

The organisational rights provide for:

- union subscriptions to be deducted from the salaries of workers who are union members. (i.e. stop order facilities); and
- union access to company premises to recruit members and hold meetings.

The union does not have the right to negotiate employee contracts, wages or any aspect of the Woolworths employment proposition. This requires 50% plus one member for full recognition of the union.

Significant opportunities exist for training and development in a modern, exciting and vibrant retail environment.



I particularly like the fact that Woolies is changing the way that fresh produce is farmed.

case study – Good business journey store champion programme

Omar Jardine:

Sales assistant and Good business journey champ at Milner Road

You've always been in sales in Food. What do you like about it?

OJ: I like the fact that I know a lot of detail about the products we sell and can pass these on to customers. I take customer service very seriously (Omar won a customer service award last December) and want to give people the information they need to make the right choices. Since I've been a champ, I particularly like the fact that Woolies is changing the way that fresh produce is farmed. We're helping our suppliers operate in a way that preserves natural resources.

You have been a Good business journey champ since the initiative started. How did that happen?

OJ: I heard that the business wanted two people from each store to come forward and be trained as champs. No one else volunteered but I really wanted to find out more. I am interested in the subject but I also wanted more responsibility and to gain more skills.

Are you glad you did it?

OJ: Definitely. I have learnt so much and it gives me a good feeling that colleagues and customers really appreciate the information I give them. I research particular topics and then share that in our meetings to keep my team up to date. I also get recognition from my store and from head office.

What has been a highlight for you?

OJ: Definitely the Good business journey meeting at head office. It was a 'tsunami' of information about all aspects of sustainability. I came away overflowing with knowledge. It meant I could help change things at work but it has also changed my own behaviour with my family at home.

supplier relations

A Supplier code of Business Principles covering labour, social, BEE and environmental issues is in place to set standards for supplier conduct, against which all suppliers are regularly audited.

Clothing's 2009 compliance target was 90%, but 84% was achieved, a significant improvement from 2008, but still 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 2008 and achieved 94% compliance over a two-year audit cycle.

where we're going

- focus on embedding the systems, processes and values into the business and concentrating on continuous improvement;
- training and development remains a key focus;
- establish a best practice supplier website to share and encourage initiatives across the supply chain in critical areas and for customers to learn more about the farmers that produce their products; and
- increase engagement with international suppliers on sustainability issues.

case study – Woolies recognises suppliers for their commitment to protecting the environment

Woolworths named three of its suppliers winners of Woolworths Eco-Efficiency Awards for 2008. The award recognises efforts these suppliers are making to join Woolworths in working towards becoming more environmentally responsible. Woolworths is the first retailer in the world to recognise suppliers for their efforts in becoming more eco-efficient. This year's recipients include La Motte, Kimberly-Clark SA and, for the second year running, Westfalia, which grows the bulk of Woolworths avocados and mangos.

La Motte produces red wines (Grand Rouge Merlot and Grand Rouge Cabernet Sauvignon/Shiraz Reserve) for Woolworths as well as potted disa plants. The judges commended La Motte for their professional environmental management system. Since 2004 they have reduced their relative water usage per litre of wine by 41% and their relative energy usage by 17%. La Motte's efforts are continuing and they should shortly obtain Champion status (the highest possible) under the Biodiversity in Wine Initiative. The La Motte wine estate is in the process of converting to organic production.

The judges applauded Kimberly-Clark South Africa for having achieved ISO 14001 certification, their 10% reduction in total water usage and for implementing a significant number of projects relating to facility upgrades, training and development of their people as well as for developing a clear strategy and setting supporting targets for the years ahead. Kimberly-Clark SA supplies tissue paper products including facial tissues, kitchen towels, toilet tissue and nappies.

Westfalia, which received the inaugural Eco-Efficiency Award in 2007, was recognised for the sterling work they continue to do, particularly in terms of understanding the carbon footprint of their avocado production. Westfalia was shown to be in favourable balance with 41 250 tons of CO₂ being fixed in orchard biomass, compared to total of 2 453 tons of CO₂ equivalents released in the production and distribution of their avocados to both local and overseas customers.

A Supplier code of Business Principles covering labour, social, BEE and environmental issues is in place to set standards for supplier conduct, against which all suppliers are regularly audited.



Woolworths is committed to maintaining the highest possible levels of product safety.

product safety and labelling

what we're doing

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.

Product recalls during the period tested the efficacy of Woolworths product recall procedures.

For both red alerts actioned during the second half of the year (both branded products public recalls) the formal procedure was followed and the instruction was issued 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.

where we're going

Maintaining vigilant product safety standards.

occupational health and safety and security

what we're doing:

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 counselling for personal or business crises as well as lifestyle counselling to employees to help them manage health-related issues.

Woolworths also contributes to better management of issues such as HIV/Aids in the workplace through organisations such as the South African Business Coalition on HIV/Aids.

All employees have free access to voluntary HIV testing as part of a comprehensive HIV/Aids programme. HIV-positive employees have access to anti-retroviral treatment via the Healthcare Fund and Clinical Management programme.

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.

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.

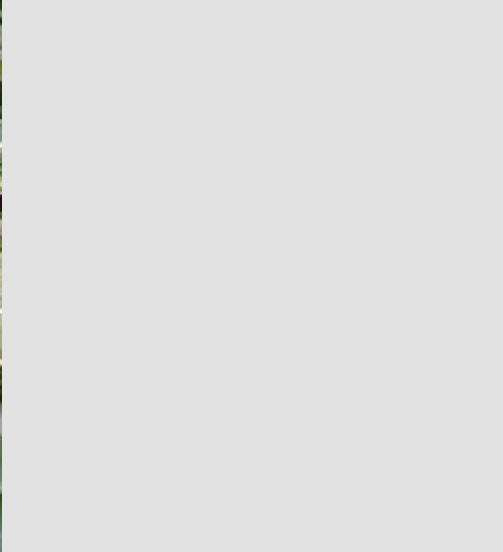
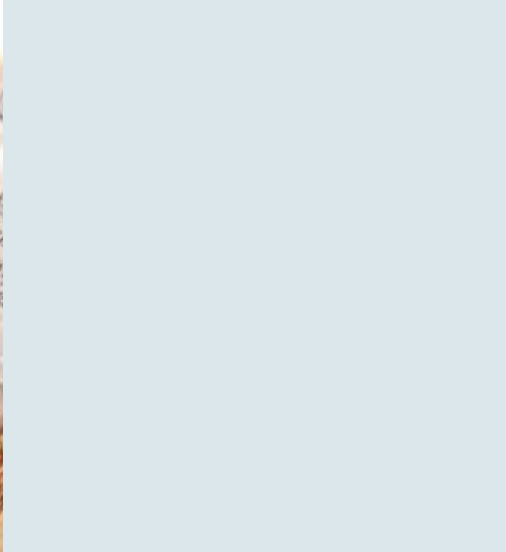
Injuries on duty

	Number of injuries
July 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

where we're going

Continuing to put stringent security measures in place to mitigate the risk of crime.

HIV-positive employees have access to anti-retroviral treatment via the Healthcare Fund and Clinical Management programme.



environment report

We continue
to promote
environmentally
sound farming
methods, thereby
ensuring that
our conventional
produce farmers
migrate to
environmentally
sensitive farming
methods.

Woolworths identified the environment as a key focus for the business when announcing the Good business journey. The targets represent significant up-weighting of the ongoing focus in key areas and concentrating on 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.

organic and free-range

With the word “organic” easily conjuring up images of fresh produce pulled from earth, some consumers are surprised to find out that there are certified organic options for many processed grocery food items. Certified organic processed foods include ingredients that are grown without the use of synthetic chemicals such as herbicides and pesticides, according to strict organic standards. Furthermore, the products are manufactured in audited, certified organic production facilities.

Free-range production in South Africa is regulated by the Agricultural Product Standards Act and requires animals to have access to ample food and water, sunshine and shade, the outdoors and protective shelter.

The Woolworths product development team works closely with its manufacturers to ensure maximum product safety and the minimum use of preservatives within the well-established framework of globally accepted organic manufacturing standards.

Woolworths is proud to announce that we have the first clothing ever made from local, South African-grown organic cotton in stores for Summer 2009.



what's already been done

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 five-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.

what we're doing

- in 2009 our organic and free-range food sales were over R500m;
- organic clothing sales were considerably higher than 2008 sales, despite the economic downturn, 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. A successful partnership with House & Leisure magazine is further promoting 'green' design.

case study – organic cotton

Just five years after introducing South Africa's first clothing made from 100% organic cotton, Woolworths is proud to announce that we have the first clothing ever made from local, South African-grown organic cotton in stores for Summer 2009.

The first 100% SA Organic range of t-shirts in both womenswear and menswear 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 2-year long pilot project which involved Woolworths, the Organic Exchange, ComMark, Cotton SA and the Agricultural Research Council's Institute for Industrial Crops.

The harvest yielded some 30 000 kg of seed cotton, which was then cleaned, processed and spun into yarns. Rotex Fabrics knitted the fabric, which was then made up into t-shirts by long-time Woolworths supplier, Monviso. Every step of the process took place in South Africa, making these t-shirts the first 100% South African, 100% organic cotton garments to be available in this country.

where we're going

We will continue to accelerate Woolworths organic and free-range journey, delivering the following by 2012:

- increase the sales of organic and free-range food to over R1 billion per annum;
- sell in excess of R1bn of organic-content clothing;
- continue to encourage customers to support free-range farming with free-range chicken, beef and lamb; and
- increase the range of organic clothing and the use of natural fibres. Items made from other sustainable fibres, including hemp, soya and organic linen, will be added to our range.

healthy eating and lifestyle programmes

what's already been done

- 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; and
- within the last 18 months Woolworths 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, as well as some 79 tons of sugar from its chilled 100% fruit juices and nectars.

what we're doing

The good food journey is a multi-faceted, long-term commitment to addressing issues such as care for the environment, animal welfare and consumer food issues – meeting the increasing demand for food that is better. In 2009:

- 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; and
- 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.

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.

Woolworths pioneered allergen labelling in South Africa by introducing "nut logos" and a "contains" section (later changed to the "allergen" section) on product labels.

Woolworths has become 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 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.

Woolworths
and its suppliers
are dedicated to
selling products
that do not cause
harm to the
natural world in
the way they
are made.

where we're going

The programme is being accelerated to:

- offer our customers even more healthy food options;
- phase out, as far as possible, the use of partially hydrogenated vegetable oils, and trans fatty acids;
- assist customers to make more informed food choices by providing full nutritional information;
- continue to improve the health benefits of our core food range; and
- develop foods with specific health benefits, for example immune boosters.

biodiversity

With South Africa having the third-highest level of biodiversity in the world, Woolworths and its suppliers are dedicated to selling products that do not cause harm to the natural world in the way they are made.

what's already been done

- taking genetically modified (GM) ingredients out of our food wherever possible. Any GM ingredients remaining are clearly labelled – which means customers can make informed choices while shopping; and
- selling only badger-friendly honey.

what we're doing

- 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);
- Woolworths supports 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; and
- we are partnering with the South African Sustainable Seafood Initiative and use their red/amber/green colour-coding system to indicate threatened species.

where we're going

- by 2012 all locally grown fresh produce (other than organically certified produce) will be grown using environmentally sensitive farming practices; and
- by 2012 all Woolworths wine suppliers will be members of the BWI.

case study – farming for the future

For years Woolworths agricultural experts have been looking for ways to farm food crops more sustainably while still achieving high yields. 'Farming for the future' is a holistic approach that manages the entire farming process systematically to maximise production while minimising negative impact on the environment. In addition, food grown this way costs no more than conventionally farmed produce.

Like organic farming, farming for the future starts with caring for the soil and ensuring soil fertility by adding compost. Unlike organic farming, it allows farmers to use conventional chemicals (but only when necessary) to correct levels of plant nutrients or control insects or disease. It also encourages biodiversity and helps conserve water resources.

In our trials we've already seen significant savings in the use of water, pesticides and chemical fertilisers. As our farmers become more proficient in managing minerals, microbes, pests and plant health, we expect to see even more benefits.

We're pleased to say that 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.



2012
all Woolworths
wine suppliers will
be members of the
Biodiversity and
Wine Initiative –
BWI.

case study –
fishing for the future

As awareness of the need to preserve and protect the world's seafood resources grows, Woolworths is doing everything possible to help customers ensure they're buying the most sustainable seafood.

Having introduced our Sustainable Seafood Policy and signed the landmark WWF South African Sustainable Seafood Initiative's (SASSI) Retail Charter in 2008, we're now the first major South African retailer to begin labelling seafood in accordance with SASSI's green, orange, red system.

The SASSI classification system focuses on locally caught seafood. Green indicates species that are the best choices as they can handle current fishing pressures; orange, that there is concern over the sustainability of a species; and red (which will never be found at Woolies) species that are protected and/or illegal to sell. Seafood that falls outside of SASSI's classifications – such as farmed or certain imported seafood – will carry a blue label at Woolworths.

We want to assure customers that seafood at Woolworths is traceable and sourced from legal and well-managed fisheries. For example, our kingklip is sourced from well-managed hake trawl fisheries where it is caught as part of the monitored bycatch. Kingklip will not be targeted and catches will not exceed the precautionary limits set by Marine and Coastal Management.

We are the first
South African
retailer to begin
labelling seafood
in accordance
with SASSI's
classification
system.



Our FISHING FOR THE FUTURE initiative is your guarantee that this product is:

- ✓ responsibly sourced
- ✓ legally caught and
- ✓ has full traceability

water

In its most recent report, the Intergovernmental Panel on Climate Change (IPCC) concludes that water and its availability and quality will be the main pressures on, and issues for, societies and the environment under climate change. These impacts will be exacerbated in dry and developing countries, with South Africa falling into both categories.

At least 60% of the country'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. We are deeply committed to being part of the solution and have a long history of working with our suppliers to influence change.

what's already been done

Woolworths is 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.

what we're doing

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. The farming for the future programme essentially uses compost and organic fertilisers while improving the natural fertility of the soil;
- we completed a water trial with 40 food suppliers which has highlighted issues with run-off water (into rivers and aquifers) from irrigation practices, and waste water from farm processing;
- we 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; and
- 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.

Woolworths
is committed
to reducing
water usage and
managing waste
water and
water effluent.



Woolworths direct operations are now water neutral.

case study – water neutrality

Woolworths is the first retailer to join the World Wide Fund for Nature's (WWF) Water Neutral Scheme. The scheme, launched in association with the government's Working for Water programme, seeks to encourage 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 becoming 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 Rodney February, Programme Manager of the WWF Water Neutral Scheme, 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.

Dr Deon Nel, head of the WWF Living Waters Partnership, has saluted Woolworths for its efforts, "South Africa will, by 2025, have 1.7% less water than it requires, and at the present rate of consumption, we could run out of drinking water by 2040. We applaud Woolworths for its water neutrality strategy and believe that the company is a global example of how corporate South Africa can work with government and NGOs to find a solution that will benefit all."

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; and
- storm water management – allowing rain water to be stored and used.

Such measures have already been implemented at the distribution centre in Midrand. Municipal water at the distribution centre is used only for drinking purposes.

Head office facilities have shown a 46 % decrease in water usage to 10 365 kl (2008: 19 306 kl), and we have also achieved just under a 12% 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.

where we're going

- reduce Woolworths relative water consumption by 30% by 2012;
- work with suppliers to reduce water used and improve waste water management; and
- research and understand the water footprint of selected priority products.

what's already been done

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.

what we're doing

Woolworths entire private label range of toiletries and cosmetics has been approved by Beauty Without Cruelty (BWC). Woolworths is now included on BWC's "White List" of companies which comply with their humane criteria. Our suppliers have willingly been audited to ensure that they comply with cruelty-free practices.

South Africans looking for household cleaning and personal care products that are kind to their families as they are to the environment have to look no further than Woolworths extensive Earth Friendly range. Made with naturally derived, plant-based, biodegradable ingredients and containing no petrochemicals and no artificial colours, the range has been benchmarked against the world's top environmentally friendly and conventional branded chemical products to ensure they are as effective as they are gentle to the skin and the environment. What's more, every product carries the endorsement of Beauty Without Cruelty. It's not just the products which are environmentally friendly, either; where possible, 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.

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



where we're going

- focus on animal welfare as a mainstay of the Good business journey and remain committed to a clear animal welfare policy;
- designate only traceable routes for the sourcing of our wool products; and
- work with our suppliers to develop broader free range options for our customers.

case study – free-range eggs

Woolworths has recently received a number of questions and complaints from customers about the eggs used in its recipe dishes.



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.

Using free-range eggs as an ingredient in all recipes is, regrettably, not cost effective. We expect the costs will come down as the industry grows. Our aim is to use free-range eggs in all products and we will keep driving this.

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.

what we're doing

reduce

Too much of the world's packaging ends up in landfill, where it could pollute the air, soil and water. 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 320 tons of packaging against the targets set last year by analysing the packaging in 1 400 lines of food, specifically by weighing over 200 000 tons of food.

Our free range
hens enjoy access
to ample food and
water, sunshine and
shade, the outdoors
and protective
shelters.

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:

- 23% of the product lines in food currently contain recycled packaging materials with a target of 25% having been set for 2012. 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);
- we are also committed to contributing to the investigation of compostable packaging solutions and we trialled two new compostable packs as part of our Easter range of chocolate eggs; and
- almost 80% of our food lines have symbols on the plastic packaging to help customers and recyclers easily identify packaging for resorting.

Woolworths committed to introducing a nation-wide programme supporting the recycling of our customers' waste. Although we are working with our local recycling industry to develop the demand for recycled product and ensure a market for recycling in South Africa, we have encountered a number of obstacles in meeting our target. These include customer demand for recycling, challenges around collection points and separation of waste and education required for both employees and customers around waste management and recycling.

As a result, the Woolworths customer programme currently includes 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.

We will shortly launch a new pilot programme for customer recycling at selected Engen service stations in the Western Cape, in partnership with Engen and Nampak.

Woolworths 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.

Woolworths has a range of recyclable shopping bags including locally made reusable fabric shopping bags and reusable plastic art bags.

Woolworths is committed to reducing packaging to the minimum necessary to protect, inform and promote the product.





Reusable bag sales have more than doubled over the last financial year.

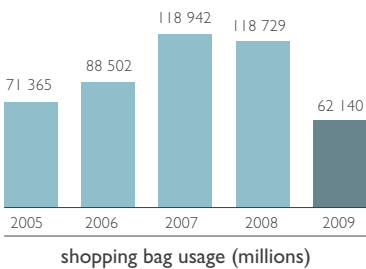
These have created an opportunity for Woolworths to preserve the environment as well as support enterprise development.

Currently the main supplier of Woolworths reusable bags is Isikhwama, based in Maitland, Cape Town. The company employs 70 semi-skilled and unskilled people who were previously out of work.

The second supplier, the Greater Uitenhage Sewing Co-operative (Gusco), is based in Uitenhage, Nelson Mandela Metropole. Gusco is an amalgamation of three informal community sewing groups, and employs 27 full-time machinists and a number of seasonal employees.

Reusable bag sales have more than doubled over the last financial year, and the internal target of selling 500 000 reusable bags in 2009 was achieved before the half year – in total over 900 000 bags were sold.

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. Plastic shopping bag sales have also decreased significantly over the last financial year and a 25% reduction target has been set by 2012, off a 2007 benchmark of 1.3 plastic bags per transaction, with a target of 1.0 for 2012. The 2009 target was 1.2 plastic bags per transaction and 1.17 was achieved.



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 collect all unwanted plastic hangers from stores, sort and clean them (using a workforce that includes many disabled workers) and sell 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.

We are moving towards a target of zero waste-to-landfill from distribution operations. Woolworths operations generally produce relatively little waste for landfill due to the use of reusable lugs for the movement of over 90% of food products and the predominant use of recyclable cardboard packaging in clothing. Where operations do produce waste such as pallet wrap waste on longlife and frozen goods and plastic dust covers for clothing, Woolworths is reviewing alternative packaging to further reduce packaging waste.

In 2006 Woolworths began using recyclable board for store signage and displays. Currently, 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.

Woolworths corporate offices are also committed to recycling. New shared recycling bins were introduced in all corporate buildings during the year. Our head office has converted as far as we can to recycled paper in all printers and photocopiers, all our internal communication publications and documents and our annual reports.

At a store level we're trying to decrease some of the administration processes in stores to free more time to spend on our customers and making sure their needs are met. By streamlining administration processes we've also saved paper. In full line stores we will save about 200 pages a week and in food stand-alone stores we will save about 80 pages.

In the past, much electronic waste (e-waste) has ended up in landfill sites even though it contains toxic materials. Woolworths is working hard to ensure that computers, printers and printer cartridges are properly disposed of. Working equipment is donated to needy organisations and schools. Equipment that is not fully operational is sent to The Salesian Institute, who use computers in their maintenance training courses aimed at giving disadvantaged young people skills. Hardware that can no longer be used, is safely recycled. In total, 236 computers were distributed in 2009 to Salesians for reuse. A Western Cape e-waste facility is now up and running and the latest batch of equipment has been sent through this facility.

where we're going

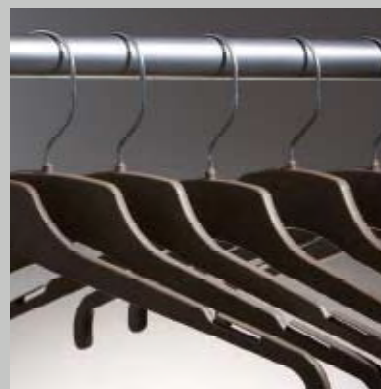
We will continue to work towards our stated 2012 targets including:

- reduce clothing packaging by 33% and food packaging by 20%;
- decrease food plastic bag usage by encouraging customers to use reusable bags and reduce clothing plastic bag usage where possible;
- use symbols on all plastic packaging to help customers and recyclers easily identify packaging for sorting; and
- continue to work closely with partners in the recycling and retail sectors, as well as our suppliers, to heighten awareness and reduce the customer waste-to-landfill. This commitment includes:
 - additional educational material for inclusion in the MySchool curriculum and improved education and awareness through the MySchool programme;
 - facilities for the recycling of customer waste in design specifications for all new buildings (stores and corporate buildings); and
- launch a customer recycling pilot in the Western Cape.

case study – black is the new green

Our new black hangers contain up to 50% recycled material. This means we've reduced the amount of new plastic we use by about 700 tons per year. That's about 11 million hangers' worth. Changing to black means we can use more recycled plastic, saving costs at the same time.

We will continue to work towards our stated 2012 targets including:
Reduce clothing packaging by 33% and food packaging by 20%.





case study – life cycle – Villiera Wines

One of the key educational roles that Woolworths would like to play as part of the Good business journey is to educate customers about how products are made, and what is required to get them onto the shelf in their nearest Woolworths store. Understanding the life cycle of wine is one way to achieve this, as well as to show the good things being done by Woolworths suppliers.

Villiera Wines, one of Woolworths main wine suppliers, is situated between Paarl and Stellenbosch. Villiera's management has restored some of the fallow land to create a sanctuary for wildlife. Ten thousand indigenous trees have been planted, with a further 2 000 still be planted in 2009. These trees are grown in old milk containers by their own staff and then bought from them when a year old.

They also own 360 hectares of natural vegetation in the Stanford area. Over the past 11 years this area has been cleared of almost all alien vegetation. This property also has two kilometres of river frontage on the Klein Rivier with pristine milkwood and olive forest areas.

The management at Villiera is committed to minimising their water use; only drip irrigation is used on certain soil types (large percentage of vineyards are dry lands). Moisture is monitored by neutron probes and all vineyards are planted with cover crops. These crops are rolled flat in summer to keep vineyards cooler and prevent moisture loss.

For the last eight years Villiera has only sprayed minimally for weed control. They have reduced their vineyard area by 100 hectares increasing the area of fallow land that will be restored in future. There are already some 50 steenbuck, some Cape fox, grey mongoose, porcupine, and blue crane, to prove that their environmentally friendly farming methods are paying off. Owl boxes have been installed; snails and some insects are controlled by over 1 000 ducks.

All sediment from wine tanks and tartaric acid is sold to Brenn-o-kem where it is turned into products for the wine industry and cattle feed. Grape skins are composted and reused in the vineyard or by a gardening project of members of Bloekompos community.

Most of the waste is separated for recycling and the rest taken to the waste transfer station as part of an enterprise development project. All building rubble is reused for road surfacing and refencing of the farm.

Aside from providing a crèche for the children of its workers, Villiera supports the work of the Pebbles project which works with 11 wine farms. The project is supporting nine crèches and nine after-school clubs, two crèches in the suburbs of Lwandle and Kayamandi, and improving the education of over 500 children. Villiera has donated land and office buildings on its farm for the project.

Villiera is a true example of a holistic sustainability programme, addressing BEE and social development challenges and working hard to minimise its environmental footprint.

One of the key educational roles that Woolworths would like to play as part of the Good business journey is to educate customers about how products are made, and what is required to get them onto the shelf.



climate change and energy report

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.

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.

progressing climate change policy within
our sphere of influence

- 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 provide education and awareness to our staff on climate change issues.
- We will engage with our suppliers and customers to create an understanding of the risks and opportunities of climate impacts.

Woolworths carbon management programme and commitments

- 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 of 273 010 tons in April 2007).
- Woolworths commitments to carbon output reduction include:
 - reduce relative transport emissions by 20%;
 - reduce relative electricity usage by 30%;
 - open a trial green store;
 - source food regionally wherever possible, reducing reliance on long-distance road transport;
 - restrict airfreight of our food products;
 - help set up model 'green' factories with selected suppliers and work closely with suppliers to reduce their carbon footprint; and
 - work with soil scientists to regularly monitor our farmers' soil sustainability, increasing its CO₂ absorption abilities.
- 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. This is an important step because around 75% of the carbon footprint of clothing can result from washing, drying and ironing.

Woolworths is
committed to
reducing its relative
carbon footprint by
30% by 2012.

Woolworths progress, memberships and commitments

Woolworths makes every effort to play its part in addressing climate change:

- 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 received the National Business Initiative (NBI) special award for top performance in energy efficiency by an Accord signatory in the commercial sector in November 2008 at the annual *eta* (Greek symbol for efficiency) Awards;
- Woolworths was ranked first in the low-carbon category in the Carbon Disclosure Leadership index as part of the 2008 Carbon Disclosure Project for South Africa.
- we source over 95% of our food from South Africa, based on country of origin labelling;
- 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; and
- Woolworths supports the development of a carbon trading framework for South African companies.

case study – the Woolworths distribution story

From supplier farm to 'green' Woolworths distribution centre to Woolworths store and back – we have looked at our entire distribution process to make it as socially and environmentally responsible as possible.

Some of our initiatives include:

- Woolworths is running a pioneering project that sees a 5% recycled cooking oil added to the fuel mix used in 95% of Woolworths trucks. This is the oil that is produced from cooking rotisserie chicken. The resulting fuel mix emits substantially less greenhouse gases such as carbon dioxide than traditional fuels such as diesel and petrol;
- 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;
- cold chain – Woolworths is well known for its excellent cold chain practices, ensuring quality and freshness;
- transit packaging – that used to protect clothes during transport, as well as hangers, is 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. To find the best site, a 'centre of gravity' study was carried out that calculated a location of 'best fit' so that both our trucks and suppliers' vehicles would travel the shortest possible distances. In an effort to reduce the use of electricity at the DC, some of the measures utilised are:
 - the use of natural light in the building;
 - intelligent light fittings in offices capable of dimming to adjust to ambient natural light and switching off when people leave the space;
 - the use of recycled heat – heat recovered from refrigeration plant is used in the underfloor heating system;
 - solar thermal hot water production for ablution facilities;
 - because of the vast area of the building, there was a danger of creating an 'urban heat island' – i.e. the building would reflect heat rather than absorb it as agricultural land would. To remedy this fact, grass has been planted on the roof of selected areas. This increases the biodiversity of the site and adds to the roof insulation;
 - the use of elevated flood lights results in a significant reduction in the number of luminaries required; and
 - the use of evaporative cooling technologies for the refrigeration plants results in the greatest energy saving.

energy usage

Total energy usage for all corporate stores, head office buildings and distribution centres: 294 152 197 kWh (2008: 297 333 352 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 per day is monitored.

We have looked
at our entire
distribution
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it as socially and
environmentally
responsible as
possible.



Relative energy use has decreased 12% from 2004.

Relative energy usage: 249.7 kWh/m²/day for 2009 (2008: 268.9 kwh/m²/day). This is a 12% decrease from the 2004 benchmark.

carbon footprint

A carbon footprint calculation independently conducted on head office buildings, distribution centres and corporate stores by Global Carbon exchange:



Comparative information

	Source	2009	2008*	% change
Scope 1	Company owned vehicles	32 378.2	27 872	16.1%
	Stationary fuels	228.9	455.7	(49%)
	Fugitive emissions	26 275.6	20 896.6*	26%
Subtotal		58 882.7	49 224.34*	19.6%
Scope 2	Electricity	288 229.1	323 428	(11.2%)
Subtotal 1 and 2		347 111.8	372 652.3*	(9.3%)
Scope 3	Commuting	32 884.7	—	—
	Business Travel	1 923.1	2 228	(16%)
	3rd party distribution	22 248.5	—	—
	Waste	4 317.4	—	—
	Paper usage	142	—	—
Total		408 627.4	374 940.3*	9%

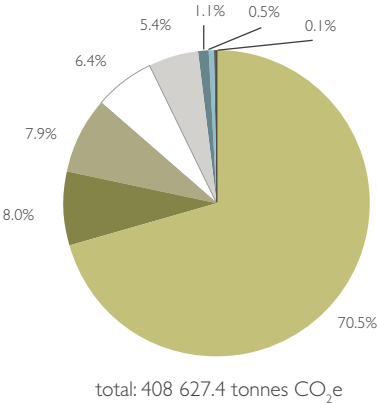
*restated fugitive emissions were incorrectly assessed for CDP6.

Methodology: Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard.Total square meterage of trading space: 374 005m² (based on the benchmark as at 2004).

Total emissions are 9% higher in this report than for the previous year. The Scope 1 and 2 emissions only are 2.19% higher in this report.

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

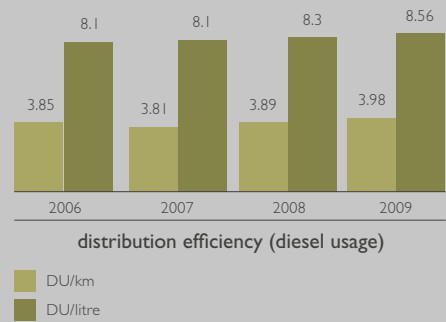
- only business travel was included as a Scope 3 emission in the CDP6 submission.This report has included employee commuting, business travel, distribution, waste and paper usage; and
- the opening of 25 new stores, especially food stand-alone stores which have a far higher kWh/m² of trading space than an average full-line store.



- Electricity
- Employee commute
- Company-owned vehicles
- Fugitive emissions
- Distribution (3rd party)
- Waste
- Business travel
- Stationary fuels
- Paper usage (Head Office)

Some of the energy and carbon efficiency initiatives undertaken include:

- online metering in 100 stores;
- compact fluorescent lights (CFL's) and electronic ballasts retrofitted in Western and Eastern Cape stores;
- a programme utilising new refrigerant technology in food stores has led to a 35% decrease in electricity usage in these stores, and savings in electricity bills. This technology is being rolled out to all new stores going forward;
- energy-efficient distribution centre which is also producing savings of 9 370 km of delivery-related travel per week;
- increase in distributable units distributed per litre of diesel used and per kilometre travelled; and
- Woolworths has encouraged customers to save energy, by only selling energy-saving lightbulbs – customers are not able to buy traditional light bulbs in Woolworths stores. Woolworths, in association with Nova Lighting, also offers an in-store collection facility for the safe disposal of redundant CFL (energy-saving) light bulbs in selected stores. The collection bin has been specially designed to ensure that there is no danger of CFL lamp breakage.



case study – greener stores

One of Woolworths key objectives is to use the learning from the design and development of its Midrand Distribution Centre and apply these to the development of a range of greener or more environmentally efficient stores.

A range of new technologies are being put in place in a number of new stores, the first few of which opened their doors during April and May 2009. They include measures such as:

- automated lighting and electronic ballasts for lighting;
- solar heating to supplement hot water systems and under floor heating;
- daylight sensors for display windows;
- daylight use and natural ventilation for staff areas;
- dual flush toilets;
- use of recycled materials in ceiling tiles, cardboard bulkheads and other fixtures; and
- non-toxic paints and finishes.

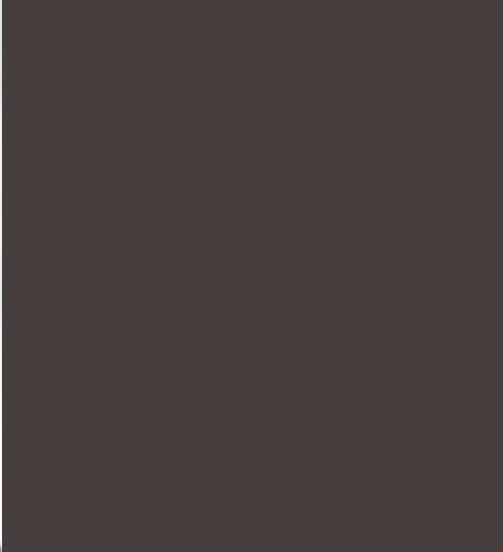
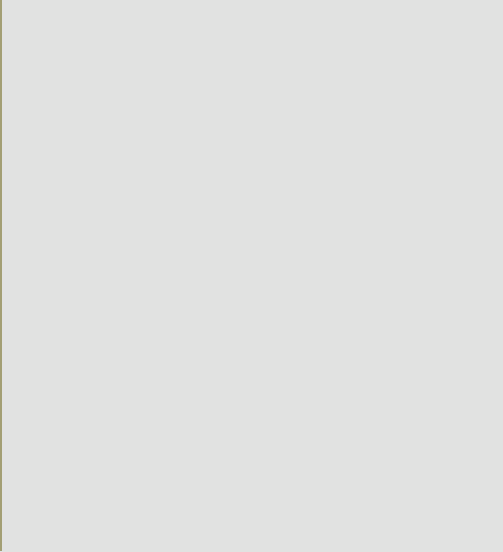
Further technologies, such as replacing wood shelving with recycled and recyclable cardboard shelving, and CO₂ refrigeration, which has a much lower global warming potential, are being piloted.

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 rating tool.

where we're going

- roll out online metering to all stores and automated lighting to the largest 50 stores by the end of 2009;
- investigate carbon offsetting opportunities (including tree planting);
- increase recycled cooking oil percentage by working with engine manufacturers to ensure ability to move to 20% mix;
- rollout 'greener' stores during 2009 and put plan in place to make all facilities more energy-efficient; and
- improve distribution efficiencies to meet 2012 targets of 9.7 DU/litre and 4.44 DU/km.





COUNTRY ROAD



country road

Through the
brand and people
Country Road
will innovate and
create social,
ethical and
environmental
change.

The Country Road brand was launched in 1974, and in 1998 Woolworths secured a controlling interest in the company.

what we're doing

"Corporate and social responsibility (CSR) at Country Road is about taking a considered approach to the way we conduct business. Through the brand and people Country Road will innovate and create social, ethical and environmental change in the world in which we live."

The CSR framework centres around four key areas: environment, community, ethical trading and our people. A CSR steering committee that includes the Chief executive officer is in place. The CSR vision and measures are included in the company's strategic plan. In 2008 Country Road launched the Country Road SEE programme, an employee education campaign.

stakeholder engagement

Country Road engages with stakeholders on issues as part of the way it conducts business, and we regularly survey and seek feedback from customers, people, suppliers and vendors on business requirements and CSR priorities.

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

Our biggest achievement this year has been the establishment of our community partnership with Redkite. Redkite is one of Australia's leading children's cancer support charities.

as part of our partnership:

- we launched a new design for the Red Bag programme;
- in 2009 our initial corporate investment in Redkite was \$88 711;
- a further \$30 577 was donated through customer engagement activities, i.e. the gold coin donation and the proceeds from the reusable cotton bag;
- employee engagement activities raised a further \$4,108; and
- a total of \$123 396 in donations were made for the 2009 financial year against our internal target of \$107 000.



community – workplace giving and volunteer leave

Alongside our partnership we launched the Community Policy, which offers employees volunteer leave and the opportunity to participate in workplace giving. We had 132 employees participate in workplace giving; 112 one-off donations and 20 ongoing donations are being made each month.

other donations:

- \$50 000 to the Bushfire Appeal;
- \$5 000 to the Oaktree Foundation; and
- Country Road donated 5 267 units of product at retail value of \$306 098 (cost value \$132 475) to the Red Cross for sale in their retail stores across Australia and New Zealand.

people

'Success through People' is the foundation of the Country Road strategic plan. Country Road is committed to attracting, developing and retaining the best people while ensuring their health, safety and wellbeing. Focus areas are:

- team member engagement – Country Road will retain key talent by ensuring the workforce is inspired and committed to our vision and strategic plan;
- developing a performance achievement culture by creating an environment that proactively manages, recognises and rewards performance;
- developing team member capability and succession through a highly skilled workforce with team members who are equipped to deliver; and
- attracting star performers – highly talented people with a strong cultural fit and who demonstrate the required behavioural attributes to grow within the business and represent the next generation of leaders.

An employee opinion survey is conducted annually which is benchmarked against external market data. The survey showed increases across all categories last year. Country Road is committed to the principle of equal opportunity in employment for all regardless of attributes which include but are not limited to age, career status, disability, industrial activity, lawful sexual activity, marital status, physical features, political belief or activity, pregnancy, race, religious belief or activity, gender or sexual preference.

ethical

Country Road sources clothing and accessories from countries throughout the world and, in doing so, considers the ethical implications of the manufacture of our products.

All Country Road vendors are required to be signatories to the Country Road Code of Labour Practice – signed codes are in our possession and are continuously monitored and updated in the sourcing department. This year saw the development of clear audit strategy of our vendor base, including apparel, accessories and homeware vendors, to appropriately and responsibly manage risk. To ensure adherence, a partnership has been set up with a 3rd party auditing service to cover the auditing of suppliers.

environment

In assessing where Country Road could make the most impact in terms of reducing impact on the environment,

we decided to focus our attention for 2009 on packaging. As members of the National Packaging Covenant (NPC), Country Road submitted a three-year action plan for 2008-10. This plan focuses on three key areas:

- Country Road shopping bags and gift boxes;
- influencing our vendors in the use of materials they use in the packaging of our packaged goods in homeware and accessories; and
- influencing our vendors in how we receive our apparel goods in-store.

Some actions to date are below:

- audited packaging design of homeware and accessories to identify and eliminate any over-packaging where possible, and to establish the recyclable content in these packaged products in order to label them accordingly;
- developed a policy regarding packaging at Country Road;
- workplace recycling programme established at head office;
- developed a plan to implement in-store recycling programmes;
- explored centralisation of hanger supply. Country Road has set up a return and reuse process with our Hong Kong hanger supplier;
- in June 2008, all Country Road's entire take home bags were converted to 70% recycled material and they remain 100% recyclable;
- for the first time our gift boxes were made of 70% recycled material and recyclable and will be changing to a sleeve lid to reduce paper usage;
- Country Road introduced a reusable cotton bag for sale in-store. The bag retails for \$4.00 and all profits go to Redkite;
- we have ceased the use of 'sale' plastic bags in-store as of December 2008; and
- we have worked with our suppliers in home and accessories to label our packaging products and recyclables with the well-recognised recycle symbol.

animal welfare

Country Road has been very aware of the issues around the mulesing of sheep and has consulted closely with the Australian Wool Innovation (AWI) group to find a suitable solution. As a business, Country Road has taken the initiative to work directly

with the various players in the wool supply chain (top makers, spinners, knitters) to source a sustainable supply of non-mulesed wool. We are currently working to source other supply chain options and will introduce these, as they become available. For winter 2010 our key volume programme wool yarns for both Country Road and Trenery brands will be moving towards this sourcing strategy. Our 20.5 micron lambswool will be from non-mulesed wool tops, whilst our 19.5 extrafine merino yarn will be sourced from properties that have ceased the practice of mulesing.

carbon footprint

Country Road engaged CarbonetiX, climate change solutions consultants, to assess its carbon footprint. We now better understand our carbon outputs and are better equipped to manage them more efficiently. Further plans about how to more effectively manage emissions are under development.

head office

The head office recycling programme for both paper and mixed recycling has continued. Since this programme commenced in March 2008, we have increased our recyclable waste from 21% to 43% of total waste. Additionally, since implementing double-sided printing we have reduced our total paper consumption by 33%. The head office water tank saved 401 000 litres of water this year.

awards

Country Road won "Best Australian Fashion Brand" at the prestigious 2009 Prix de Marie Claire Awards.

where we're going

- further embed the relationship with Redkite through staff engagement and continued financial contributions;
- select a New Zealand children's charity to support;
- consolidate our relationship with Red Cross Australia in relation to product donations and support their Reduce, Reuse, Recycle philosophy;
- reduce our environmental impact through the implementation of the National Packaging Covenant action plan;
- measure improvements and review our plan to further minimise carbon outputs in line with new legislative guidelines; and
- ensure ongoing compliance with our audit strategy across our vendor base to appropriately and responsibly manage risk.

Our biggest achievement this year has been the establishment of our community partnership with Redkite.



GRI

Global Reporting Initiative

Factor Description	Sub-item Description	Issue Description	GRI Ref No	Assurance I = Internal E = External	Status	Priority (High=6, Medium=5, Low=3/4)	Page no.
Organisational profile	–		2.1 – 2.10		●	N/A	1, 11, AR
Economic	Economic value	Economic value generated and distributed – disclosure of information relating to direct economic impact	EC1, EC9	E	●	L	11-13, AR
Economic	Economic value	Paying suppliers, including penalty arrangements	EC1	I	●	L	5-7
Economic	Economic value	Comparison of standard entry level wage to SA minimum wage	EC5, LA1	I	●	L	25-27
Economic	Economic value	Local procurement	EC6	I	●	H	11-13
Economic	Economic value	Financial implications, risks and opportunities associated with climate change	1.2	I	●	M	49-53
Economic	Economic value	Understanding and describing significant indirect economic impacts (e.g. multiplier effects)	EC9	I	●	L	11-13, 18,19
Governance	Governance structures	Board structure, governance procedures, committee structures in line with Companies Act, JSE Listings Requirements, King II	4.1-4.3, 4.7, LA13		●		8, AR
Governance	Governance structures	Mandate for sustainability and staff awareness	1.1	I	●	L	2-7
Governance	Governance structures	Governance of sustainability	4.1-4.4		●		8-10, AR
Governance	Governance structures	Governance of sustainability	4.9, 4.10	I	●	M	8-10
Governance	Risk management	Risk management and review strategy	1.2	I	●	L	AR
Governance	Risk management	Managing the interface between risk and sustainability	1.2	I	●	H	8, 9, AR
Governance	Stakeholder engagement	Stakeholder engagement at a business unit level	4.14-4.17, LA4	I	●	H	5-8
Governance	Stakeholder engagement	Stakeholder engagement – group co-ordination and representation	4.12; 4.14-4.17, SO5, SO7	I	●	H	5-8
Governance	Stakeholder engagement	Engagement with government	4.12; 4.14, SO5	I	●	H	5-8
Governance	Stakeholder engagement	Managing political donations	SO6	I	●	L	AR
Governance	Ethics and organisational integrity	Adherence to the Woolworths Code of ethics	4.8, SO2	I	●	M	10, AR
Governance	Sustainability reporting	Timely and appropriate reporting	3.1-3.11	I	●	M	10, AR
Governance	Sustainability reporting	Alignment of Woolworths sustainability reporting to GRI	3.1-3.6	E	●	L	10, 58-63
Governance	Sustainability reporting	Assurance/verification of sustainability data and reporting by professional assurance provider as well as potential alternatives (e.g. external competent stakeholders or stakeholder panel)	3.13	N/A	●	L	4, 5, 8, 10

Factor Description	Sub-item Description	Issue Description	GRI Ref No	Assurance I = Internal E = External	Status	Priority (High=6, Medium=5, Low=3/4)	Page no.
Governance	Accounting and auditing	Accounting and auditing as per IFRS (International financial reporting standard)	3.13	E	<div></div>	L	AR
Governance	Accounting and auditing	Regulation of the use of external auditors in the provision of non audit services	N/A	E	<div></div>	L	AR
Governance	Accounting and auditing	Disclosure of financial information over and above the IFRS requirements	N/A	E	<div></div>	L	AR
Governance	Accounting and auditing	Accessibility of financial information	2.7	I	<div></div>	L	AR
Governance	Compliance and enforcement	Compliance with company governance policies	SO2	I	<div></div>	L	8, AR
Governance	Compliance and enforcement	Company-wide compliance with laws and regulations	SO8 4.12, 4.13 EN28 PR9	I	<div></div>	L	30, AR
Governance	Compliance and enforcement	Company-wide compliance with laws and regulations	SO8 EN28 PR9	I	<div></div>	L	30, AR
Governance	Integrated sustainability requirements for suppliers	Integrated sustainability requirements and guidelines for suppliers (integrating revised code of business principles, environmental best practices and BEE requirements)	N/A	I	<div></div>	H	28, 29
Social	Structures to manage employee relations	Freedom of association and union recognition	LA4-5, HR5, SO3	I	<div></div>	L	26, 27
Social	Structures to manage employee relations	Communication with employees (e.g. through newsletters, workplace communication forums etc.)	LA4-5, HR5	I	<div></div>	L	6, 7, 25-27
Social	Structures to manage employee relations	Prevention of discrimination in the workplace	HR4, HR10	I	<div></div>	L	25-27
Social	Structures to manage employee relations	Workforce profile and conditions associated with category of employee	LA1-2	I	<div></div>	H	17, 25-27
Social	Structures to manage employee relations	Discipline in the workforce	HR5	I	<div></div>	L	25-27
Social	Performance and talent retention	Employee satisfaction	LA11/12, 4.14	I	<div></div>	H	25-27
Social	Performance and talent retention	Training for functional and advanced people development	LA11/12	I	<div></div>	H	18, 25-27
Social	Performance and talent retention	Appropriate talent acquisition	LA12	I	<div></div>	M	25-27
Social	Performance and talent retention	Business restructuring and workforce consultation	LA5	I	<div></div>	L	25-27
Social	Reward and recognition	Linkages between executive pay and financial/non-financial performance	4.5	I	<div></div>	L	AR
Social	Reward and recognition	Employee remuneration and benefits	LA3, EC3, EC5	I	<div></div>	L	25-27, AR
Social	Sustainability leadership	Systems/training for sustainability management	HR3, EN26, SO3	I	<div></div>	H	2-7
Social	Workplace health & safety	Health & safety – safe conditions employees & customers	LA6-8	I	<div></div>	M	30, 31
Social	Workplace health & safety	Health & safety – drivers	LA6	I	<div></div>	L	30, 31

Factor Description	Sub-item Description	Issue Description	GRI Ref No	Assurance I = Internal E = External	Status	Priority (High=6, Medium=5, Low=3/4)	Page no.
Social	Workplace health & safety	Health & safety – vehicles	LA6	I	<div></div>	L	30,31
Social	Employee wellbeing	Counselling or psychological support for those in need (Employee assistance programme)	LA8	I	<div></div>	L	30,31
Social	Employee wellbeing	Employee wellbeing – workplace environment (building design)	EC3, EN26	E	<div></div>	L	30,31
Social	Chronic illnesses	HIV /Aids for employees	LA8	I	<div></div>	L	30,31
Social	Chronic illnesses	Other chronic illnesses	LA8	I	<div></div>	L	30,31
Social	Social conditions in supply chain	Social conditions in the supply chain.	HR2, HR6, HR7	E	<div></div>	H	28,29
Social	Sustainable products	Innovation wrt sustainability	EN26	I	<div></div>	H	34-47
Social	Sustainable products	Fairtrade™ labels and products	PR3	I	<div></div>	L	28,29
Social	Sustainable products	Nutrition education	PR6	I	<div></div>	L	22,35, 36
Social	Sustainable products	Responsible lending practices	PR6, PR9	E	<div></div>	H	11,12
Social	Sustainable products	Responsible debt collection	PR6, PR9	E	<div></div>	L	11,12
Social	Customer satisfaction	Treatment of customers and customer satisfaction	PR5	E	<div></div>	L	4-7
Social	Product safety	Safety in product design	PR1	I	<div></div>	L	30
Social	Product safety	Safety in product manufacture	PR1	I	<div></div>	L	30
Social	Product labelling	Compliant labelling of Woolworths products	PR3	I	<div></div>	L	30,35, 36
Social	Product labelling	Nutritional information on food products	PR3	I	<div></div>	L	30,35, 36
Social	Product recall	Product recall (red alert)	PR4	I	<div></div>	L	30
Social	Ethical advertising	Transparency, truth and non-offensive	PR6	E	<div></div>	L	30
Social	Sustainability content	Representation of sustainability concept in product advertising and promotion	PR6	I	<div></div>	H	4-7
Social	Sustainability content	Representation of sustainability concept with external communications	PR6	E	<div></div>	H	4-7
Social	Sustainability content	Recognition as market leader in sustainability	PR8, PR9	E	<div></div>	H	I
Social	Consumer/ user privacy	Compliance with consumer data protection legislation and regulations	PR8, PR9	E	<div></div>	L	AR

Factor Description	Sub-item Description	Issue Description	GRI Ref No	Assurance I = Internal E = External	Status	Priority (High=6, Medium=5, Low=3/4)	Page no.
Transformation	Equity ownership	Transfer of economic interest to black people	EC9	I	<div></div>	H	15-17
Transformation	Management control	Empowerment at board and executive level	LA13	I	<div></div>	H	15-17
Transformation	Employment equity and diversity	Improve diversity of Woolworths people	EC7, LA1,13-14	I	<div></div>	H	15-18
Transformation	Employment equity and diversity	Develop leadership capacity for employment equity by means of a diversity programme	LA11-12	I	<div></div>	M	15-18, 26
Transformation	Employment equity and diversity	Develop skills pipe line and identify skills shortage	LA11-12	I	<div></div>	M	15-18, 26
Transformation	Skills development	Transformation through skills development	LA10/11, HR4, EC7	I	<div></div>	M	15-18, 26, 27
Transformation	Skills development	Accreditation of Woolworths learning programmes	LA11	I	<div></div>	M	26, 27
Transformation	Skills development	Establish centres of learning	LA10, 11	I	<div></div>	L	26, 27
Transformation	Preferential (BEE) procurement	Develop BEE supplier partners to provide core product for Woolworths	EC6	I	<div></div>	H	18, 19
Transformation	Preferential (BEE) procurement	Develop leadership capacity for preferential procurement	EC7	I	<div></div>	H	18, 19
Transformation	Enterprise development	Enterprise development in value chain	HR1 EC6	I	<div></div>	H	18, 19
Transformation	Socio economic development	Level of contribution to social development	EC8, SO1	I	<div></div>	L	21-23
Transformation	Socio economic development	Spending on social development	EC8, SO1	I	<div></div>	L	21-23
Transformation	Socio economic development	Divisional csi or community development support	EC8, SO1	I	<div></div>	L	21-23
Transformation	Socio economic development	Educational programmes conducted through MySchool	PR6	I	<div></div>	L	21-23
Environment	Waste from selling operations	Enhance customer awareness on waste management	EN22	E	<div></div>	M	44, 45
Environment	Waste from selling operations	Decrease plastic bag usage by encouraging customers to use reusable bags	EN2	I	<div></div>	L	42-45, 56, 57
Environment	Waste from selling operations	Use of recycled material in plastic bags	EN1, EN2	I	<div></div>	M	42-45
Environment	Waste from selling operations	Use of recycled material in plastic bags	EN1, EN2	I	<div></div>	M	42-45
Environment	Waste from selling operations	Use of recycled material in trolleys and shopping baskets	EN2	I	<div></div>	L	42-45
Environment	Waste from selling operations	Recycling and reuse of plastic hangers	EN2	E	<div></div>	L	42-45
Environment	Waste from selling operations	Integrated waste management in stores	EN6, EN28, SO1	I	<div></div>	H	42-45
Environment	Waste – packaging	Reduce clothing, general merchandise and food packaging	EN26	I	<div></div>	H	42-45, 56, 57
Environment	Waste – packaging	Packaging materials that can be recycled	EN2, EN26/27	I	<div></div>	H	42-45, 56, 57

Factor Description	Sub-item Description	Issue Description	GRI Ref No	Assurance I = Internal E = External	Status	Priority (High=6, Medium=5, Low=3/4)	Page no.
Environment	Waste – packaging	Use of recycled material in product packaging	EN2	I	<div></div>	H	42-45, 56, 57
Environment	Waste – packaging	Symbols on packaging to assist consumers to sort recyclable material	EN1, EN2, EN20	I	<div></div>	H	42-45, 56, 57
Environment	Waste – packaging	Compostable packaging solutions	EN2, EN26/27	I	<div></div>	H	42-45
Environment	Waste – packaging	Reduce paper used in Financial Services	EN15	I	<div></div>	L	42-45
Environment	Waste – marketing	Managing waste from marketing material	EN22	I	<div></div>	M	42-45
Environment	Waste – marketing	Reuse and recycling of visual/merchandising material	EN22	I	<div></div>	L	42-45
Environment	Waste from operations	Remove waste-to-landfill from distribution centres	EN21, EN29	I	<div></div>	H	42-45
Environment	Waste from operations	Recycling facilities in new corporate buildings	EN26	I	<div></div>	L	42-45
Environment	Waste – IT products & consumables	Recycled or reused PC equipment	EN22, EN26	I	<div></div>	L	42-45
Environment	Waste – IT products & consumables	Reduction or reuse of IT consumable items - printer cartridges	EN2	I	<div></div>	L	42-45
Environment	Waste – IT products & consumables	Reduction or reuse of IT consumable items – paper	EN2	I	<div></div>	L	42-45
Environment	Waste – IT products & consumables	Safe disposal of IT products that are of a hazardous nature	EN24	I	<div></div>	L	42-45
Environment	Carbon emissions	Reduce energy usage	EC2, EN3-7	I	<div></div>	H	49-53
Environment	Carbon emissions	Direct fossil fuel reduction	EN16/18, EN29	I	<div></div>	H	49-53
Environment	Carbon emissions	Direct fossil fuel reduction (transport emissions)	EN2, EN26, EN29	I	<div></div>	M	49-53
Environment	Carbon emissions	Direct fossil fuel reduction (effective fleet management)	EN18, EN29	I	<div></div>	L	49-53
Environment	Carbon emissions	Direct fossil fuel reduction (regional sourcing and reduction of airfreight)	EN11, EN14, EN26	I	<div></div>	H	49-53
Environment	Quality of air	Improve air quality through planting of trees	EN19/20	I	<div></div>	L	49-53
Environment	Quality of air	Reduce harmful impact of refrigerants for both ambient and chilled cooling systems	EN19/20	I	<div></div>	L	49-53
Environment	Water usage	Management of water usage of operations through recycling/reuse and treatment	EN8, EN10, EN21, EN26	I	<div></div>	L	39, 40, 57

Factor Description	Sub-item Description	Issue Description	GRI Ref No	Assurance I = Internal E = External	Status	Priority (High=6, Medium=5, Low=3/4)	Page no.
Environment	Water usage	Work with suppliers to reduce water used and improve water management (effluent) during the growing, production and manufacture of our products	EN10/12, EN21	I	<div></div>	H	39, 40
Environment	Biodiversity	Source wood from sustainable sources	EN14, EN26	I	<div></div>	H	36-38
Environment	Biodiversity	Source fish from approved sources only	EN14, EN26	E	<div></div>	H	36-38
Environment	Biodiversity	Evaluate fibres from sustainable sources (e.g. bamboo, hemp and soya products)	EN14, EN26	I	<div></div>	L	33-35
Environment	Biodiversity	Reduce impact of lamb production on natural biodiversity (including resolving wildlife/human conflicts)	EN14, EN26	E	<div></div>	L	36-38
Environment	Biodiversity	No products or by-product from threatened species	EN12/14, EN26	E	<div></div>	L	33-35, 41, 42
Environment	Biodiversity	Develop sustainable solution for potato farmers in Sandveld	EN14, EN26	I	<div></div>	L	36-38
Environment	Biodiversity	Encourage wine suppliers in Cape Floral Kingdom to be part of Biodiversity and Wine Initiative (BWI)	EN12/14, EN26	E	<div></div>	L	36-38
Environment	Biodiversity	Ensure that paper and board come from the most sustainable sources	EN14, EN26	I	<div></div>	L	36-38
Environment	Organic and free range	Increase organic and free range food, locally produced where possible	EN14, EN26	I	<div></div>	H	33-35
Environment	Organic and free range	Increase organic cotton sales (total organic)	EN14, EN26	I	<div></div>	H	33-35
Environment	Organic and free range	Develop organic cotton pipeline in SA	EN14, EN26	E	<div></div>	L	33-35
Environment	Improve environmental performance amongst suppliers	Promote environmentally sound conditions in the supply base	EN26	E	<div></div>	H	28, 29
Environment	Improve environmental performance amongst suppliers	Extend Eco-efficiency awards programme to all suppliers	EN26	I	<div></div>	L	28, 29
Environment	Improve environmental performance amongst suppliers	Set up model 'green' factories with selected suppliers	EN26	E	<div></div>	L	28, 29, 49-53
Environment	Improve environmental performance amongst suppliers	Establish a supplier best practice network	4.16	I	<div></div>	L	28, 29
Environment	Animal welfare	Adhere to Woolworths Code of animal welfare	EN15	E	<div></div>	L	41, 42

Key:

(Red)

(Yellow)

(Green)

some challenges exist

work in progress but on track

well on track/completed

AR

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