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WOOLWORTHS LIMITED

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**CORPORATE RESPONSIBILITY REPORT**  
2014





  
**Sally**  
Here to help  
Fresh Food Person  
since 2013  
Woolworths' fresh food people



# Woolworths Limited is the 2014 global leader in the Dow Jones Sustainability Indices for the food and staples retailing sector

MEMBER OF  
**Dow Jones Sustainability Indices**

In Collaboration with RobecoSAM

Woolworths Limited was the first Australian retailer to be recognised as a global leader in the Dow Jones Sustainability Indices, achieving this for the second consecutive year.

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## SCOPE OF REPORT

Unless otherwise stated, this report covers all of our operations in Australia and New Zealand for the 2014 financial year (1 July 2013 to 29 June 2014). Data for global sourcing offices in Hong Kong and China is only included in the Workplace Metrics section (excluding Safety). With only 25% ownership and no operational control of Gage Road Brewery and 50% ownership of the Quantum Group, there is no information reported for these businesses.

# Our Corporate Responsibility Balance Sheet

A Great Place to Shop

## Shop

**29.4m**

Customers on average per week across the Group

**3.1%**

Reduction in average prices for customers in Australian Supermarkets

**\$750m**

More than \$750 million in savings for our customers from key promotional campaigns in Australian Supermarkets

**100%**

Fresh meat sold in Australian Supermarkets are sourced from Australia

**96%**

Fresh fruit and vegetables sold in Australian Supermarkets are sourced from Australia

A Great Place to Work

## Work

**198,642**

Employees

**75,923**

Young employees<sup>1</sup>

**2,156**

Indigenous Australian employees

**3,615**

Employees with a disability

**33%**

Senior management are women

**10.37%**

Lost Time Injury Frequency Rate, a 14.7% decrease on 2013.

<sup>1</sup> Under 25 years of age



A Great  
Partner in the  
**Community**

*(Background image: Fresh produce including peas and brussels sprouts in wooden bowls. A sign for 'Peas Simply Product of Australia' is visible.)*

**\$47.6m**

Invested in community partners

**\$7.2m**

Worth of educational equipment delivered to schools through Earn & Learn

**\$5.5m**

Raised in response to bushfires and drought

**NZ\$1.2m**

Raised in the Countdown Kids Hospital Appeal

**1.8m**

Meals made from food donations



A Great  
Place to  
**Invest**

*(Background image: Fresh produce including peas and brussels sprouts in wooden bowls. A sign for 'Peas Simply Product of Australia' is visible.)*

**\$1.7bn**

Dividends paid to investors, many of whom are mum and dad investors

**\$114bn**

Indirect contribution to Australian economy

**20% reduction**

Food waste, from stores

**\$162m**

Estimated savings from energy efficiency

**\$2.4bn**

Paid in taxes

# CEO's Statement

This year Woolworths Limited celebrates 90 years in business. Over the years we have survived and grown because we have successfully adapted to what our customers want. We have ensured our company works efficiently and uses its resources with a mind to the future.

**Grant O'Brien**



This year Woolworths Limited celebrates 90 years in business. Over the years we have survived and grown because we have successfully adapted to what our customers want. We have ensured our company works efficiently and uses its resources with a mind to the future.

One of our six core values is that 'we always do the right thing' for our customers, our suppliers, our staff, our communities and our shareholders.

This is in Woolworths' DNA, and as CEO it makes me proud to lead a company with strong values at its core.

It is as a result of these values and our performance that Dow Jones has named us global leader in the food and staples retailing sector of its Sustainability Indices for the second year in a row.

This report shows how Woolworths is a great place to shop and to work, a great supporter of our communities and a great business in which to invest.

## **A GREAT PLACE TO SHOP**

In the past year, Australian Supermarkets' customers benefited from deflation in average prices of 3.1%. Over the past five years, households saved on average \$2,200 due to this drop in the real price of food and non-alcoholic beverages (based on an average basket spend).

Local sourcing is important to us and our customers. In Australia, all our fresh meat and 96% of our fresh fruit and vegetables are produced by Australian farmers. In New Zealand, the figures are similar. We have appointed local sourcing managers in each state to help local producers get their products on the shelves of their local stores.

We have partnered with fresh food campaigner Jamie Oliver to help us inspire a healthier Australia. We want to get Australians cooking with fresh food, and together with Jamie we are giving them the tools to do that.

We also want the products we sell to be produced safely and humanely. By the end of 2014, all fresh chicken sold in our stores will be of RSPCA or equivalent approved standard. We lead Australian supermarkets in phasing out caged eggs from our stores by the end of 2018. In the ACT, we no longer sell any cage-produced eggs. On the ethical sourcing front, we signed the Accord on Bangladesh Fire and Building Safety and worked with the not-for-profit sector on our Uzbek cotton policy.

**MORE THAN**

**\$750m**

**In savings for our customers from key promotional campaigns in Australian Supermarkets**

**198,642**

**Employees, making us the second largest private sector employer in Australia and one of the largest in New Zealand**

**\$47.6m**

**In community investment, including \$7.2 million from Woolworths Supermarkets' Earn & Learn program**

**\$1.7bn**

**Paid in dividends to shareholders**

### **A GREAT PLACE TO WORK**

We employ more than 198,000 people, making us the second-largest private sector employer in Australia and one of the largest in New Zealand.

We employ almost 76,000 people under the age of 25. This year we celebrated the contribution that Woolworths makes as an employer of young people. We partnered with News Corp Australia and some of Australia's largest employers to join with the Prime Minister, the Hon Tony Abbott, to discuss what business can do to further develop our young people.

When it comes to providing a diverse and inclusive workplace our commitment is clear. We have 2,156 of our employees identifying themselves as Indigenous Australians and 3,615 employees working with a disability.

During the year, we invested \$30 million in more than 900,000 hours of staff training. Last year, we developed an online learning solution, Retail Edge, that includes Certificates III and IV in Retail Management as a pathway for our accelerated Fastrack program.

### **A GREAT PARTNER IN THE COMMUNITY**

Our community investment in the past year totalled more than \$47.6 million, including Woolworths Supermarkets' \$7.2 million Earn & Learn program, which aims to support schools with the learning equipment they need.

We continue to work with The Salvation Army as our official partner to help people in need following natural disasters. After the NSW bushfires last October, Woolworths matched customer donations to raise more than \$4.5 million. We also supported drought-affected communities in Queensland and NSW with \$950,000 in donations.

In New Zealand, the Countdown Food Rescue program donated more than NZ\$3.4 million of groceries to food bank charity partners including The Salvation Army, Kaibosh, Fair Food and 0800 Hungry. As part of food rescue, two-thirds of our Australian supermarkets partner with local farmers to collect waste food for stock feed or on-farm composting.

We take our role as a responsible retailer seriously. ALH Group has a clear commitment to be Australia's most responsible hotel and gaming operator by proudly going above and beyond what is required by legislation. Woolworths Liquor Group has developed the 'Our Community, Our Commitment' Charter which sets out our shared responsibility with the community on the responsible service of alcohol.

### **A GREAT PLACE TO INVEST**

The Dow Jones Sustainability Indices (DJSI) recognises our targets and progress to cut energy use, refrigerant losses and food waste sent to landfill.

Since 2009, we have invested \$112 million in energy efficiency and will save an estimated \$162 million in operational costs by 2015. Carbon emissions from our buildings are 18.7% lower than forecast and these efficiencies mean we have the equivalent of 300 of our supermarkets operating as carbon neutral.

### **MORE TO DO**

I am pleased with the progress we made this year. While these achievements are excellent, there is always more to do. I look forward to taking further steps to ensure our customers, staff, communities and investors continue to come along with us as we drive positive changes for all.

I would also like to take the opportunity to thank our stakeholders who have been part of the Woolworths journey over 90 years. We could not have achieved our successes without your steadfast support and commitment.

A Great Place to

# Shop



**29.4m**  
Customers served on average  
each week across the group

**3,231**  
Retail stores

**7.9m**  
Everyday Rewards +  
**1.9m**  
Onecard members

**MORE THAN**  
**\$1.2bn**  
Online sales, up 50%  
on the previous year

Our customers tell us they want value for money, healthy food choices, to buy locally sourced products and that our products are ethically sourced.

#### VALUE FOR MONEY

The Australian retail market is fiercely competitive and customers have been benefiting from real price decreases over the short and long term.

Across our brands we have used a range of promotional campaigns to provide value to our customers in 2014. Woolworths' 'More Savings Every Day', Dan Murphy's 'Lowest Liquor Price Guarantee', Countdown's 'Price Lockdown' and BIG W's 'Lowest Price Guarantee' are just some of the offers that have delivered savings to customers.

Australian Supermarkets' customers have benefited this year from lower average prices, as reflected by average price deflation of 3.1%. Our 'More Savings Every Day' key promotional campaigns, including Every Day Value, Extra Specials and Big Savers, have delivered savings of more than \$750 million to our customers.

Our recent offer of a loaf of bread for as little as 85 cents shows how we provide our customers with better prices.

This trend of customers saving through lower prices has continued for up to five years. Across the retail industry, customers have saved the equivalent of more than \$17 billion, through the difference between inflation and the increase in food and non-alcoholic beverage prices.

This fall in the real price of food and non-alcoholic beverages over the past five years equates to a total average household saving of more than \$2,200 (based on an average basket spend).

#### HEALTHY FOOD CHOICES

Customers are asking us to help them make healthier choices, so we have partnered with global healthy food campaigner Jamie Oliver, who inspires people to cook and eat better food at affordable prices.

Jamie has helped us encourage our customers to buy and eat fresh food in a number of ways. 'Jamie's Table' is a range of recipes for easy, healthy meals, which encourage the use of fresh ingredients. These recipes are found on cards in store or online, where they are even accompanied by a 'how to' video.

The 'Created with Jamie' range of easy-to-cook meals includes fresh Australian meat and seafood, where most of the hard work has already been done for our customers.





# 3.1%

Average prices are 3.1% lower in Australian Supermarkets than last year

# \$17bn

In the past five years, customers have saved the equivalent of \$17 billion on the difference between inflation (2.6%) and the increase in the prices of food and non-alcoholic beverages (1.3%)<sup>2</sup>

# \$445

Average annual household saving over the past five years<sup>2</sup>

# \$2,200

Total household savings over the past five years due to the drop in the real price of food and non-alcoholic beverages<sup>2</sup>

# \$750m

Customers have saved more than \$750 million through key promotional campaigns in Australian Supermarkets



The 'Jamie's Garden' sticker album and collectable stickers, built on our previous popular collectables campaigns, are introducing kids to information on healthy nutrition, fresh ingredients and the origin of food. Mini greenhouses and seed packets even encouraged kids to try and grow their own fruit and vegetables.

Through the Jamie Oliver campaign, we sold an additional 4.33 million items of produce compared to the same period last year, and increased the demand for Australian grown produce. Our customers spent an additional 7% on produce per visit.

We have partnered with Nutrition Australia to make it easier for people to buy nutritious snacks in the Healthier Bites section of our food stores. This line has more than 130 different individually portioned snacks that meet Nutrition Australia's healthy snack criteria.

Since the launch last year, we have worked with Nutrition Australia to cut portion sizes, limit added sugars and increase the amount of wholegrain, dietary fibre and core food content in snacks.

Product reformulation improvement is high on our list. In Australia, we are working with the Federal Government and public health groups through the Food & Health Dialogue to provide healthier choices for consumers. In New Zealand, we are working with HeartSafe NZ.

We are reducing salt, sugar and saturated fats, improving consumer messaging and cutting portion sizing - in particular in bread, cereals, simmer sauces, processed meats, soups, savoury pies, potato crisps, savoury crackers and cheese.

We are also continuing to eliminate artificial colours, flavours, MSG and preservatives (including sodium benzoate) from our own brands.

### Nutrition labelling gets healthier

In June, we were the first Australian retailer to adopt the Federal Government's voluntary Health Star Rating Scheme as part of our response to customers' preferences and our commitment to inspiring a healthier Australia.

This star rating allows customers to make quick and easy informed choices about the nutrition of a packaged product. We are putting star ratings on our own brands including Homebrand, Select, Macro, Gold and Created with Jamie products.

Our customer research shows that 72% prefer the government-approved Health Star Rating and 74% say the ratings will influence their purchases.

<sup>2</sup> Source: Response to Competition Review Issues Paper. Based on the difference between inflation and the increase in the price of food and non-alcoholic beverages.

# A Great Place to Shop

## SUPPORTING LOCAL GROWERS

In the past year, we signed partnerships worth millions of dollars to Australian producers of fruit, vegetables and milk. These have created hundreds of jobs and provided businesses with the confidence to invest in new plant and equipment.

A highlight was a new partnership with SPC Ardmona for SPC to produce all Own Brand canned fruit products. As a result, 13 lines of Select canned fruit will replace lines imported from Thailand and South Africa.

This means that all our Own Brand canned apples, pears, peaches and apricots will be Australian-sourced, saving 50,000 trees in Victoria's Goulburn Valley and benefiting 118 fruit growers.

Since the announcements, customers have supported our Australian canned fruit, with a 48% sales increase Australia-wide. This peaked at 124% in fruit-growing areas such as Mooroopna, the site of SPC's processing plant.

For vegetable growers and processors in Tasmania and western NSW, the past year brought good news. We signed a contract with Simplot Australia to provide all our Select frozen vegetables. This will benefit 155 growers who are now planting a further 650 hectares of peas, onions, carrots, corn, green beans, broccoli, cauliflower and brussel sprouts.

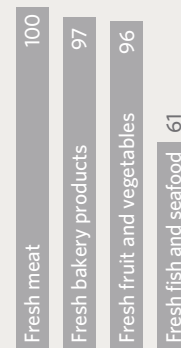
During the year we also made significant commitments to the dairy industry. We signed long-term contracts to produce Woolworths Select milk, with several dairy processors around Australia. These contracts, for up to ten years, give dairy farmers and milk processors long-term certainty that allows them to invest in their businesses with confidence.

We also successfully launched our first Farmers' Own brand of milk, with the milk sourced directly from farmers in the Manning Valley, NSW. After an initial trial of supplying three varieties of milk to eight local stores and 12 stores in Sydney, this product is now available in all NSW Woolworths supermarkets. We have also introduced Farmers' Own in all WA stores using milk from farms in the Margaret River and will roll out the product using milk from farms in Victoria and Queensland before the end of 2015.

Our Local Sourcing Managers have been working with small suppliers to deliver their products to new customers, whether at a few local stores or to a large number of stores in many states. Companies like East Coast Beverages from the Central Coast (NSW), BD Farms from Adelaide (SA) and the Queensland Yoghurt Company on the Sunshine Coast (Qld) are now selling more of their products locally and nationally.

## Fresh

**Australian Sourced (%)**  
(for Australian Supermarkets)



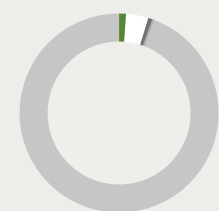
## Fresh

**New Zealand sourced (%)**  
(for New Zealand Supermarkets)



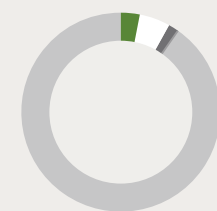
## Groceries

**Branded and Own Brand**  
- % Stock Keeping Units (SKU)<sup>3</sup>



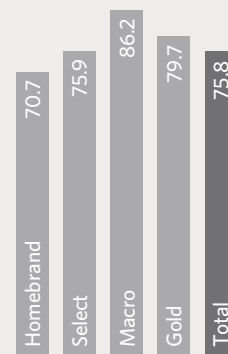
Homebrand	1.3%
Select	3.5%
Macro	0.8%
Gold	0.2%
Branded	94.2%

**Branded and Own Brand**  
- % Sales



Homebrand	3.2%
Select	5.1%
Macro	1.5%
Gold	0.1%
Branded	90.1%

**Own Brand - % Australian Sourced**



<sup>3</sup> Calculated using different criteria to 2013

<sup>4</sup> Excludes produce that is not grown in commercial quantities in New Zealand, e.g. bananas, pineapples, taro and table grapes



**Sales growth for animal welfare products (Australian Supermarkets)**

	Percentage increase of volumes in 2013 (%)	Percentage increase of volumes in 2014 (%)	Percentage of total category of volumes in 2014 (%)
Macro free-range chicken	30.8	23.0	9.7
Free-range eggs	9.5	9.8	37.4
Barn-laid eggs	8.4	0.4	10.0
Organic eggs	60.9	0.9	2.6

**VALUE WITH VALUES**

Just as customers have told us that they want healthier choices, they have also been clear that they want 'value with values' – that is, they want value for money when they shop and they want this done ethically.

**Animal welfare**

*All our Own Brand products will be produced to high standards of animal welfare.*

Animal welfare is important to our customers, so we work closely with our suppliers to improve the welfare of animals used in our Own Brand products. Customers increasingly want food – particularly chicken, eggs and pork – produced from livestock reared to high standards of animal welfare.

**Eggs:** Woolworths is the first Australian retailer to commit to phasing out cage-produced eggs, and we will phase these out and stop using them as ingredients in our Own Brand products by December 2018. Since we announced our intention to phase out cage-produced eggs, 53<sup>5</sup> of our supermarkets no longer sell cage-produced eggs.

More than half the eggs sold in Woolworths supermarkets are now cage-free (free-range, barn-laid or organic eggs), and sales of cage-produced eggs continue to fall each year.

**Chicken meat:** All fresh chicken meat sold in our stores by the end of 2014 will come from RSPCA approved (or equivalent) farms. Chicken used as an ingredient in Own Brand products will also be sourced from RSPCA approved (or equivalent) farms by the end of 2018.

Our Macro brand chicken meat is either certified to animal welfare criteria of Free Range Egg and Poultry Australia (FREPA) or the Australian Certified Organic Standard.

**Pork:** All our fresh pork meat is sourced from farms that only use gestation stalls for less than 10% of a sow's gestation period. We are also on target to extend free-range pork to all our stores by the end of this year.

**CAGE FREE EGGS**

Woolworths is the first Australian retailer to commit to the phasing out of cage-produced eggs.

**37.4%**  
FREE-RANGE EGGS



**10.0%**  
BARN-LAID EGGS



**2.6%**  
ORGANIC EGGS



# A Great Place to Shop

**Woolworths sold more than 6,600 tonnes of MSC and sustainable aquaculture certified fish and seafood**

## **Sustainable seafood**

*All our fish and seafood will come from sustainable sources.*

Our long-term goal is to have all our wild-caught seafood sourced from fisheries certified to Marine Stewardship Council (MSC) standard or equivalent.

For farmed seafood, we aim to have all the products certified as sustainable through credible third-party certification schemes by next year.

We do not use harmful catch methods such as fish aggregation devices (FADs) for tuna harvesting. All our Own Brand canned tuna on shelves will be FAD free from early 2015. FADs increase bycatch which occurs when species other than the targeted tuna are caught accidentally in fishing nets.

Our high volume product lines have been assessed by the Sustainable Fisheries Partnership (SFP) based on sustainable sourcing criteria. The SFP's assessments led to Woolworths delisting a number of species considered under pressure from overfishing and other impacts.

SFP's assessments are based on scientific evidence, independently conducted and transparent. The assessment methodology, results and sustainability ratings are publicly available on SFP's website at fishsource.org.

## **Deforestation**

*Our Own Brand products will have zero net deforestation by 2020.*

Deforestation is a major global problem, with tropical forest destruction estimated to cause about 20% of greenhouse gas emissions. Deforestation also interrupts the water cycle and contributes to soil loss. Because of this, we aim to have zero net deforestation impact from our Own Brand products within six years.



**Palm oil:** This year, we used 5,737 tonnes of palm oil in our Australian Supermarkets Own Brand food products. Almost two-thirds of this was certified sustainable under the identity-preserved, segregated or mass-balance certification models, compared to less than 10% in the previous year. The balance of the non-certified palm oil will be covered by the purchase of GreenPalm certificates. (These certificates are sold on the GreenPalm Market and the full value is returned to the RSPO producer to re-invest in sustainable palm-oil production.)

Our customers have told us they want to know when palm oil is used in our products, so we are labelling all the oils used in our products. At present, almost half (48%) of our Own Brand food products that use palm oil have it listed as an ingredient.

Woolworths is a member of the Roundtable on Sustainable Palm Oil (RSPO) and use their sustainability certification standards.

## **Better conditions for workers in our supply chain**

*We uphold human rights for our employees and those working in our supply chain.*

Public concerns about working conditions for small farmers and workers in the developing world in areas such as tea, coffee and cocoa production have created a growing market for independently certified products such as Fairtrade™, Rainforest Alliance and UTZ certified.

These certification schemes aim for better prices and decent working conditions for farmers and workers in the developing world. We offer our customers a wide range of certified products in our Own Brand as well as other popular brands in the tea, coffee and chocolate categories.

We also have a long-established ethical sourcing policy, which enacts the International Labour Organisation (ILO) conventions and the UN Global Compact's core values of human rights, labour standards, the environment and anti-corruption.

We expect all our suppliers to comply with our ethical sourcing policy, which has a compliance audit program for factories making our Own Brand products. Experienced third-party certification bodies conduct these audits for us and rate factories as approved, conditionally approved or at risk. Factories at risk or with critical corrective actions can't start production for Woolworths until they take corrective action and resolve critical issues.



## PAPER AND TIMBER

### OWN BRAND

# 100%

OF OWN BRAND  
(INCLUDING SELECT  
AND HOME BRAND)  
TISSUES, TOILET PAPER AND  
KITCHEN TOWELS



SOURCED FROM  
THIRD-PARTY CERTIFIED  
SUSTAINABLE SOURCES



### COPY PAPER

# 441,512

WE PROCURED 441,512 REAMS  
OF COPY PAPER FOR USE IN OUR  
AUSTRALIAN BUSINESSES

AND ALL WERE FROM  
SUSTAINABLY MANAGED  
SOURCES CERTIFIED BY THE FOREST  
STEWARDSHIP COUNCIL (FSC)



# 0.5%

REDUCTION IN  
OFFICE PAPER USE

### CATALOGUE PAPER

# 100%

OF OUR CATALOGUE PAPER  
USED IN AUSTRALIA AND  
NEW ZEALAND



# 916m

CATALOGUES,  
WEIGHING 49,729 TONNES

SOURCED FROM  
SUSTAINABLY MANAGED  
SOURCES CERTIFIED  
BY THE PROGRAM FOR  
THE ENDORSEMENT OF  
FOREST COUNCIL (PEFC)



### OUTDOOR FURNITURE

# 100%

ALL 'PATIO BY JAMIE DURIE'  
OUTDOOR FURNITURE  
SOLD AT BIG W



COMES FROM SUSTAINABLY  
MANAGED SOURCES  
CERTIFIED BY THE FSC



### Tonnes of certified tea, coffee and chocolate



A Great Place to

# Work

## WOOLWORTHS PEOPLE ARE SPECIAL BECAUSE...



Woolworths is one of the largest employers in Australia and New Zealand. We provide our employees with a great place to work, and a diverse and supportive work environment.

### WOOLWORTHS IS INCLUSIVE

Diversity and inclusion are essential to our continued growth and success, and we are committed to fostering and sustaining an inclusive and flexible workplace.

One of our values is that 'we always do the right thing', which includes that we are all responsible for providing a working environment where everyone is treated with dignity, courtesy and respect. Our employees should feel comfortable in their workplace, regardless of their gender, age, ethnicity, beliefs, disability, sexual orientation or gender identity.

### More younger people

Woolworths is proud of its role as one of the largest employers of young Australians and New Zealanders. We employ more than 75,000 young people and we will continue to provide opportunities for new generations as they start their careers.

During the year we partnered with News Corp Australia to deliver the Generation Success initiative, which enables young people to talk to some of Australia's largest companies about improving job opportunities for their generation.

Young employees from these companies participated in a roundtable with their CEO's and the Prime Minister, Tony Abbott. Participants discussed the challenges faced by young job seekers and by their employers. This enthusiastic group of young people provided advice

to young job seekers, which included that all experience is good experience, don't underestimate the value of communication and prepare and research for job interviews.

During the year we also relaunched our careers website, [wowcareers.com.au](http://wowcareers.com.au), providing a vastly improved job search function and compatibility with mobile devices. Job seekers who access the site can find out key information about the business, career opportunities and our graduate program.

### More women at the top

This year, we have reached 33% representation of women at Board level and three levels below - meeting this target a year earlier than planned.

To reach this target, we have focused on more flexible work for employees, 50:50 attendance on all training programs, graduate recruitment, and gender reporting.

Of the 123 executive women appointed during the year, many are in roles such as general manager - marketing, strategic marketing manager, senior property manager, strategy manager and finance manager.

Grant O'Brien continues to be a member of the Male Champions of Change, a group of 22 CEOs committed to increasing the number of senior females in Australian leadership.



WE ARE THE

**2nd**

Largest private sector employer  
in Australia

**179,796**

Australians

WOOLWORTHS EMPLOYS

**1.5%**

Of Australia's total workforce

**18,660**

New Zealanders

**198,642**

Employees

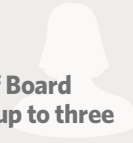
Including

75,923 young people (under 25)

17,885 older workers (over 55)

**33%**

Women comprise 33% of Board  
members and managers up to three  
levels below



**2,156**

Indigenous Australian Employees  
(1.2% of Woolworths' Australian  
workforce)

**3,129**

Maori or Pacific Islander employees  
(1.6% of total Woolworths workforce)

**3,615**

People with a disability (1.8% of  
Woolworths' Australian workforce)



Prime Minister Tony Abbott with participants of Generation Success.

#### More Indigenous employment

Our Reconciliation Action Plan aims to close the gap between Indigenous and non-Indigenous Australians through employment. In this year's employee engagement survey, 2,156 employees identified themselves as Indigenous.

We are working with external partners on pre-employment programs in communities to create the best opportunities for potential employees to gain retail skills and prepare to enter the workforce.

Over the past few years, our partnerships with organisations such as Diversity Dimensions and Globally Make A Difference have delivered employment opportunities for almost 900 Indigenous workers.

Other pathways to employment include internships and a graduate program. Hannah Pehi, winner of the Generation One 'CEO for the Day' competition, completed an internship and gained full-time employment with Woolworths.

We are a member of Supply Nation, a body dedicated to growing diversity within the supply chain. We use the teleconferencing service provided by Message Stick, a business certified by Supply Nation.

Woolworths also supports Indigenous suppliers such as Kalano Farm, a commercial tomato growing operation in the Northern Territory, which supplies our supermarkets and is a past recipient of funding from our Fresh Food Future program.

# A Great Place to Work



## More jobs for people with disabilities

One of our priorities is continuing to support people with a disability to find jobs. We have introduced a new recruitment system and, to make sure it's disability friendly, we have asked the Australian Network for Disability to review the application process.

This year, 3,615 employees voluntarily declared they had a disability through our annual employee engagement survey, an increase of 554 from 2013.

We continue to be a gold member of the Australian Network on Disability and our Group Head of Safety and Health is a member of the board of this organisation. We recently took on an intern through a 'step up' program – helped by the Australian Network on Disability – and as a result the intern has been offered a job.

## More experience

We also employ almost 17,900 workers, aged over of 55 years. We leverage the unique contributions and experience of these employees to meet the needs of our customers. We actively recruit older workers and advertise on the olderworkers.com.au website.

## MORE CAREER DEVELOPMENT

'We never stop learning' is one of Woolworths' core values, and all employees are expected to take personal responsibility for improving and developing themselves and each other. We provide a mix of learning opportunities, including coaching and conversations, everyday experiences and formal training.

Online tools encourage all staff to participate in training, plan and track their development, and engage with their managers and talent development teams to help achieve their goals.

Investment in development spans core training programs, training for new employees and leadership programs for managers and executives.

# 900,000

Over 900,000 hours of online, classroom and on-the-job training sessions, across more than 1,000 courses<sup>6</sup>

# \$30m

More than \$30 million<sup>7</sup> invested in training staff

# 509

Apprentice butchers and bakers trained

We have developed a Woolworths Limited Leadership Profile and launched it across the company, identifying the six behaviours required for leadership success.

## Training and development

**Fastrack:** During the past two years, 218 employees have participated in the Fastrack program for future managers and leaders. In the August 2014 intake of 114 employees for the nine-month cross-business course, 42% were women.

## Management and leadership development:

The Leadership Edge program began this year for 121 operational leaders across all businesses. Modules include peer coaching, on-the-job assignments and face-to-face training through a values-based approach.

**Graduate program:** Graduates are supported through on- and off-the-job training for two or three years. This year's 46 graduates joined the 44 already in the program.

<sup>6</sup> Excluding ALH Group, The Wine Quarter, Pinnacle, EziBuy, Home Timber and Hardware Distribution Centre award employees, Global Sourcing, Retail FM, and New Zealand Supermarkets employees

<sup>7</sup> Excluding, The Wine Quarter, Pinnacle, EziBuy, Home Timber and Hardware Distribution Centre award employees, Global Sourcing, Retail FM, and New Zealand Supermarkets employees





### MORE CARE FOR OUR PEOPLE

Our employees expect to work in a safe environment and for us to provide them with the training and equipment they need to conduct their work safely. We require our employees to report all incidents, whether near misses or those which result in an injury, so we can address the cause and ensure they receive the required treatment and can return to work.

At the time of preparing this report our Lost Time Injury Frequency Rate (LTIFR) was 10.37%, a decrease on the restated rate we reported for 2013.

### All Good

We are encouraging employees to make healthy life decisions by providing information and building a culture that promotes healthier behaviours. The key strategies of the program are to:

- encourage employees to understand their health through face-to-face or online health assessments
- educate employees on their health and give options on how that might be different
- support an employee when they choose to use available programs.

Our wellbeing program, All Good, has extended beyond the initial pilot within the Supermarkets group, with elements introduced to other divisions. We have seen positive results too: a group of employees saw their aggregate 'bio-age' drop 1.9 years through the program. (Bio-age is a person's body-age in contrast to their actual age - an unhealthy person's bio-age may be 60 years compared with their actual age of 45 years.)

Other positive behaviours resulting from the program were better nutrition, more exercise and less smoking. We have found this change doesn't stop with the individual but also influences others around them to live healthier lives. More than 8,000 employees are enrolled in the wellbeing program, and many are making significant changes in their lives.

### MORE STAFF DEVELOPMENT THROUGH RETAIL EDGE

Last year, we developed an online learning solution, Retail Edge, which enables employees to use flexible accredited training when it suits them in any location.

We see nationally accredited training as a core part of developing retail skills throughout Australia and we offer traineeships to people who want to advance their skills in retailing and providing exceptional customer experiences.

The Retail Edge program includes Certificates III and IV in Retail Management, and it's a pathway into our accelerated Fastrack program. We aim to have 10,000 of our employees participate in Retail Edge during the next five years.

The program's WOW Learning Zone recognises people's existing retail skills and experiences through online learning programs. Trainees learn

online and in off-the-job workshops to help them increase the effectiveness of their retail skills, gain merchant skills and gain customer service experience. We have found that Retail Edge gives employees more flexibility to learn and collaborate across all our divisions. So far, 1,343 employees have taken part.

This year, the Retail Edge program was recognised internally, receiving the Jack Shewmaker Innovation Encouragement Award.

The program has also been recognised in the retail industry through trainer excellence and finalist nominations in the Australian HR Awards - Best Use of Technology, and Best Learning and Development Strategy X categories, and for the National Learn X Impact awards.



A Great Partner in the

# Community



## Thank you

We want to thank all our customers for their amazing support of our fundraising initiatives.

**0.85%**

Of pre-tax profit contributed to the community (excluding funds donated by customers and employees)



### OUR TARGET

We are aiming to contribute the equivalent of at least 1% of pre-tax profit to the communities in which we operate.

We are doing this by supporting organisations, programs and initiatives in ways that are relevant to their business aims, strengths and skills.

Woolworths connects with millions of customers, in stores and online, each week. This, along with our more than 198,000 employees, gives us the opportunity to raise funds for, partner with, and support community groups that our customers, employees and suppliers are engaged with.

Our community investment strategy and key focus areas for our business divisions help us prioritise our support and ensure that our community partnerships and investment:

- are relevant to our core businesses
- meet community expectations, and
- win support from customers and employees.

In 2014, we invested the equivalent of **\$47.6 million** in our community partnerships and programs.

### THE SALVATION ARMY

Droughts, floods, bushfires – all or some of these natural disasters hit Australians and New Zealanders each year. We have worked with The Salvation Army since 2010 as our official partner to respond quickly and appropriately to people needing help with food, shelter and clothing in the wake of natural disasters.

After the NSW bushfires last October, Woolworths and our customers raised money for The Salvos' bushfire relief appeal. During the appeal, Woolworths matched customer donations dollar-for-dollar, raising a total of \$4,560,700.



IN 2014, WE INVESTED THE EQUIVALENT OF

**\$47.6m**

To support our community partners and programs

THIS WAS DONE THROUGH

**\$20.9m**

Our cash donation

**\$4.9m**

In kind

**\$15.6m**

From customers and employees

**\$6.2m**

Employees and management time



Droughts also brought out the best in Woolworths' customers, who donated more than \$350,000 to our drought appeal for farmers in Queensland and NSW. We matched this dollar for dollar, and also donated \$250,000 in food and fuel vouchers, so the total amount raised was more than \$950,000.

**AVNER NAHMANI PANCREATIC CANCER FOUNDATION**

Woolworths and its suppliers have supported the Avner Nahmani Pancreatic Cancer Foundation since the passing of our much loved former colleague and the establishment of the foundation in 2008.

The Avner Foundation is the only foundation in Australia exclusively focused on pancreatic cancer research and seeks to break through 40 years of minimal progress by doubling the number of people who survive pancreatic cancer by 2020.

We support a number of annual fundraising events including the 'Put your foot down' walks and the 'Best Things in Life' dinners. The Avner Foundation is also supported by Coca-Cola Amatil through sales of specially marked Deep Spring water sold exclusively at Woolworths supermarkets.

This year, our CEO Grant O'Brien and senior executives participated in a 300 kilometre bike ride over three days to raise awareness and funds for the foundation and Tour de Cure.

We are grateful to our suppliers for supporting the Avner Nahmani Pancreatic Cancer Foundation.

# A Great Partner in the Community



## FOODBANK

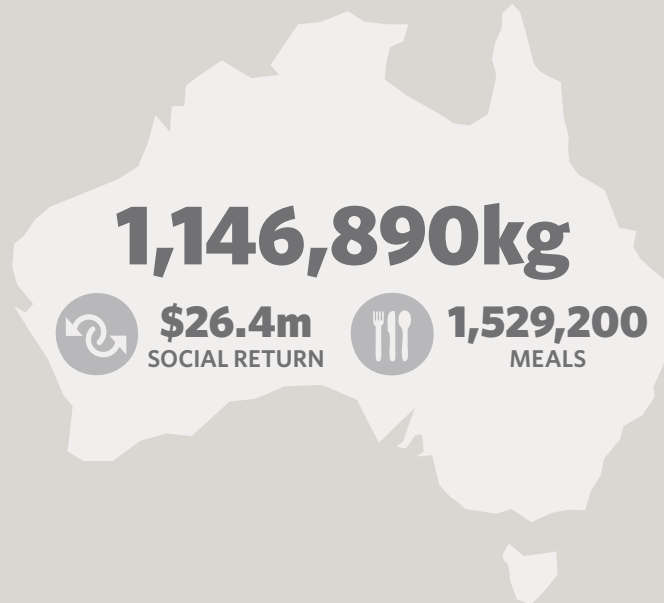
We are working with Australia's largest hunger relief organisation, Foodbank, to help Australians who don't have enough to eat.

During the year, we gave 1,147 tonnes of food to Foodbank, which provided 1.5 million meals. Foodbank estimates our contribution created more than \$26 million worth of 'social return on investment'.

Social return goes beyond feeding people this week or this month - it is the value of the wider benefits from the services Woolworths provides. Foodbank's research shows that providing food helps improve people's emotional wellbeing, their self-worth and social relationships, academic achievement and general standard of living.

## WOOLWORTHS DONATIONS TO FOODBANK IN 2013-14

During the year, we gave 1,147 tonnes of food to Foodbank, which provided 1.5 million meals. Foodbank estimates our contribution created more than \$26 million worth of 'social return on investment'.



Food Donated kg	NSW	VIC	QLD	SA	WA	NT	TAS
	227,430	194,075	294,061	97,169	246,360	40,583	47,212



### EARN & LEARN

Woolworths ran the Earn & Learn program for the third time last year, delivering \$7.2 million of educational equipment. Across Australia 13,148 schools and early learning centres redeemed their Woolworths Earn & Learn points for new educational equipment – in fact more than 400,000 items of new equipment were delivered as a result of the program.

Equipment categories that were popular with primary and high schools were mathematics, English and science, arts & crafts, robotics, sport, music and dance.

Early learning centres redeemed their Woolworths Earn & Learn points for equipment for younger children, including resources for arts & crafts, sand and water play, construction and sports.

### WORKING WITH OUR SUPPLIERS

We listen to our suppliers and work collaboratively with them because good and fair supplier relationships ensure good services. Our customers also expect us to deliver value and source locally.

In the Advantage Group's (advantagegroup.com) independent supplier survey, our overall performance ranking improved from fourth in 2013 to third in 2014. The survey included more than 1,000 responses from 213 suppliers and the retailers included ALDI, Coles, Foodland, FoodWorks, Metcash, Costco, SPAR, Target, Kmart, BIG W, Drake Food Markets, Harris Farm, Ritchies, Priceline and Woolworths.

**“Woolworths is quite pragmatic and understands that they have to deliver outcomes for suppliers to get the outcomes Woolworths also wants to achieve. They understand those outcomes have to be sustainable.”**



# \$7.2m

Of educational equipment delivered

# 13,148

Schools and early learning centres redeemed their Woolworths Earn & Learn points for new educational equipment

# 400,000+

Items of new educational equipment were delivered



# Invest

## FINANCIAL PERFORMANCE

**\$60.8bn**

Sales from continuing operations up 3.9% or 5.9% on a normalised 52 week basis<sup>8</sup>

**\$3,775.2m**

EBIT from continuing operations before significant items<sup>9</sup> up 3.3% or 5.3% on a normalised 52 week basis<sup>8</sup>

**\$2,451.7m**

NPAT from continuing operations before significant items<sup>9</sup> up 4.2% or 6.1% on a normalised 52 week basis<sup>8</sup>

Ranked 15th in global retailing (based on 2012 sales revenue), the highest ranking Australian retailer<sup>10</sup>

Two of our core values, 'Every cent counts' and 'Doing the right thing' need not be mutually exclusive. High standards in Corporate Responsibility can help increase returns to our investors.

## GLOBAL LEADER FOR SECOND CONSECUTIVE YEAR

For the second consecutive year, the Dow Jones Sustainability Indices (DJSI) and RobecoSAM rated Woolworths Limited as the world's industry group leader for the food and staples retailing sector.

We are very pleased to be recognised for the high sustainability standards we have set and achieved. Each year, more than 3,000 companies worldwide are invited to take part in RobecoSAM's analysis of financially material economic, environmental and social practices.

## REDUCING OUR COST OF DOING BUSINESS

We drive for efficiency all the time and, in line with our core value of 'every cent counts', we aim not to waste energy and food. As a result, we have targets to reduce energy use, refrigerant losses and food waste sent to landfill.

Since 2009, we have invested approximately \$112 million in energy efficiency and saved an estimated \$162 million in operational costs.

We have invested in many technologies to reach these savings, including:

1. carbon dioxide refrigerants used in more than 120 Australian and New Zealand supermarkets
2. energy-efficient refrigeration cases with high-efficiency fans, LED lighting, better glass-door de-fogging, glass doors on dairy cases, lids on island freezers
3. LED lighting in produce areas and grocery aisles
4. heat reclaim from refrigeration compressors to heat stores
5. improved control systems for air-conditioning and lighting.

## SETTING HIGH STANDARDS IN OUR NEW STORES

In June in Sydney's Double Bay, we opened one of Australia's most modern supermarkets, with a walk-in cheese room, fresh barista coffee, a pizza bar and a sushi bar.

Less obvious to the customer are the supermarket's high standards in energy and carbon efficiency, including those listed previously, plus LED lighting in all trading areas. We expect to save 110MWh of electricity, more than 4% of the store's annual usage, by using LED lighting for aisle lights, down lights, display lights and graphic panels.

<sup>8</sup> Full year growth has been adjusted to remove the 53rd week in the 2013 financial year

<sup>9</sup> Refer to page 35 of the 2014 Annual Report for more information

<sup>10</sup> Deloitte, Global Powers of Retailing 2014: Retail Beyond begins



RETURN TO FAMILIES & IMPACT ON THE AUSTRALIAN ECONOMY

**\$7.3bn**

Paid in wages and benefits to employees

**\$1.7bn**

Paid in dividends to shareholders

**\$114bn**

And 775,000 jobs is the indirect contribution to Australia's economy (flow-on in economy from value of sales and construction spend)

**\$162m**

Savings from energy efficiency measures

**FOOD WASTE**

Our investors can be assured that our value of 'Every cent counts' extends through to the end of our supply chain, where we minimise waste.

Our main target is no food waste to landfill by next year. We are doing this through avoiding waste, supporting food rescue, partnering with farmers, commercial composting and alternative waste treatment.



**1. AVOIDING FOOD WASTE**

THROUGH EFFICIENT ORDERING AND STOCK MANAGEMENT



AND IMPROVING SUPPLY CHAIN EFFICIENCY TO DELIVER FRESHER PRODUCTS TO STORES

AND USING NEW TECHNOLOGY TO REDUCE WASTAGE OF ITEMS PRODUCED IN-STORE



**2. DONATING TO CHARITIES**

MORE THAN 670 AUSTRALIAN SUPERMARKETS DONATED

**1,381t**  
OF FOOD



GENERATING MORE THAN



**1.8m meals**



**3. WORKING WITH FARMERS**

TWO-THIRDS OF OUR AUSTRALIAN SUPERMARKETS PARTNER WITH LOCAL FARMERS TO COLLECT PRODUCE AND BAKERY WASTE FOR STOCK FEED OR ON-FARM COMPOSTING

THIS DIVERTS OVER

**26,000t**  
OF FOOD WASTE

AND SAVES MORE THAN

**\$8m**  
IN WASTE SERVICE COSTS



**4. COMMERCIAL-GRADE COMPOST**

MORE THAN 200 AUSTRALIAN SUPERMARKETS SENT AN ESTIMATED

**8,700t**  
OF FOOD WASTE

TO COMMERCIAL COMPOSTING IN MOST STATES



**5. ALTERNATIVE WASTE TREATMENT**

95 AUSTRALIAN SUPERMARKETS SENT MORE THAN

**5,800t**  
OF FOOD WASTE TO EARTH POWER IN SYDNEY

CONVERTING THIS MATERIAL INTO FERTILISER AND GREEN ENERGY



# Australian Supermarkets and Petrol

Woolworths is Australia's largest supermarket chain, operating 931 supermarkets and 502 Woolworths-owned petrol sites across Australia. We rely on the 117,000 staff in our stores and support offices to provide our customers with superior service, range, value and convenience.



## PROGRESS AGAINST OBJECTIVES

### 1. First choice for fresh food

- We grew our fresh market share, in line with our strategy to be first choice in fresh food.
- We improved our supply chain to provide fresher produce to our customers and reduce waste.

### 2. Unbeatable value

- Key promotional campaigns generated savings of more than \$750 million for our customers.

### 3. Online retailing

- Woolworths Online continues to lead the way in the retail grocery and alcohol category, with 2014 online sales increasing more than 40% and over 3 million items delivered to customers each week.

### 4. Customer insights transforming our business

- We are using data to refine our store layouts and ranges to meet our customers' evolving needs.

### 5. Innovative offer

- We engaged families and created customer loyalty through our Collectables campaigns - 'Aussie Animals', 'DreamWorks Heroes' and 'Jamie's Garden'.



### A GREAT PLACE TO SHOP

In a competitive retail environment, Woolworths is committed to providing better value, a better offer and better access for our customers. Our stores and online offers allow more and more Australians to buy their favourite products at a great price. We served an average of 21.1 million customers a week, who benefited from average price deflation (3.1%) and savings from key promotional campaigns (more than \$750 million).

Along with value, we offer our customers a broad range of Australian-produced foods in our Fresh and Own Brand offers. We are proud that 96% of our fresh fruit and vegetables and all of our fresh meat is sourced from Australian farmers. Almost 76% of our Own Brand grocery products are made in Australia.

We have committed to responsible sourcing, animal welfare and supporting local farmers. Many of these topics are covered earlier in this report.



### A GREAT PLACE TO WORK

Our supermarkets provide employment and career opportunities for Australians across all states and territories, in metropolitan and regional areas and across all age groups. During the year we opened 34 (net) new stores and created jobs for more than 3,200 people, including more than 1,800 younger employees.

We also opened 20 new (net) petrol sites during the year, creating 96 new jobs.

Woolworths Petrol continues to be one of the company's leaders in safety standards and performance, with the lowest Lost Time Injury Frequency Rate (LTIFR) in all of our trading divisions.



### A GREAT PARTNER IN THE COMMUNITY

This year, Woolworths Supermarkets contributed approximately \$37.2 million to community causes and partners, including direct donations, stock, and employee and customer contributions.

Our supermarkets continue to be a focal point for many communities, providing opportunities for us to raise funds for causes that are important to our customers and staff. During the year, we encouraged employees in each state to nominate and support a major fundraising program for a charity of their choice.





**\$48,236m**  
Sales<sup>11</sup>

**\$3,368m**  
EBIT<sup>11</sup>

**931**  
Supermarkets

**502**  
Woolworths owned petrol sites

**117,415**  
Employees

**Our stores picked the following charities to support in their states:**

State	Charity	Contribution
NSW/ACT	Variety, the children's charity	\$598,000
QLD	Children's Hospital Foundation	\$3,950,000
VIC/TAS	Royal Children's Hospital Foundation	\$500,000
SA/NT	Royal Flying Doctor Service	\$104,000
WA	Telethon	\$250,000

**Woolworths Earn & Learn:** The Earn & Learn program ran for the third time last year, delivering \$7.2 million of educational equipment to schools and early learning centres. Schools could redeem Woolworths Earn & Learn points for resources they needed, whether for mathematics, science, English, art, music or sports.

**Taronga Zoo:** Woolworths' partnership with the Taronga Conservation Society Australia began with our three-year, \$1.9 million investment in the Great Southern Ocean precinct and the Fish For Good program. Taronga Zoo also helped us with the wildly popular 'Aussie Animals' collectable cards promotion.

**Jamie Oliver's Ministry of Food:** Our partnership with Jamie Oliver connected us to a fellow iconic brand that has a strong message on eating fresh, healthy food. With the Ministry of Food we supported the Food Revolution Day, a world record attempt to run the largest cooking class, where children learnt how to make a healthy dish – Jamie's Rainbow Salad Wrap.

**Fresh Food Future program:** With our Fresh Food Future program, we aim to help our agriculture sector with challenges such as climate change and attracting talented people to the sector. Since 2007, we have invested more than \$10 million in this program, with our trusted partners such as Landcare Australia, Royal Agricultural Society of NSW, Australian Rural Leadership Foundation, Nuffield Australia and many more.

<sup>11</sup> Sales and EBIT are combined for Australian Food, Liquor and Petrol



# \$37m

Estimated savings in operating costs this year

# 40,000t

Of food waste directed from landfill, saving more than \$8 million

The Fresh Food Future program has two main aims:

1. growing more with less through advancing farming innovation, productivity and long-term sustainability, and
2. nurturing talent by supporting the next generation of farmers and industry leaders.

Since 2007, we have invested \$6.6 million through Landcare Australia to help Australian farmers grow more with less. The program has funded more than 190 projects around Australia to encourage innovation and efficiency, reduce input costs and increase productivity and long-term sustainability.

**bstreetsmart:** Woolworths Petrol has partnered with **bstreetsmart** to support road safety and responsible driving education. **bstreetsmart** is the inspiring initiative of the trauma service at Westmead Hospital, which sees a disproportionate number of people aged 15 to 30 years injured through road accidents.

**bstreetsmart** promotes safe behaviour as drivers, riders and passengers to people in this age group, to cut their fatality and injury rates.

Through the generosity of our customers and the support of our staff, this year we raised more than \$175,000 for the program.

## \$ A GREAT PLACE TO INVEST

One of our core values is 'every cent counts'. Maximising business efficiency and minimising waste are key ways for the business to reduce costs. This allows us to return savings to our customers and dividends to our shareholders.

Investment in energy efficiency and low-carbon technology has occurred across the company, but as Australian Supermarkets accounts for more than 60% of our energy use, we have focused on innovation in refrigeration, air conditioning and lighting. We estimate we will save more than \$37 million in operating costs this year as a result.

Removing food waste from the business is a key target, and present opportunities for reducing costs. Australian Supermarkets has food waste diversion programs which have diverted more than 40,000 tonnes of food waste from landfill, saving more than \$8 million in costs.



# Woolworths Liquor Group

Woolworths Liquor Group now has three distinct formats: Dan Murphy's (Destination), BWS (Convenience), and The Wine Quarter (consolidates our Online and Direct offers).



## PROGRESS AGAINST OBJECTIVES

### 1. Continuing to evolve Dan Murphy's

- We continue to expand our footprint as Australia's premier liquor destination, opening 11 Dan Murphy's.
- Total Dan Murphy's stores now number 186.

### 2. Developing the BWS brand and convenience offer

- We continued to grow BWS, Australia's largest liquor retailer, opening 36 (net) new stores in the year.
- Total network now 1,216 stores.

### 3. Maintaining leadership in online and direct via The Wine Quarter

- danmurphys.com.au further embedded its position as the premier Australian online liquor destination, being the most visited liquor website in Australia. Online sales increased more than 55% with a number of new features added to the website, including enhanced delivery options and new customer recommendation functionality.

### 4. Increasing own and exclusive brand penetration through Pinnacle Drinks

- We are providing customers with enhanced ranges as we continue to build our own and exclusive brand portfolio.

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## A GREAT PLACE TO SHOP

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### DrinkWise Australia

Woolworths Liquor Group (WLG) contributes to programs run by DrinkWise, an independent, not-for-profit organisation that promotes healthier and safer drinking through national information campaigns. DrinkWise is founded on industry leadership and community partnerships.

This year, the DrinkWise campaign on 'how to drink properly' reached more than 90% of 18 to 24 year olds (see [howtodrinkproperly.com](http://howtodrinkproperly.com)). The Federal Government audited the DrinkWise labelling project to raise awareness about alcohol consumption and pregnancy. We are pleased that the audit found high rates of compliance among buyers of WLG Exclusive Brand products. WLG also includes DrinkWise's 'Get the Facts' pictogram on retail brand and Pinnacle product advertising.

Australia's drinking culture is changing for the better, according to last year's Australian Institute of Health and Welfare's National Drug Strategy Household Survey.

Younger Australians are continuing to delay their first alcoholic drink. The age when they first drink alcohol rose from 14.4 to 15.7 years between 1998 and 2013. Fewer 12 to 17 year olds are drinking alcohol - the proportion not drinking rose from 64% to 72% between 2010 and 2013.

### Responsible marketing

Last year, we signed the Alcohol Beverages Advertising Code (ABAC) to formalise our existing undertaking to abide by the ABAC adjudication process and to ensure that our advertising complies with the code.

Our charter for selling alcohol has been active for a number of years and includes 10 principles on which we assess any alcoholic or alcohol-branded products before considering them for sale. These principles send a strong message against products that target minors or encourage irresponsible drinking.

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## A GREAT PLACE TO WORK

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We expanded this year, opening 11 new Dan Murphy's stores and 36 (net) new BWS stores, creating an estimated 300 jobs.

### Responsible service of alcohol

Our standards for responsibly retailing liquor go beyond regulatory compliance - all WLG staff must be trained in responsible service of alcohol. Staff complete regular refresher training courses, and Woolworths' compliance with responsible service and licensing is assessed in annual audits of our licensed outlets.

**1,402**  
Stores

**5,993**  
Employees

# Woolworths Liquor Group



Our responsible service of alcohol policies and practices include:

- ID25 (asking customers for identification if they appear younger than 25)
- 'Don't buy it for them' (awareness of the dangers of secondary supply of alcohol to minors)
- refusing to sell alcohol to young people in school uniforms (even if they are aged 18 or older), and
- special event preparation (e.g. increasing training before Schoolies Week).

WLG work with police, local councils and community groups to advocate responsible drinking.

We led the industry nationally this year with compliance testing of our ID25 program. Using professional firm ServLegal, 18-year-olds who looked younger than their age did secret-shopper audits of our stores to test whether staff followed this policy.

### Training our staff to be the best

We established the Drinks Academy to improve team members' understanding and appreciation of wine, beer and spirits so we can better share the stories, people and places behind them with our customers.

### Good Buyer Principles

WLG has developed a set of Good Buyer Principles. These set out the standards governing our buyers and their relationships with suppliers, and reinforces the importance of all parties acting with fairness and transparency in their dealings with each other.

The Good Buyer Principles are:

**Principle 1:** Fair and clear commercial relationships

**Principle 2:** Clarity in marketing and promotional activity

**Principle 3:** Open, honest and early communication

**Principle 4:** Protection of intellectual property

**Principle 5:** Dispute resolution.

Complementing these principles is our agreement with the Winemakers Federation of Australia, which represents all Australian wine producers.

### Supplier Portal

WLG has launched a new Supplier Portal that will make it easier for new and existing partners to work with the business and reduce the time for innovative products to reach customers.

The portal, [wlgpartners.com.au](http://wlgpartners.com.au), is free to use and is another important step towards improving relationships with suppliers. The portal makes it easier for suppliers who are looking to sell their products nationally, but it is also flexible enough to benefit a small boutique producer that wants to have their products ranged in their local store.

### Safety is a priority

BWS is working hard to improve staff safety by using intelli-safes to limit the risk of armed hold-ups. Early results are encouraging - incidents across the business have decreased.

## CHARTER FOR RANGING ALCOHOL IN OUR STORES

**Principle 1:** The product should not have the potential to appeal to minors.

**Principle 2:** The product should not have an appearance that could potentially lead to confusion with confectionery or soft drinks.

**Principle 3:** The product should not have an appearance which may lead to confusion about its alcoholic nature or strength.

**Principle 4:** The products should not draw any association with drug culture, narcotics or other illicit drugs or drug paraphernalia.

**Principle 5:** The product should not encourage illegal or immoderate consumption such as binge drinking, drunkenness or drink-driving.

**Principle 6:** The product should not suggest any association with dangerous, violent, aggressive or antisocial behaviour.

**Principle 7:** The product should not suggest that consumption can lead to social, sporting or sexual success.

**Principle 8:** The product should not feature imagery or language that could be deemed offensive on cultural, religious, ethnic or gender grounds.

**Principle 9:** The product should not suggest that any physical or mental health benefit can be obtained by consumption.

**Principle 10:** Ready to drink products containing more than two standard drinks per single serve container will not be ranged by Woolworths Liquor Group.



## OUR COMMUNITY, OUR COMMITMENT

Woolworths Liquor Group is taking an industry lead by launching a community charter on the responsible service of alcohol. The primary focus of the 'Our Community, Our Commitment' campaign is to encourage our customers to drink responsibly.

The campaign is supported by bold and attention-grabbing brochures, badges and signage in Dan Murphy's and BWS stores across the country, to remind staff and customers of their shared obligations.

Our community charter has six key elements:

- We don't sell alcohol to anyone under 18 years and if you appear under 25 we will ask you for ID.
- We don't stock drinks that appeal to young people or encourage excess.
- We won't sell you alcohol if we believe you are buying it for an underage person.
- We ensure our advertising is in line with community standards, doesn't appeal to young people and promotes responsible consumption.
- We protect our team and will not serve alcohol to anyone who is intoxicated or abusive.
- We support initiatives that say no to violence.

## A GREAT PARTNER IN THE COMMUNITY

### Jawun

WLG is a partner of the Jawun Indigenous Community Secondment Program (Jawun) to help Indigenous communities by providing skilled corporate secondees. In collaboration with business and government, Jawun programs promote self-reliance, entrepreneurial activity and business planning. Jawun means 'friend' or 'family', an honour in the language of the Kuku Yalanji people from Mossman Gorge in Cape York, Queensland.

Since we formed this partnership last year, six team members from across the group have taken part in Jawun secondments to North-East Arnhem Land in the Northern Territory, and various locations across NSW, including the Central Coast, the Goulburn-Murray Region, Redfern and Tranby Aboriginal College in Glebe. Three of our senior leaders also visited Indigenous communities through executive programs.

### White Ribbon

White Ribbon is the world's largest male-led movement to end men's violence against women. Through primary prevention and an annual campaign, White Ribbon Australia aims to engage boys and men to change the attitudes and behaviours that lead to and perpetuate men's violence against women.

In particular, White Ribbon Australia's unique Ambassadors' Program supports thousands of men to be the faces and leaders of the campaign, by living the White Ribbon Oath: never to commit, excuse or remain silent about violence against women.

We have four White Ribbon Ambassadors in the WLG team, including the Managing Director of Woolworths Liquor Group, Brad Banducci. White Ribbon Day celebrates the annual campaign and global recognition of the International Day for the Elimination of Violence against Women.

### Foundation Barossa

WLG established the Cellarmasters Educational Scholarship with the Foundation Barossa. The Cellarmasters Scholarship is available to students undertaking undergraduate tertiary study in 2014 through to 2017. It provides \$6,000 per year for each year of study for a maximum of three years, plus work experience opportunities within WLG.

## A GREAT PLACE TO INVEST

Stores under the BWS and Dan Murphy's banners come in a variety of formats, including 'big-box' stores, drive-throughs, high street stand alone stores and stores attached to supermarkets or hotels.

Cost savings are delivered through energy-efficient lighting and refrigeration, and will save more than \$3.4 million in operating costs by next year.

# New Zealand Supermarkets

In New Zealand, Countdown is the main brand for Progressive Enterprises Ltd's owned and operated stores, with 171 supermarkets nationwide. Progressive is also the franchisor for another 59 SuperValue and FreshChoice supermarkets, which are locally owned and operated. We are one of New Zealand's largest employers and we partner with dozens of local and national organisations and charities, as well as 4,000 suppliers.



## OUR AIMS

### 1. Customer value and innovative offers

- We are providing increased value to Countdown customers via our 'Price Lockdown' campaign with its range of everyday lower price products resonating strongly with customers, including the first supermarket with NZ\$1 bread.
- Basket penetration of these products is now more than double last year.

### 2. Local sourcing

- We source all our fresh food from New Zealand other than where it is not commercially viable.

### 3. Online

- 2014 Online sales increased more than 20% from countdown.co.nz.

### 4. Grow Countdown and franchise network

- Opened 5 (net) Countdown stores and 4 franchise stores.

**NZ\$5,737m**

Sales

**NZ\$309.8m**

EBIT

**171**

Stores

**18,020**

Employees



  
**A GREAT PLACE TO SHOP**

Our New Zealand customers have the same expectations as Australian customers, when it comes to value and local sourcing.

Countdown has been providing value to customers through a range of promotional campaigns. The introduction of NZ\$1 bread into our stores through our 'Price Lockdown' campaign was popular with customers, and the more recent 'Price Drop' campaign is also reducing shelf prices.

Countdown is proud of the high percentage of fresh products that we source in New Zealand. All our fresh chicken, pork and lamb products are produced in New Zealand, and almost all our fresh fish (99%) is local. We source 96% of fresh beef

locally. In the fresh fruit and vegetables aisle, 85% of produce comes from local farmers (excluding items that can't be grown in New Zealand).

  
**A GREAT PLACE TO WORK**

This year, Countdown opened six new stores and created 440 new jobs in communities around New Zealand. We also re-opened Countdown Ferrymead in Christchurch. This was a significant milestone for the company since the store had to be demolished and rebuilt after the 2011 earthquakes which devastated the city. Since the earthquakes, we have kept employing more than 2,500 team members in Christchurch, while in Ferrymead, we welcomed back 14 team



members from the original store. In the past six years Progressive Enterprises has invested more than NZ\$95 million in Christchurch in building, repairing and upgrading its stores and the Christchurch Regional Distribution Centre.

  
**A GREAT PARTNER IN  
THE COMMUNITY**

**Countdown Kids Hospital Appeal**  
Since 2007, the Countdown Kids Hospital Appeal has raised NZ\$6.9 million for children's wards around New Zealand. This year, our team, customers and suppliers raised a record NZ\$1.2 million for this appeal.

**Countdown Food Rescue**  
Countdown's Food Rescue program donated more than NZ\$3.4 million of groceries to food bank charity partners including The Salvation Army, Kaibosh, Fair Food and 0800 Hungry, and donated more than NZ\$1.1 million of food to farmers. More than 140 Countdown stores partner with The Salvation Army, and the program has grown as new stores open. This has helped cut waste to landfill by 42% in the last seven years, despite having another 22 stores.

***"Countdown is a key donor to Kaibosh's food rescue service in Wellington and Lower Hutt. In the past 12 months we have rescued over 58,000kg of bread, bakery and fresh produce (the equivalent of over 165,000 meals) from four participating Countdown stores. This food has been redistributed to 33 different groups."***

*Matt Dagger, General Manager,  
Kaibosh Food Bank*

**Alzheimers New Zealand**  
Countdown's annual supplier golf tournament raised NZ\$151,000 for Alzheimers Auckland, a subsidiary of Alzheimers New Zealand. We also supported the charity's annual appeal, raising more than NZ\$50,000 from lamington sales and customer donations. Over the past 11 years, we have raised NZ\$1.3 million for the charity.

**Maori Language Week**  
Countdown stores again supported New Zealand's annual Maori Language Week to encourage more understanding and integration of te reo Māori through point-of-sale and advertising.

**Partnering with Work & Income**  
Countdown began a partnership with government agency Work & Income New Zealand to support people entering the workforce and to encourage retail careers.

So far, four Countdown stores have partnered with their local Work & Income centres and almost 60 people now have paid employment with the company.

***"The impacts of this are far-reaching, benefiting not only the individuals themselves, but their families and whānau (extended families) and the community as a whole. We look forward to building on this partnership into the future."***

*Isabel Evans, Auckland Regional Commissioner,  
Ministry of Social Development*

**New Zealand Olympic Committee**  
Countdown is proud to be an official partner of the New Zealand Olympic Committee. Recently we connected the Commonwealth Games in Glasgow to communities around the country and we are looking forward to the next Olympics.

**\$  
A GREAT PLACE TO  
INVEST**

Our focus on reducing environmental impact and cutting costs has flow-on benefits. The reduced costs can be used to deliver more value to customers, and to produce more returns for investors.

Countdown is focused on reducing waste, whether it is food waste, recyclable material being dumped in landfill or the inefficient use of energy and fuels.

Despite our physical presence growing 3.9% this year, we have cut our carbon footprint by 12.1% through:

- cutting waste to landfill by 6.4%
- lifting recycling by 5.3%
- increasing electricity use by only 0.7%
- reducing truck fleet fuel burn by 16.5%
- decreasing refrigerant gas losses by 15.8%.



EZIBUY

# General Merchandise

BIG W and our newly acquired EziBuy brand give Australians and New Zealanders value choices for branded and Own Brand general merchandise. BIG W operates 182 stores and has a growing online presence, while EziBuy has four retail outlets that support its strong online offer.



## PROGRESS AGAINST OBJECTIVES

### 1. Transforming for the future

- We have completed the first phase of category and space changes in 133 stores, rationalising space in non-core categories, such as Entertainment, and expanding our offer in toys and footwear.

### 2. Focussing on value every day

- We have relaunched our BIG W 'Lowest Price Guarantee' increasing our commitment of giving the best choices at the lowest prices every day.

### 3. Growing store footprints while boosting online

- Integration of EziBuy is progressing well with its world-class distribution capabilities being leveraged to enhance our online offer.



**\$4,352m**  
Sales

**\$152.9m**  
EBIT

**186**  
Stores

**22,639**  
Employees

  
**A GREAT PLACE TO SHOP**

BIG W has re-launched its 'Lowest Price Guarantee' campaign to deliver the best choices at the lowest prices. Customers now have more online choices due to EziBuy and the re-launch of BIG W Online.

While our customers want value for money they also expect products that are ethically sourced. This year we made further commitments to ethical sourcing in line with our Ethical Sourcing Policy and our customers' expectations. We became a signatory to the Accord on Bangladesh Fire and Building Safety. The Accord is an

independent agreement designed to make all garment factories in Bangladesh safe workplaces. It provides for independent safety inspections at factories and public reporting of the results of these inspections. None of the factories making our products in Bangladesh have had a critical finding by the Accord's inspectors. Our factory list in Bangladesh is published on our website.

We took another significant action this year to strongly discourage forced labour and slavery practices in the global cotton supply chain. In collaboration with the Walk Free Foundation, The Salvation Army and the Uniting Church we developed our policy and implementation plan for stopping the use of Uzbek cotton in our products.





Our ethical sourcing policy prohibits our suppliers using child or forced labour. We are particularly concerned about the systemic use of child and forced labour in harvesting cotton from Uzbekistan. We have asked our suppliers not to use Uzbek cotton to make our Own Brand products until the Uzbek government ends child and forced labour in its cotton production and harvest. Our suppliers must declare that they comply with this policy and through our ethical audits we check the origin of the cotton they use.

  
**A GREAT PLACE TO WORK**

During the year, we opened four BIG W stores, creating 443 jobs. We aim to give employees work hours that meet their needs and ours, and offer opportunities to transfer between business divisions.

  
**A GREAT PARTNER IN THE COMMUNITY**

**BIG Heart Appeal**

BIG W has supported the BIG Heart Appeal Respiratory Research Program since 2003 through fundraising in stores and generous customers. The BIG Heart Appeal supports Sydney Children’s Hospital in Randwick (NSW), The Royal Children’s Hospital Foundation (Qld), the Bone Health Foundation Inc (SA), The Royal Children’s Hospital (Vic) and the Princess Margaret Hospital Foundation (WA). This year we raised more than \$862,000 for these hospitals and research organisations.

**Customers supporting other charities**

BIG W also supports many well-known and much-loved charities through the sale of fundraising merchandise, and from donations at point of sale. Charities such as the Make-A-Wish Foundation and the Starlight Foundation have benefited from this.

  
**A GREAT PLACE TO INVEST**

By lowering our costs, we deliver better prices for our customers and better returns to our investors. Our General Merchandise operations do not use as much energy and resources as our supermarkets, but we can still be more efficient and reduce costs. Using energy-efficient air-conditioning and lighting will save more than \$7 million in operating costs by next year.

BIG W diverts cardboard and plastic film from the waste stream and recycles a much larger volume of cardboard (18,072 tonnes) compared to the total waste we send to landfill (4,850 tonnes). This diverted cardboard earns a rebate rather than costing us money for disposal.

# Hotels

ALH has 329 licensed venues and 544 retail liquor outlets across Australia. We offer diverse hospitality experiences including electronic gaming, sports bars, bistros, restaurants, cafés, retail liquor, accommodation, nightclubs and wagering. We are committed to being Australia's most responsible hotel and gaming operator – going above and beyond what legislation requires.



## PROGRESS AGAINST OBJECTIVES

### 1. To be Australia's most responsible operator of local pubs

- Industry leading hotel and gaming charter, underpinning our commitment to responsible service.

### 2. Grow our network

- We have continued to grow through targeted acquisitions, acquiring four hotels (three net) to bring the total number of venues to 329.

### 3. Evolve our offer to meet customer needs

- We are expanding our bar ranges to cater for evolving demand for more premium products, and we are selectively adding branded food operations to enhance our appeal to customers.



### A GREAT PLACE TO VISIT

ALH hotels' operating standards go beyond legislation. We are focusing on staff education and training, partnerships and setting voluntary pre-commitment limits on gaming machines. This is a cornerstone of our responsible gambling plan. We plan to have pre-commitment functionality on every gaming machine in every state in our network by the end of next year.

We are adding children's play areas and other family friendly activities to our venues, as well as premium products and branded food operations. Online additions include mobile-enabled venue websites, special offers, an accommodation booking service and advertising integrated into social media.



### A GREAT PLACE TO WORK

Staff education and training, particularly about responsible gaming, is critical to helping our employees do their job. We have worked with gamblers' help groups on staff education each year.

For the past six years, the ALH Group has worked with David Schwarz, a well-known former professional footballer and reformed problem gambler, as our Responsible Gambling Ambassador.

David provides employee education and customer awareness about asking for help if gambling becomes a problem. Crucially, he is also available for our staff to discuss gambling problems that they or their families and friends may have.

We want to ensure a safe and supportive environment where our customers can make informed decisions about gambling. We also want to provide timely assistance if there is an issue. We have developed and given a responsible-gambling pocket guide to every one of our gaming staff.

Our hotel staff are also trained in the responsible service of alcohol, meeting the high standards we set for all staff who sell alcohol to our customers.



### A GREAT PARTNER IN THE COMMUNITY

We work with gamblers' help groups in each state. We want ALH staff to learn from these agencies how best to promote the message of responsible gambling. We also work with The Salvation Army, gambling research experts and mental health organisations, all of which recognise that problem gambling is complex.

Recently, ALH hotels management and staff took part in two significant research studies. The first is The Gambling Research Australia's report, *Validation study of in-venue problem gambler indicators* written by Dr Anna Thomas





and Prof Paul Delfabbro, and the second is the Department of Social Services' *Trial of Dynamic Warning Messages on Electronic Gaming Machines*.

All relevant ALH staff must undertake our e-learning training, which includes an identification checklist that assists our staff in identifying customers who may have a problem with their gambling.

During the year, ALH Group gave more than \$1.5 million to communities, either through donations or fundraising by customers and staff. Major beneficiaries included Very Special Kids, Bravehearts and charities supported by the Queensland Hotels Association's Hotel Care Week.

**\$1,472m**   
Sales

**\$275.4m**   
EBIT

**329**   
Venues

**15,215**   
Employees



# Home Improvement

Our home improvement division operates under two main brands, Masters Home Improvement – which we launched in 2011 – and Home Timber & Hardware. The awareness of our brands and our presence in the home improvement sector continues to grow.



## PROGRESS AGAINST OBJECTIVES

### 1. Capitalise on significant market opportunity

- The rationale for entering the home improvement market remains as strong as ever. It's a \$45 billion market, with 5% annual growth and one significant retailer with approximately 17% share.
- Our refurbished Home Timber and Hardware stores are delivering pleasing sales growth, with further refurbishments planned for 2015.

### 2. Build a national network of stores

- We opened 18 new Masters stores this year, taking the total to 49 at year end.
- Our Masters' pipeline is focused on key metropolitan areas where we do not have a significant presence such as New South Wales, Queensland and South Australia.

### 3. Develop national brand awareness

- Unaided brand awareness grew to 75% for the quarter ended June 2014, a high number for a young retailer.

### 4. Continue to test and develop our model

- We are testing, learning and adjusting our plans to ensure we create a compelling customer offer and a sustainable, profitable business.

### 5. Demonstrate commitment and the right team

- We remain committed to making the Home Improvement business a material profit contributor to Woolworths.



### A GREAT PLACE TO SHOP

At Masters, our goal is to bring customers everyday low prices on a great range of quality products. Masters offers customers a unique home improvement shopping experience and we now have 49 stores open in six states and territories.

#### Sustainable timber sourcing

Masters is working to ensure that all timber and timber-containing products sold and used in our operations come from well-managed and sustainable forests.

We give preference to fit-for-purpose timber and timber containing products from independently certified, sustainable, well-managed forests. We also prefer products sourced from globally recognised sustainable forestry certification schemes.

We will not buy for sale, or consume through our operations, timber products that are sourced from endangered forests.



### A GREAT PLACE TO WORK

Masters, Australia's fastest growing hardware store, opened its first store in 2011. Since then we have provided more than 5,500 jobs.

Masters opened 18 new stores during the year, creating almost 2,000 jobs across metropolitan and regional areas. More than 600 of the jobs went to people aged under 25 years.

Our Home Improvement brands also offer employment opportunities for older workers, often trades people who are putting down the tools, but are still looking for work to keep them busy. More than 950 of our Masters employees are older workers.



### A GREAT PARTNER IN THE COMMUNITY

Masters' stores support local communities through sausage sizzle events for local schools, sports teams, Scout groups and children's centres.

Our stores also support national groups, including the Lions Club, St. John's Ambulance, Men's Shed, State Emergency Services, Vision Australia, Red Cross and Rotary.



TIMBER

**62.4%**

Of the timber and panel products stocked by Masters Home Improvement (by product count) are sourced from sustainably managed forests certified by the Forest Stewardship Council (FSC)

**5.7%**

Of Masters' timber products are certified by Program for the Endorsement of Forest Council (PEFC)

**1.2%**

Of the Masters' range has been DNA-tested to check whether the wood comes from legally logged forests



**\$1,527m** 

Sales

**77** 

Stores (Masters and Home Timber and Hardware)

**7,600** 

Employees



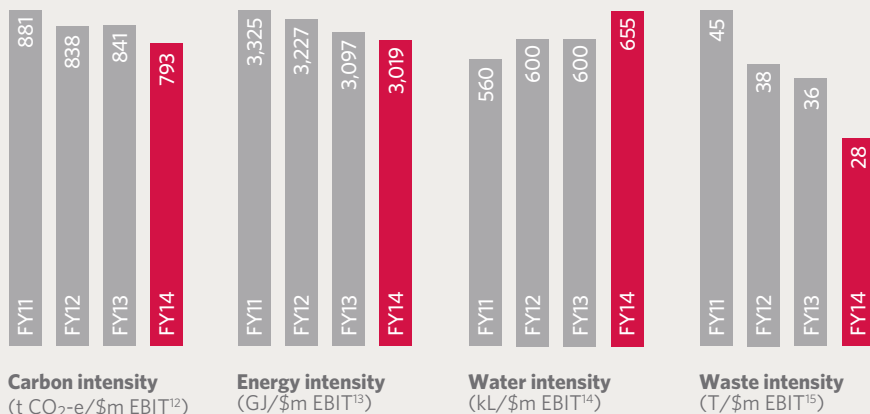
# Sustainability Metrics and Progress

## PROGRESS AGAINST OBJECTIVES

- 1. Reduce carbon emissions from our buildings by 40% by 2015 (compared to projected growth levels)**
  - Energy efficient and low carbon technology delivered an 18.7% reduction in carbon emissions, compared to original projected growth levels for 2014
  - Sourcing electricity from renewable sources delivered a further 14.2% reduction in emissions
- 2. Achieve a 25% reduction in carbon emissions per square metre for new supermarkets**
  - New supermarkets built in 2014 have carbon emissions per square metre which are, on average, 25.1% lower than baseline stores
- 3. Zero food waste to landfill by 2015 (where receiving facilities are available)**
  - The volume of recoverable food waste in our waste stream reduced by 20%, from 77% to 57%
  - Woolworths has diverted an estimated 40,000 tonnes of food waste from landfill and we continue to identify new solutions for food waste
- 4. Reduce amount of recyclable cardboard in the waste stream to less than 1% by weight**
  - Weight of recyclable cardboard in supermarkets rubbish bins was 0.96%



## RESOURCE EFFICIENCY



- 12 Scope 1 and 2 emissions only, from stationary energy sources
- 13 Energy use from stationary energy only
- 14 Estimated water use from Australian Supermarkets only
- 15 Waste to landfill from Australian Supermarkets, New Zealand Supermarkets, and BIG W

## REDUCING CARBON FOOTPRINT

Managing our energy use and carbon emissions cuts operating costs and reduces our impact on climate change. Our main targets for cutting carbon emissions are buildings (40%) and new stores (25% per square metre). Our baseline is the 2007 financial year, and the reduction targets are from projected growth based on a business-as-usual model.

Our ability to achieve our targets is influenced by people throughout the business, such as:

- the Group Engineering team finding, trialling and implementing new technology
- store development teams rolling out new innovations
- maintenance teams ensuring equipment is running optimally, or
- operational staff doing things such as turning lights off when not needed.

### Performance this year

Our total carbon emissions in Australia and New Zealand were 4.32 megatonnes (Mt), a decrease of less than 0.1% on the previous year's emissions. Emissions from our buildings totalled 3.52 Mt, a 2.3% decrease from 2013. These reductions in carbon emissions were delivered despite the business increasing sales by 3.9%.

Carbon emissions from buildings are 18.7% (810,000 tonnes) lower this year than they would have been without investment in energy-efficient and low-carbon technology. This is equivalent to operating more than 300 of our supermarkets as carbon neutral.

More than 25% of the electricity used in Australian operations is from renewable sources. This delivers a further 14.2% reduction in emissions, compared to projected growth levels.

We continue to cut energy use and carbon emissions from new and refurbished stores. We are focusing on refrigeration, air-conditioning and lighting. The nine new projects we began this year have cut energy use by 32,644 megawatt hours (MWh) and carbon emissions by 29,844 tonnes.

In 2007, we committed to a 25% cut in carbon emissions per carton delivered from our logistics fleet in Victoria. We reached this by our target year of 2012 and we have continued to report on this. In June last year, we finished outsourcing our Victorian fleet operations to a third-party transport provider, so our logistics are now consistent nationally. Due to this transition, we'll stop reporting on this target.

We also committed to a 30% cut in carbon emissions from our company car fleet - which we achieved in 2012. Since then, we have changed to car allowances instead of fully maintained vehicles for eligible employees, reducing our fleet by 42%. Our emissions per vehicle are still 31% lower than our original fleet.

Photovoltaic systems at petrol sites in Hume and Belconnen in the ACT generated 84,511 kilowatt hours (kWh) of energy, reducing carbon emissions by 90 tonnes.

# 18.7%

**Drop in carbon emissions this year from energy efficiency initiatives (compared to projected growth levels)**

# 25.1%

**Drop in carbon emissions generated per square metre of floor space (for new supermarkets built in Australia this year compared to all stores operating in 2008)**

**Total emissions by source - Australia**



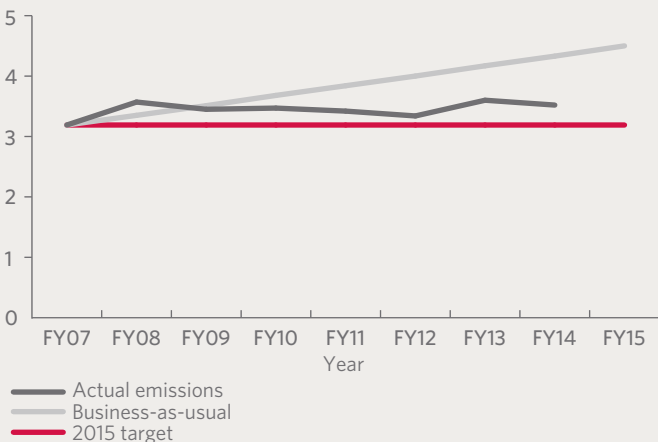
Electricity bought	68.4%
Fuel combustion (stationary)	<0.1%
Fuel combustion (transport)	18.7%
Gas combustion (stationary)	0.4%
Refrigerant loss	10.0%
Waste to landfill	2.5%

**Total emissions by source - New Zealand**



Electricity bought	30.3%
Fuel combustion (stationary)	<0.1%
Fuel combustion (transport)	16.0%
Gas combustion (stationary)	1.9%
Refrigerant loss	42.7%
Waste to landfill	9.0%

**Total carbon emissions from facilities**  
(million tonnes of CO<sub>2</sub>-e)



**Emissions from company cars (tonnes of CO<sub>2</sub>-e)**

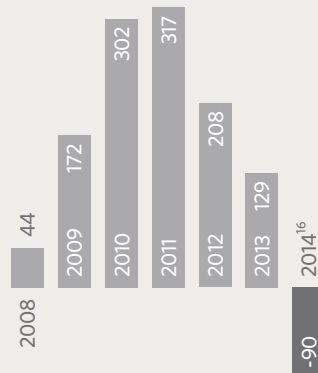
Country	2012	2013	2014
Australia	18,767	14,992	9,939
New Zealand	2,060	1,936	1,898
<b>TOTAL</b>	<b>20,827</b>	<b>16,928</b>	<b>11,837</b>

**WATER**

This year, we used an estimated 2.5 gigalitres (GL) of water in our Australian Supermarkets, based on the metered water use of about 13% of our supermarkets. Some stores have increased water use and changed our water-saving calculation so much that we estimate our stores use more water overall. We are investigating what's causing this.

**Water savings from WaterWise Project**

Annual savings (ML)



**13 ML**

**Of rainwater harvested at our Sydney and Wyong Regional Distribution Centres**



**PACKAGING**

We are a brand owner and retailer, so our packaging has a big impact on customers who recycle or dispose of the empty packaging. We aim to review the packaging of half our existing private label products by next year and to review all new product packaging.

**Our performance this year**

Customers want products which are safe, secure and undamaged. This drives better packaging of our Own Brand products. Our business benefits from using packaging materials efficiently, and we are committed to the Australian Packaging Covenant.

We have reviewed more than 3,300 Own Brand products which generate about 32,600 tonnes of packaging. Almost one-third of the packaging continues to be High Density Polyethylene (HDPE) plastic, mainly used for 2 litre and 3 litre milk containers. Cardboard and paper volumes are mostly generated by egg cartons, cling wrap and aluminium foil. About 23% of Own Brand packaging uses post-consumer recycled material which encourages consumers to recycle packaging.

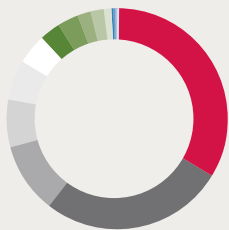
During the year, one of our suppliers for Woolworths Select 600 millilitre (mL) bottled water changed the bottles to be approximately 9% lighter and made from 50% recycled PET (polyethylene terephthalate) plastic. This meant at least 300 tonnes of recycled PET plastic were used instead of plastic produced from raw resources.

At the same time, we changed the meat trays on 18 of our products to use a minimum of 90% recycled PET plastic, slightly decreasing their weight. More than 500 tonnes of recycled PET were used instead of newly produced plastic. The generation of this recycled PET plastic produced 70% less carbon emissions compared to virgin PET.

**53.9m**  
**Cardboard boxes not needed because 3.4 million reusable produce crates were used instead**

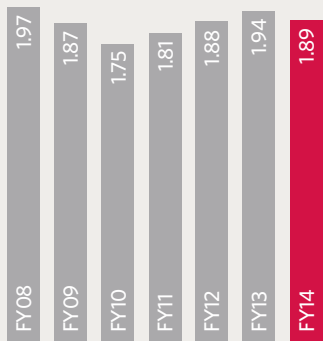


**Packaging used in Australian Supermarkets**



Packaging material	Percentage
Plastic - HDPE	33.8%
Cardboard	27.0%
Paper	10.1%
Glass	6.9%
Steel	6.0%
Plastic - other	4.4%
Plastic - polystyrene	3.1%
Plastic - PP	2.9%
Plastic - LDPE	2.1%
Plastic - PET	1.8%
Plastic - PVC	1.1%
Aluminium	0.5%
Composite	<0.1%
Wood	<0.1%
Other	<0.1%

**Plastic bags issued per customer transaction**  
 (Australian Supermarkets only)



**WASTE AND RECYCLING**

Cutting waste lowers operating costs, so we want no food waste to go to landfill by next year<sup>17</sup>. We also aim to cut the volume of recyclable cardboard and plastic film in the waste stream to less than 1% by weight.

Our success in minimising waste will depend on:

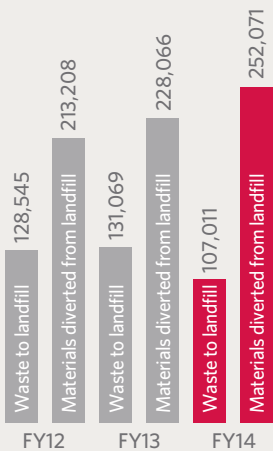
- managing waste and recycling contracts
- identifying waste diversion programs, and
- ensuring that recyclable waste is not sent to landfill.

This year, waste sent to landfill has fallen by 18.4% and the amount of waste materials diverted to recycling and reuse has increased by 10.5%. In 2013, we audited 26 of our Australian Supermarkets and found more recyclable material is being diverted from the waste stream. By weight in the waste stream, the results are:

- recyclable cardboard 0.96%
- recyclable plastic film 1.24%
- recoverable food waste sent to landfill was cut by 20%

We achieved these results through increasing staff awareness, monitoring waste and introducing clear recycling hubs in the back of stores. We are also cutting waste through partnering with farmers and commercial composting facilities.

**Waste and recycling trends (tonnes)**



Note: Waste to landfill data only from Australian Supermarkets, New Zealand Supermarkets and BIG W.

**0.96%**

Target achieved: proportion of recyclable cardboard in the waste stream

**252,071t**

Of materials recycled or diverted from landfill

**46.8m**

Clothes hangers reused by BIG W, reducing plastic use by 1,284 tonnes



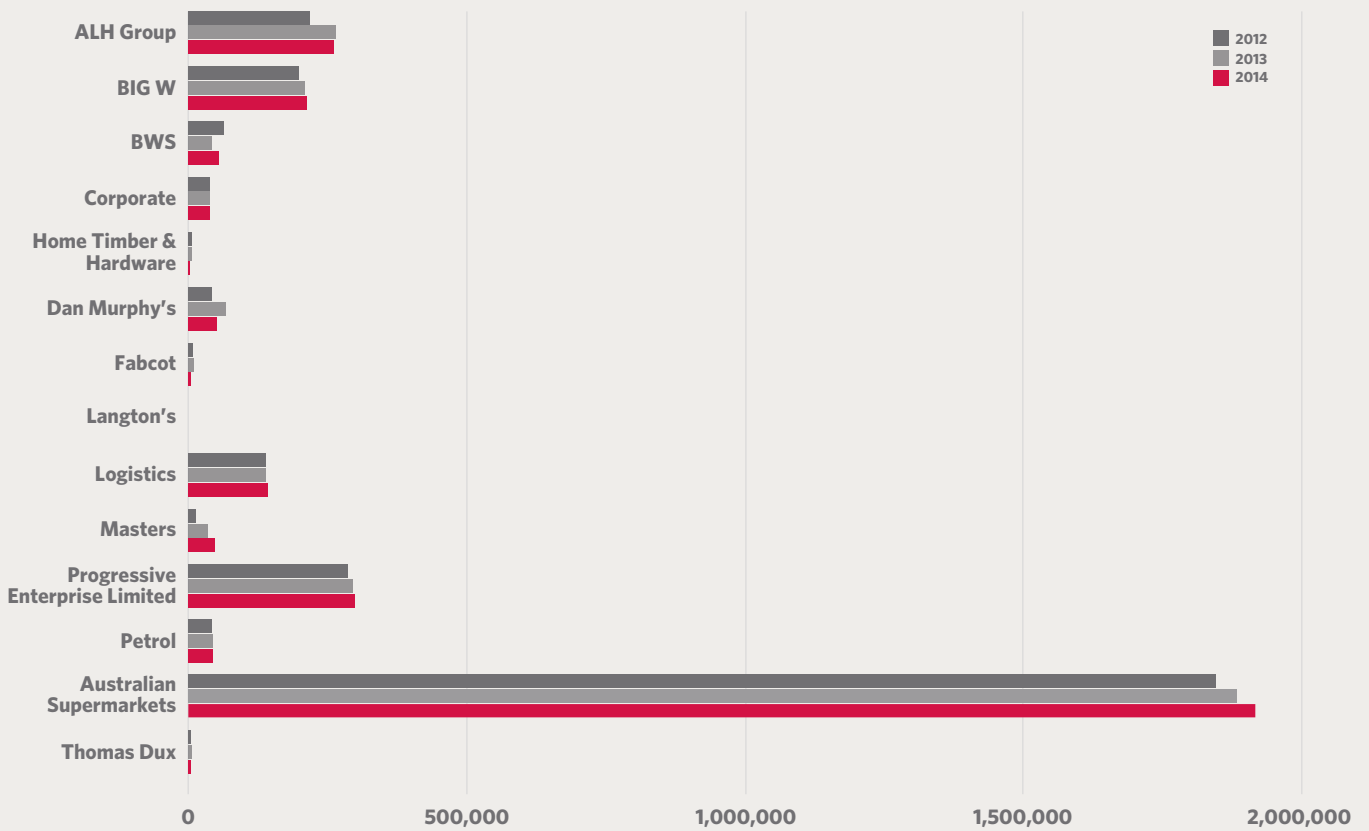
## ENVIRONMENTAL COMPLIANCE

Our environmental regulatory obligations are set out in the following legislation:

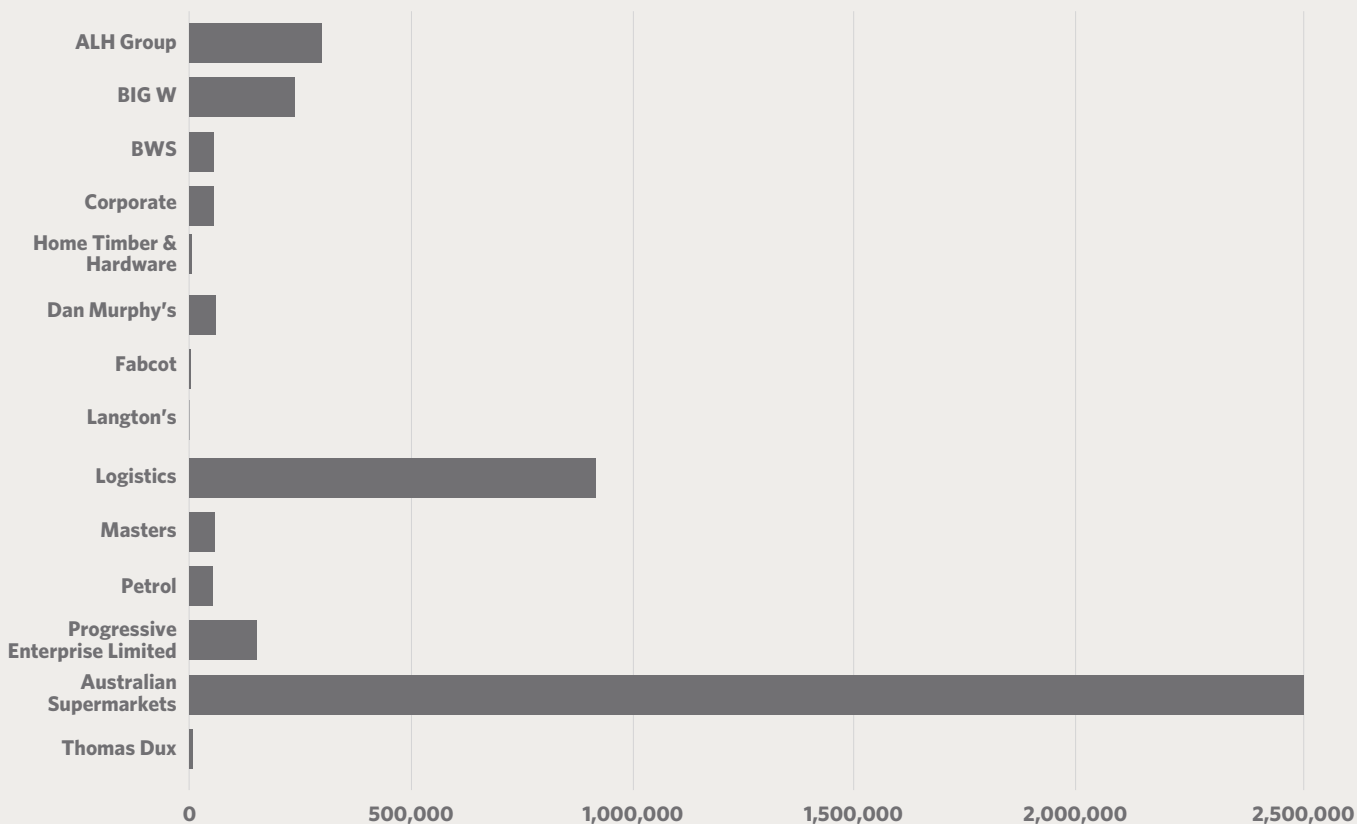
- *Energy Efficiency Opportunities (EEO) Act 2006*
- *National Greenhouse and Energy Reporting (NGER) Act 2007*
- *Product Stewardship Act 2011*
- *Australian Packaging Covenant (APC) 2010*

This year, we met all our legislated regulatory obligations.

### Total electricity use by division (MWh)



**Total carbon emissions by division (tonnes CO<sub>2</sub>-e)**



**Emissions from facilities (tonnes CO<sub>2</sub>-e)**

	Scope 1	Scope 2	Scope 3	Total
ALH Group	17,819	237,548	37,232	292,599
BIG W	9,431	184,109	37,049	230,588
BWS	983	42,801	7,177	50,962
Corporate	351	34,727	7,433	42,511
Dan Murphy's	2,324	47,596	7,744	57,664
Fabcot	0	3,268	569	3,837
Home Timber & Hardware	26	2,566	464	3,057
Langton's	0	34	5	39
Logistics	1,238	125,770	20,130	147,137
Masters	48	46,645	6,980	53,673
Petrol	859	41,417	6,797	49,073
Progressive Enterprise Limited	65,564	40,011	18,085	123,660
Australian Supermarkets	399,387	1,682,911	373,406	2,455,704
Thomas Dux	0	5,554	973	6,527
<b>TOTAL</b>	<b>498,030</b>	<b>2,494,957</b>	<b>524,044</b>	<b>3,517,031</b>

**Transport emissions by use (tonnes CO<sub>2</sub>-e)**

<b>End use</b>	<b>Australia</b>	<b>New Zealand</b>
Business travel	10,500	2,042
Home delivery	432	-
Logistics: 3 <sup>rd</sup> party rail	60,325	-
Logistics: 3 <sup>rd</sup> party road	694,606	21,561
Trolley collection	14,445	-

**Materials diverted from landfill (tonnes)**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Australia</b>			
Food waste to composting or energy	4,733	7,390	14,655
Food to charity	1,980	1,198	1,381
Cardboard	173,554	186,152	201,165
Plastic film	7,520	7,564	7,869
Polystyrene	90	70	16
Other	469	302	205
<b>TOTAL (Australia)</b>	<b>188,346</b>	<b>202,676</b>	<b>225,291</b>
<b>New Zealand</b>			
Cardboard	22,194	23,243	24,546
Plastic film	990	972	977
Food waste to farmers	1,678	752	827
Other	-	422	430
<b>TOTAL (NZ)</b>	<b>24,862</b>	<b>25,389</b>	<b>26,780</b>
<b>TOTAL (Group)</b>	<b>213,208</b>	<b>228,065</b>	<b>252,071</b>

# Workplace Metrics

Great people delivering high performance in a great place to work.

## DIVERSITY

Woolworths appreciates that diversity and inclusion are essential to our continued growth and success. We are committed to fostering and sustaining an inclusive and flexible workplace.

In 2014, we signed up to the Diversity Council of Australia. This membership enables our leaders to access research, case studies and advice on diversity matters.

## NON-EXECUTIVE DIRECTORS ON THE BOARD OF DIRECTORS

2014	Female	Male	Total
<25	0	0	0
25 -<35	0	0	0
35 -<45	0	0	0
45 -<55	1	0	1
55 -<65	1	2	3
>65	1	2	3
<b>TOTAL</b>	<b>3</b>	<b>4</b>	<b>7</b>

## FEMALES BY EMPLOYMENT CATEGORY<sup>18</sup>

2014	Female (%)
Executives	31.4 <sup>19</sup>
Senior Managers	28.2
Managers	41.4
Office/Support Employees	46.1
Store Employees	57.7
Distribution Employees	14
Tradespeople & apprentices	6.1



18 Excluding ALH Group, The Wine Quarter, Pinnacle, EziBuy, Home Timber and Hardware Distribution Centre Award employees, Global Sourcing, Retail FM and New Zealand Supermarkets employees

19 Executives includes all business divisions

## RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY<sup>20</sup>

	Average Annualised Salary \$	Ratio %
Non-managerial female	38,486	97.9
Non-managerial male	40,322	102.6
Non-managerial average	39,315	
Managerial female	67,810	92.5
Managerial male	76,441	104.3
Managerial average	73,270	

## TRAINING

We invest in the training and development of our employees. The following tables provide estimates of time spent in training.<sup>21</sup>

Training Hours <sup>22</sup>	Female	Male	2014
Induction	156,800	141,300	298,100
Systems & general training	282,300	243,900	526,200
Management development	46,500	70,300	116,800
Executive development	122	190	312
Average hours (per employee)	5.7	6.1	5.9

Training hours by employment level in 2014	Total Hours	Average Hours (per employee)
General	815,300	5.7
Management	124,900	7.8
Executive	1,212	1.0

20 Excluding The Wine Quarter, Pinnacle, EziBuy, Home Timber and Hardware Distribution Centre Award employees, Global Sourcing, Retail FM and New Zealand Supermarkets employees

21 All training data in these tables excludes ALH Group, Pinnacle, EziBuy, Home Timber and Hardware Distribution Centre Award employees, Global Sourcing, Retail FM and New Zealand Supermarkets employees

22 Excludes course participation where gender not specified

### TRAINING ON HUMAN RIGHTS

Woolworths provides training to employees on their responsibilities regarding human rights within our own operations and the supply chain. All employees are introduced to these issues in induction, whilst the Foundations of Buying program covers human rights requirements in the supply chain.

	Number of employees	Total hours
Training on human rights policies and procedures <sup>23</sup>	35,968	6,046

### FREEDOM OF ASSOCIATION AND UNION ENGAGEMENT

We work with the unions that represent our employees and we support our employees' right to exercise freedom of association and collective bargaining. Enterprise bargaining agreements (EBAs) cover 73% of our workforce.

2014<sup>24</sup>

	EBA employees	Total headcount	%
ALH Group	0	15,215	0.0
Progressive Enterprises Limited	7,023	18,020	39.0
Woolworths Limited	135,694	163,385	83.1
<b>TOTAL</b>	<b>142,717</b>	<b>196,620</b>	<b>72.6</b>



### ENGAGING, RESPECTING AND VALUING OUR PEOPLE

#### Engagement

This year we conducted our third company-wide employee engagement survey, with participation increasing to 79%, from 71% in 2013<sup>25</sup>. Employee engagement is improving and our leaders continue to work with staff to better understand how we can increase engagement and make Woolworths a great place to work.

#### Parental leave

We offer paid parental leave to eligible Australia-based employees, which includes six weeks paid parental leave, two weeks return-to-work bonus and up to 104 weeks unpaid parental leave. Employees in New Zealand are offered up to 14 weeks paid parental leave under the New Zealand Government's parental leave scheme.

23 Excluding ALH Group, The Wine Quarter, Pinnacle, EziBuy, Home Timber and Hardware Distribution Centre Award Employees, Global Sourcing, Retail FM, and New Zealand Supermarkets Employees

24 Excludes Pinnacle, EziBuy, Global Sourcing, Home Timber and Hardware Distribution Centre Award Employees and Retail FM

25 ALH Group participated in 2014, but not 2013



## Parental Leave<sup>26</sup>

	2013		2014	
	Employees who accessed parental leave	Employees who returned from parental leave	Employees who accessed parental leave	Employees who returned from parental leave
Female	2,264	1,970	2,179	1,958
Male	14	17	21	20
<b>TOTAL</b>	<b>2,278</b>	<b>1,987</b>	<b>2,200</b>	<b>1,978</b>

## Workforce by division

### Headcount by division by gender

	2013			2014		
	Female	Male	Total	Female	Male	Total
Australian Supermarkets	64,110	50,589	114,699	63,220	50,348	113,568
Convenience Stores	-	-	-	107	120	227
BIG W	15,247	6,964	22,211	14,946	7,111	22,057
Logistics	1,378	6,737	8,115	1,319	6,681	8,000
Replenishment	-	-	-	19	23	42
Petrol	1,792	1,750	3,542	1,797	1,823	3,620
Woolworths Liquor Group	1,690	3,242	4,932	1,781	3,253	5,034
Corporate	1,071	685	1,756	985	722	1,707
BTS	233	440	673	262	468	730
Multi-option	45	44	89	59	52	111
Thomas Dux	240	252	492	229	244	473
Masters	2,228	2,250	4,478	2,894	3,077	5,971
Progressive Enterprises Limited	10,426	7,670	18,096	10,345	7,675	18,020
Global Sourcing	102	69	171	117	69	186
Home Timber & Hardware	434	901	1,335	488	1,141	1,629
ALH Group	8,090	7,576	15,666	7,959	7,256	15,215
Cellarmasters	452	699	1,151	-	-	-
The Wine Quarter	-	-	-	235	373	608
Pinnacle	-	-	-	113	238	351
Ezibuy	-	-	-	444	108	552
Retail FM	-	-	-	22	185	207
SIW Limited	27	278	305	24	310	334
<b>TOTAL</b>	<b>107,565</b>	<b>90,146</b>	<b>197,711</b>	<b>107,365</b>	<b>91,277</b>	<b>198,642</b>

26 Excluding ALH Group, Pinnacle, EziBuy, Home Timber and Hardware Distribution Centre employees, Global Sourcing, Retail FM and New Zealand Supermarkets employees

### Workforce by employment type

	2013			2014 <sup>27</sup>		
	Female	Male	Total	Female	Male	Total
Full-time	26,211	34,545	60,756	26,672	35,231	61,903
Part-time	50,659	27,433	78,092	52,460	29,525	81,985
Casual	30,695	28,168	58,863	28,155	26,448	54,603
<b>TOTAL</b>	<b>107,565</b>	<b>90,146</b>	<b>197,711</b>	<b>107,287</b>	<b>91,204</b>	<b>198,491</b>

### Workforce by state/territory and country

	2013			2014		
	Female	Male	Total	Female	Male	Total
Australian Capital Territory	1,408	1,734	3,142	1,327	1,619	2,946
New South Wales	29,290	24,940	54,230	29,779	26,192	55,971
Northern Territory	981	796	1,777	989	815	1,804
Queensland	22,679	17,244	39,923	22,467	17,595	40,062
South Australia	6,167	5,857	12,024	6,118	6,044	12,162
Tasmania	2,783	2,227	5,010	2,864	2,363	5,227
Victoria	23,587	21,983	45,570	23,296	21,943	45,239
Western Australia	9,690	6,927	16,617	9,575	6,810	16,385
New Zealand	10,426	7,670	18,096	10,833	7,827	18,660
Bangladesh	-	-	-	3	12	15
China	102	69	171	114	57	171
<b>TOTAL</b>	<b>107,565</b>	<b>90,146</b>	<b>197,711</b>	<b>107,365</b>	<b>91,277</b>	<b>198,642</b>

### Workforce by age

	2013			2014		
	Female	Male	Total	Female	Male	Total
<25	38,483	39,970	78,453	36,900	39,023	75,923
25-<35	21,210	22,823	44,033	21,541	23,709	45,250
35-<45	18,562	12,665	31,227	18,766	13,543	32,309
45-<55	18,018	8,366	26,384	18,372	8,903	27,275
55-<65	9,584	4,676	14,260	10,280	5,079	15,359
>65	1,256	947	2,203	1,506	1,020	2,526
<b>TOTAL</b>	<b>107,113</b>	<b>89,447</b>	<b>196,560</b>	<b>107,365</b>	<b>91,277</b>	<b>198,642</b>

## Employee turnover by age

	2014 <sup>28</sup>					
	Total turnover			Labour turnover (%)		
	Female	Male	Total	Female	Male	Total
<25	12,464	13,665	26,129	33	34	34
25-<35	5,346	7,074	12,420	25	30	28
35-<45	2,892	2,524	5,416	15	19	17
45-<55	2,003	1,378	3,381	11	16	13
55-<65	1,065	703	1,768	11	15	12
>65	232	267	499	17	28	21
<b>TOTAL</b>	<b>24,002</b>	<b>25,611</b>	<b>49,613</b>	<b>22</b>	<b>28</b>	<b>25</b>

## Employee turnover by state/territory, country and city

	2014 <sup>28</sup>					
	Turnover			Labour turnover (%)		
	Female	Male	Total	Female	Male	Total
Australian Capital Territory	359	580	939	26	34	30
New South Wales	5,263	6,305	11,568	18	24	21
Northern Territory	509	448	957	53	59	56
Queensland	6,031	5,357	11,388	27	31	28
South Australia	1,248	1,450	2,698	21	25	23
Tasmania	438	480	918	15	20	18
Victoria	4,478	5,262	9,740	19	24	21
Western Australia	3,211	3,223	6,434	33	47	39
New Zealand	2,437	2,485	4,922	24	33	28
Hong Kong/Shanghai/Bangladesh	28	21	49	25	30	27
<b>TOTAL</b>	<b>24,002</b>	<b>25,611</b>	<b>49,613</b>	<b>22</b>	<b>28</b>	<b>25</b>

## SAFETY PERFORMANCE 2014

### Divisional Lost Time Injury Frequency Rate (LTIFR) results for 2014

LTIFR as at 2014 <sup>29</sup>	Per million hrs	Per 200,000 hrs
Australian Supermarkets (includes Thomas Dux)	12.28	2.46
Logistics	18.87	3.77
BIG W	3.41	0.68
Liquor - BWS	9.18	1.84
Liquor - Dan Murphy's	5.25	1.05
Liquor - Pinnacle Group & The Wine Quarter	6.40	1.28
Petrol	3.20	0.64
Progressive Enterprise Limited (NZ)	6.34	1.27
Corporate	2.47	0.49
Woolworths Group	10.37	2.07

### Other safety, health and environment - key performance indicators 2012-2014

KPI	2012 <sup>29</sup>	2013 <sup>29</sup>	2014
Employee work-related fatalities	Zero	Zero	Zero
Contractor fatalities	Zero	Zero	Zero
Other fatalities*	Zero	2	2
% change in Lost Time Injury Frequency Rate	6.78	4.38	-14.72
% change in New Claim Frequency Rate	-17.34	-26.22	-10.96
% change in customer claims**	-2.54	-6.60	-3.84
% change in hours lost as a result of an injury**	6.34	-12.78	-14.61

\* Customers/Visitors

\*\* Excludes Progressive Enterprise Limited

### Woolworths Limited occupational disease rate for 2012-2014

KPI	2012 <sup>30</sup>	2013 <sup>30</sup>	2014
Occupational disease rate (per 200,000 hours worked)	1.58	1.51	1.41
% change on previous year	12	-4	-7

29 Excludes ALH Group, Masters and Danks Wholesale and Retail

30 Excludes ALH Group, Masters, Danks Wholesale and Retail and PEL

# Governance

## OUR APPROACH TO CORPORATE RESPONSIBILITY AND SUSTAINABILITY

We have set targets and made commitments to be a responsible and sustainable business – this can only be achieved with the support of our people at all levels of the business.

As any business should, Woolworths prioritises issues that are material to the business and which align with our strategic pillars. The Destination Zero safety strategy and the Sustainability Strategy 2007–2015 provide the direction and focus for our practices, policies and investment.

## GOVERNANCE, THE BOARD AND DIRECTORS

Corporate governance is at the core of Woolworths' and the Board's approach to enhancing shareholder value and protecting shareholder funds. Integral to shareholder value is protecting and enhancing our reputation, which is why the Board oversees the company's approach to corporate responsibility and sustainability.

Information on our Board of Directors and the Board Charter is at: [woolworthslimited.com.au/page/Who\\_We\\_Are/Directors\\_and\\_Management/Board\\_of\\_Directors/](http://woolworthslimited.com.au/page/Who_We_Are/Directors_and_Management/Board_of_Directors/)

The relevant Committees are covered in: [woolworthslimited.com.au/page/Who\\_We\\_Are/Corporate\\_Governance/Committees/](http://woolworthslimited.com.au/page/Who_We_Are/Corporate_Governance/Committees/)

More information is in the corporate governance statement in our 2014 Annual Report: [woolworthslimited.com.au/annualreport/2014/downloads/WoolworthsLimited\\_AnnualReport\\_2014\\_CorporateGovernance.pdf](http://woolworthslimited.com.au/annualreport/2014/downloads/WoolworthsLimited_AnnualReport_2014_CorporateGovernance.pdf)

## RISK MANAGEMENT FRAMEWORK

The continued growth and success of Woolworths depends on our ability to understand and respond to the challenges of an uncertain and changing world. As a large, dispersed and complex organisation, this uncertainty generates risk, with the potential to be a source of both opportunities and threats. By understanding and managing risk, the company provides greater certainty and confidence for all its stakeholders. You can find our risk management policy at: [woolworthslimited.com.au/page/Who\\_We\\_Are/Corporate\\_Governance/Risk\\_Management/](http://woolworthslimited.com.au/page/Who_We_Are/Corporate_Governance/Risk_Management/)

## MATERIALITY

In 2012, Woolworths commissioned a comprehensive and independent materiality assessment for the business. Our key stakeholders of employees, customers and investors were canvassed, through surveys and focus groups, for opinions on what issues over the next decade are important to them.

The material issues were categorised by the researchers into three categories:

**Take ownership** – we own the issue and can directly control it.

**Take action** – we are not directly responsible for the issue, but we can influence it.

**Take interest** – the issue is outside our sphere of influence, but could impact the company in the future.

The following material issues were identified, and are still relevant to the business:

- Responsible use of market power, particularly local sourcing
- Delivering affordable, safe and fresh food, and assisting with healthier choices
- Ensuring ethical sourcing and ethical suppliers
- Maintaining a healthy, safe and fair workplace
- Managing and minimising environmental impacts, particularly carbon emissions
- Responsible service of gaming

Last year, we conducted further stakeholder engagement, which reinforced that issues of safe, fresh and healthy food, employment and affordable food are important.

With Woolworths' Sustainability Strategy 2007–2015 nearing completion, Woolworths will be preparing a new strategy and will assess material issues throughout our operations and supply chain.

## SENIOR MANAGEMENT

The effectiveness of our safety and health vision, principles, policy, standards, initiatives and procedures is evaluated during the quarterly meetings of our Safety and Health Executive Committee, which is comprised of divisional management and chaired by the CEO.

## TRANSPARENCY AND REPORTING

Woolworths uses the globally recognised reporting framework developed by the Global Reporting Initiative (GRI). The GRI reporting framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. This report has been classified as 'core' under the 'in accordance' assessment for the G4 Guidelines.

We continue to report to the Carbon Disclosure Project (CDP), an investor-driven disclosure initiative enabling companies to report on risk identification and mitigation processes related to climate change.

We also participate in the Dow Jones Sustainability Indices, a set of global indices that track the financial performance of leading sustainability-driven companies. In 2014, for the second consecutive year, we were recognised as the industry group sustainability leader for the food and staples industry; a significant acknowledgement of our performance.

DJSI	2011	2012	2013	2014
Overall score	72	76	77	76
Economic dimension	72	79	79	82
Environmental dimension	74	78	80	76
Social dimension	71	70	73	69

## **ANTI-CORRUPTION**

All our employees commit to our Code of Conduct to maintain the highest legal, moral and ethical standards in their dealings with customers, suppliers, employees and local communities. The code outlines how employees can meet the highest standards through their everyday behaviours and choices.

We are committed to continuous improvement, transparency and accountability. We don't tolerate workplace misconduct under any circumstances, and we need our trade partners to work with us to stamp out any and every instance. We have clear, long-standing and accepted procedures for trade partners to report any issues. However, we recognise there are always opportunities to strengthen our systems. Our Speak Up service is available for trade partners to use when normal escalation methods have been exhausted or are inappropriate.

## **POLITICAL DONATIONS**

Woolworths prepares for legislative and regulatory reforms through direct engagement with political parties in Australia and New Zealand. Our policy is that any political contributions require Board approval. Woolworths adheres to all relevant political disclosure laws and regulations and strives to make contributions in a bipartisan manner.

This year, political contributions in Australia totalled \$35,120. In New Zealand, we did not make political donations or attend any political functions.

## **PRIVACY POLICY**

We are committed to meeting the National Privacy Principles for the Fair Handling of Personal Information, which sets standards for the collection, use and disclosure, access, storage and destruction of personal information that we collect as part of our business operations.

Our respect for our customers' right to protect the privacy of their personal information is paramount. We have policies and procedures to ensure that all personal information, no matter how or where it's obtained, is handled sensitively, securely, and in accordance with the National Privacy Principles. See [woolworthslimited.com.au/page/Privacy\\_Policy/](http://woolworthslimited.com.au/page/Privacy_Policy/) for our privacy policy.

# United Nations Global Compact

Woolworths Limited addresses the 10 accepted principles of the UNGC in the following manner.

Principles	Actions
<b>Human Rights</b>	
<b>Principle 1</b> Protection of Human Rights	Better conditions for workers in our supply chain, Page 10
<b>Principle 2</b> No Complicity in Human Rights Abuse	Better conditions for workers in our supply chain, Page 10 Freedom of Association and Union Engagement, Page 46
<b>Labour</b>	
<b>Principle 3</b> Freedom of Association and Collective Bargaining	Better conditions for workers in our supply chain, Page 10 Freedom of Association and Union Engagement, Page 46
<b>Principle 4</b> Elimination of Forced and Compulsory Labour	Better conditions for workers in our supply chain, Page 10
<b>Principle 5</b> Abolition of Child Labour	Better conditions for workers in our supply chain, Page 10
<b>Principle 6</b> Elimination of Discrimination	Woolworths is Inclusive, Pages 12-14
<b>Environment</b>	
<b>Principle 7</b> Precautionary Approach	No explicit reference to precautionary approach. Approach to Risk Management, Page 51
<b>Principle 8</b> Environmental Responsibility	Sustainability Metrics and Progress, Page 36
<b>Principle 9</b> Environmentally Friendly Technologies	Technology addressing climate change, water conservation, transport and packaging, Pages 37-39
<b>Anti-Corruption</b>	
<b>Principle 10</b> Work against Corruption	Anti-Corruption, Page 52

# Global Reporting Initiative

Global Reporting Initiatives (GRI) Index found at [www.woolworthslimited.com.au/page/invest\\_in\\_us/reports](http://www.woolworthslimited.com.au/page/invest_in_us/reports)

GRI	Description	Page
G4-1	Statement from the Chairman and CEO	4-5
G4-3	Name of the organisation	Front Cover
G4-4	Primary brands, products, and/or services	IFC, 1, 6-11, 41
G4-5	Location of organisation's headquarters	61
G4-6	Number of countries where the organisation operates	1
G4-7	Nature of ownership and legal form	AR 182-183
G4-8	Markets served	59, AR 41
G4-9	Scale of the reporting organisation	2-5
G4-10	Total workforce	47-48
G4-11	Collective bargaining agreements	46
G4-12	Describe the organisations supply chain	8, 30-31
G4-13	Significant changes during the reporting period	AR 5, 32
G4-14	Addressing precautionary principle	9-11, 37
G4-15	External corporate responsibility charters	7, 10, 12-13, 25, 44, 52, 56
G4-16	Memberships in associations	10, 12-13, 27, 30, 44
G4-17	Entities included in the organisation's consolidated financial statements	AR 89, 95
G4-18	Process for defining report content	6, 12, 16, 20, 51
G4-19	Material aspects identified when defining the report content	6, 12, 16, 20, 36
G4-20	Material aspect boundary inside the organisation	IFC
G4-21	Material aspect boundary outside the organisation	9-13, 16, 21
G4-22	Explanation of re-statements	15
G4-23	Significant changes from previous reporting periods	AR 174
G4-24	List of engaged stakeholders	6, 19, 46, AR 87
G4-25	Basis for identification and selection of stakeholders	51
G4-26	Approaches to stakeholders	19, 46, AR 87
G4-27	Key topics and concerns for stakeholders	6, 12, 16, 20, 36

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G4-28	Reporting period	1
G4-29	Date of most recent previous report	November 2013
G4-30	Reporting cycle	Annual
G4-31	Contact point for the report	IBC
G4-32	GRI Index for comprehensive disclosure	54-56
G4-33	Policy on seeking external assurance for the report	51, 57-58
G4-34	Governance structure	51, AR 80-89
<b>Disclosure on Economic Management Approach</b>		8, 20-21
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G4-EC3	Defined benefit plan obligations	GRI Index, AR 116
G4-EC4	Significant financial assistance received from government	GRI Index
G4-EC5	Ratios of standard entry level wage compared to local minimum wage	45
G4-EC6	Proportion of senior management hired from the local community	GRI Index
G4-EC7	Infrastructure investments and services for public benefit	16-18
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G4-EN5	Energy intensity	36
G4-EN6	Reduction of energy consumption	37
G4-EN7	Reduction in energy requirements of products and services	37
G4-EN8	Total water withdrawal by source	38
G4-EN9	Water sources significantly affected by withdrawal of water	GRI Index



GRI	Description	Page
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G4-EN11	Operations in or near areas of high biodiversity value	GRI Index
G4-EN12	Description of significant impacts on biodiversity in protected areas	GRI Index
G4-EN13	Habitats protected or restored	GRI Index
G4-EN14	IUCN Red List species	GRI Index
G4-EN15	Direct greenhouse gas emissions (Scope 1)	42
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G4-EN18	Greenhouse gas emissions intensity	36
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G4-EN21	NOx, SOx, and other significant air emissions	GRI Index
G4-EN22	Total water discharge by quality and destination	GRI Index
G4-EN23	Total weight of waste by type and disposal method	40, 43, GRI Index
G4-EN24	Total number and volume of significant spills	GRI Index
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G4-EN29	Fines for non-compliance with environmental laws	GRI Index
G4-EN30	Impacts of transporting products and other goods	37-38
G4-EN31	Total environmental protection expenditure	20
G4-EN32	Percentage of new suppliers screened using environmental criteria	GRI Index
G4-EN33	Environmental impacts in the supply chain	9-11, 37
G4-EN34	Grievances about environmental impacts	10, 52, GRI Index

GRI	Description	Page
<b>Disclosure on Labour Management Approach</b>		10, 12, 15, 46, AR 83
G4-LA1	Employee turnover	49
G4-LA2	Benefits for full-time employees	AR 140-152
G4-LA3	Retention rates after parental leave	47
G4-LA4	Minimum notice periods for significant operational changes	GRI Index
G4-LA5	Workforce represented in joint management-worker health and safety committees	GRI Index
G4-LA6	Rates of injury, occupational diseases, lost days, and absenteeism	50
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GRI	Description	Page
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G4-HR8	Incidents involving rights of indigenous people	GRI Index
G4-HR9	Operations subject to human rights reviews	GRI Index
G4-HR10	Percentage of new suppliers screened using human rights criteria	GRI Index
G4-HR11	Human rights impacts in the supply chain	30-31
G4-HR12	Grievances about human rights impacts	10, 52, GRI Index
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G4-SO4	Communication and training on anti-corruption policies	GRI Index
G4-SO5	Actions taken in response to incidents of corruption	GRI Index
G4-SO6	Value of political contributions	52
G4-SO7	Legal actions for anti-competitive behaviour	GRI Index
G4-SO8	Significant fines or sanctions for non-compliance with laws	GRI Index
G4-SO9	Percentage of new suppliers screened using society criteria	GRI Index
G4-SO10	Society impacts in the supply chain	GRI Index
G4-SO11	Grievances about impacts on society	10, 52, GRI Index

GRI	Description	Page
<b>Disclosure on Product Responsibility Management Approach</b>		6-7, 25, 52, AR 83
G4-PR1	Significant product categories which health and safety is assessed	6-7
G4-PR2	Non-compliance regarding health and safety impacts of products	GRI Index
G4-PR3	Product information and labelling	7, GRI Index
G4-PR4	Non-compliance regarding product labelling	GRI Index
G4-PR5	Surveys measuring customer satisfaction	GRI Index
G4-PR6	Sale of banned or disputed products	GRI Index, 32-33
G4-PR7	Non-compliance with regulations and voluntary codes concerning marketing	GRI index
G4-PR8	Complaints regarding breaches of customer privacy	52
G4-PR9	Monetary value of significant fines	GRI Index

# Independent Assurance Statement



Net Balance Management Group Pty Ltd  
ABN 50 121 706 081

Level 4, 460 Bourke Street  
Melbourne VIC 3000 Australia

T + 61 3 8641 6400

F +61 3 9600 1295

E [info@netbalance.com](mailto:info@netbalance.com)

W [netbalance.com](http://netbalance.com)

## INDEPENDENT ASSURANCE STATEMENT

To the Board of Directors of Woolworths Limited:

Woolworths Limited (Woolworths) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of Woolworths' 'Corporate Responsibility Report 2014' (the 'Report'). The Report presents Woolworths' corporate responsibility (CR) performance over the period 1 July 2013 to 30 June 2014. Woolworths was responsible for the preparation of the Report and this statement represents the assurance provider's independent conclusion. In performing its assurance activities, Net Balance's responsibility is to the Board of Woolworths alone in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

### Assurance Standard and Objectives

The assurance engagement was undertaken in accordance with the AA1000 Assurance Standard (AA1000AS (2008)). Assurance using this standard aims to provide a comprehensive process of assuring an organisation's responsibility for its management, performance and reporting on CR issues. Net Balance provided 'Type 2' assurance in accordance with the AA1000AS (2008), which involves an assessment of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and an assessment of the accuracy and quality of the Report's CR performance information.

The level of assurance provided is 'moderate' as defined by the scope and methodology described in this assurance statement. A 'moderate' level of assurance is designed to enhance the user's confidence in the organisation's disclosures. The assurance covered the whole Report and focused on systems and activities of Woolworths during the reporting period, with the following exceptions:

- + The scope of work did not involve assurance of financial data, other than that relating to environmental, social or broader economic performance.
- + The assurance process was conducted primarily at Woolworths' Bella Vista Head Office located in New South Wales, Australia.

### Assurance Methodology

The assurance engagement was undertaken from July to October 2014, and the process involved an assessment of materiality, interviews with a cross section of management to assess adherence to the Principles, and interviews with key staff responsible for preparing the Report to substantiate the veracity of selected claims against Woolworths' internal data protocols and the GRI G4 Principles of Quality. No interviews were conducted with stakeholders external to Woolworths, including external suppliers.

### Our Independence

Net Balance was not responsible for the preparation of any part of the Report. The assurance team's independence was ensured by selecting a team that had no other significant involvement with Woolworths during the reporting period that could impair the team's independence or objectivity. During the reporting period, Net Balance undertook verification of Woolworths' 2013/14 reporting data in relation to the National Greenhouse and Energy Reporting (NGER) Act 2007. This project was complementary to the assurance function and therefore was deemed not to impact upon the team's independence or objectivity. Net Balance confirms that it is not aware of any other issue that could impair our objectivity in relation to this assurance engagement.

### Findings and Conclusions

#### Adherence to AA1000 Principles

**Inclusivity:** Woolworths has effective systems in place to collect feedback from key stakeholders to ensure that the organisation appropriately measures, monitors and manages its material corporate responsibility issues. Net Balance investigated a number of material issues from the Report, and found mature processes in place for communicating with key stakeholders. Issues and feedback channels are actively monitored at the corporate level as well as within each business division.

**Materiality:** Woolworths has a mature understanding of how material sustainability issues positively and negatively impact key stakeholders, as well as the underlying drivers of business value. While the materiality process is appropriate, with the organisation's shift to the GRI G4 framework, materiality is of even greater importance, and a consideration of materiality across Woolworths' value chain should be applied along with increased disclosure of the materiality process within the Report.

To ensure that Woolworths is deriving the full value of its materiality process, the outputs of materiality assessments should be used to inform Group and divisional strategies. Net Balance recommends engaging with each of the divisions on the material issues

faced in each respective area of the business and supporting the development of strategies and controls to manage these at the divisional level.

**Responsiveness:** Net Balance tested the responsiveness of Woolworths to the management of the selected sustainability issues through a series of interviews with management and supporting documentation. These interviews focussed on government relations, trade, supplier relationships, legal and risk, and competition. It was found that Woolworths had implemented a collaborative approach to engagement in these areas. Woolworths responded to a key recommendation from the 2013 Assurance Statement for increasing disclosures of issues relevant to each division. Net Balance recommends this effort to continue.

### Reliability of Performance Information

Based on the scope of the assurance process, the following was observed with regard to performance information:

- + The findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting corporate responsibility performance information.
- + The level of accuracy of corporate responsibility performance information was found to be within acceptable limits and issues effectively addressed throughout the assurance process.
- + Data trails selected were generally identifiable and traceable, and personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- + The corporate responsibility performance disclosures presented within the Report appropriately reflect environmental, social and economic performance achieved during the period.
- + The GRI G4 “in accordance” assessment found the Report was classified as ‘core.’

Overall, it is Net Balance’s conclusion that the information presented within the Report is fair and accurate and that the Report is a reliable account of Woolworths’ corporate responsibility performance during the reporting period.

### The Way Forward

Woolworths has made significant progress in recent years both in the management and reporting of corporate responsibility performance. This year, Woolworths has shifted its reporting to be in accordance with the best-practice GRI G4 guidelines. To ensure continued improvement of Woolworths’s corporate responsibility performance reporting, Net Balance recommends the following:

- Woolworths should continue to work with each of the divisions to build capacity in sustainability and increase ownership of key issues where they are relevant within the divisions.
- Woolworths should aim to embed the changes associated with a shift to the GRI G4 framework, including adding further rigour to its process of assessing and prioritising sustainability issues.
- Business Review (Internal Audit) at Woolworths should play a more integral role in audit procedures and data review, potentially working more closely with the external assurance provider.
- Woolworths should consider developing data control procedures across the reported CR indicators to minimise the risk of transcription or misinterpretation errors.
- Woolworths should continue to improve and automate data capture, data management and reporting processes, particularly in relation to training and human resources data.

Net Balance has provided recommendations and suggestions that have been outlined in a separate, more detailed report presented to Woolworths’ Board and Management.

On behalf of the assurance team

14 November 2014

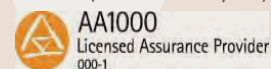
Melbourne, Australia



Terence Jeyaretnam FIEAust

Director, Net Balance

Lead CSAP (AccountAbility UK)



## Store and Trading Area Analysis

Productivity	2014	2013	2012 <sup>31</sup>	2011 <sup>31</sup>	2010
<b>Stores (Number)</b>					
<b>Supermarkets</b>					
New South Wales and Australian Capital Territory	282	271	262	255	248
Queensland	222	209	203	194	189
Victoria	226	221	214	203	200
South Australia and Northern Territory	81	78	78	76	74
Western Australia	88	88	85	83	83
Tasmania	32	30	30	29	29
<b>Supermarkets - Australia</b>	<b>931</b>	<b>897</b>	<b>872</b>	<b>840</b>	<b>823</b>
Supermarkets - New Zealand	171	166	161	156	152
<b>Total Supermarkets</b>	<b>1,102</b>	<b>1,063</b>	<b>1,033</b>	<b>996</b>	<b>975</b>
Thomas Dux	11	11	11	11	11
Freestanding Liquor	349	339	329	305	281
ALH Group Retail Outlets	544	526	507	488	480
Caltex/WOW Petrol	131	131	132	132	132
WOW Petrol - Australia	502	482	467	449	429
WOW Petrol - New Zealand	-	-	-	-	22
<b>Total Supermarket Division</b>	<b>2,639</b>	<b>2,552</b>	<b>2,479</b>	<b>2,381</b>	<b>2,330</b>
<b>General Merchandise</b>					
BIG W	182	178	172	165	161
EziBuy	4	-	-	-	-
Dick Smith Electronics	-	-	-	390	394
Tandy	-	-	-	4	22
<b>Total General Merchandise</b>	<b>186</b>	<b>178</b>	<b>172</b>	<b>559</b>	<b>577</b>
Hotels including clubs (ALH Group)	329	326	294	282	284
Home Timber and Hardware <sup>32</sup>	28	26	21	19	8
Masters	49	31	15	-	-
<b>Total continuing operations</b>	<b>3,231</b>	<b>3,113</b>	<b>2,981</b>	<b>3,241</b>	<b>3,199</b>
<b>Discontinued operations<sup>31</sup></b>					
Dick Smith Electronics	-	-	347	-	-
Tandy	-	-	1	-	-
<b>Total Group</b>	<b>3,231</b>	<b>3,113</b>	<b>3,329</b>	<b>3,241</b>	<b>3,199</b>
<b>Weeks</b>	<b>2014</b>	<b>2013</b>	<b>2012<sup>31</sup></b>	<b>2011<sup>31</sup></b>	<b>2010</b>
	<b>52</b>	<b>53</b>	<b>52</b>	<b>52</b>	<b>52</b>
<b>Area (sqm)</b>					
Supermarket Division (Australia) <sup>33</sup>	2,522,981	2,413,527	2,318,756	2,202,620	2,127,195
Supermarket Division (New Zealand) <sup>34</sup>	386,818	372,373	351,744	333,274	325,256
General Merchandise Division <sup>35</sup>	1,042,927	1,016,086	1,107,732	1,086,082	1,061,934

31. On 27 September 2012, Woolworths announced its exit from the Consumer Electronics market segment with the sale of its wholesale operations in India and the Dick Smith Electronics business in Australia and New Zealand. For statutory reporting, Dick Smith Electronics operations were reported as a discontinued operation from financial year 2012. India Wholesale operations were reported as a discontinued operation from financial year 2013. For comparative purposes within this summary, with the exception of the balance sheet, financial year 2012 was adjusted to include India Wholesale as a discontinued operation. Financial year 2011 balances are consistent with the way they were reported at financial year 2011 (that is, do not reflect any restatement of the profit and loss for discontinued operations)

32. Previously known as 'Danks'. The 2014 store numbers included an additional store not previously included in store numbers

33. Supermarkets Division (Australia) excludes Langton's, Cellarmasters, Petrol, Wholesale and ALH Group retail (BWS)

34. New Zealand Supermarkets excludes Gull and franchise outlets. Sales per square metre is presented in New Zealand dollars

35. Includes BIG W, EziBuy, Dick Smith and Tandy. Excludes Woolworths India

# Glossary

## **Australian Packaging Covenant**

APC is a voluntary initiative of the Australian Government and industry to reduce the effects of packaging on the environment. It aims to minimise the environmental impact of used packaging disposal, to conserve resources through better design and production processes and to help reuse and recycle used packaging materials. [packagingcovenant.org.au](http://packagingcovenant.org.au)

## **Carbon dioxide equivalent (CO<sub>2</sub>-e)**

A standard measure used to compare the emissions from various greenhouse gases based on their global warming potential. For example, one tonne of methane emissions is equivalent to 21 tonnes of carbon dioxide emissions.

## **EBIT**

Earnings Before Interest and Tax – total earnings before provisions are deducted. This measures a company's performance and is often used in preference to net profit as it excludes the effects of borrowings and tax benefits and adjustments.

## **EEO Act**

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

## **Forest Stewardship Council (FSC)**

FSC is an independent, not-for-profit organisation which promotes responsible management of the world's forests. [fsc.org](http://fsc.org) or [fscaustralia.org.au](http://fscaustralia.org.au)

## **Global Warming Potential (GWP)**

The index used to translate the level of emissions of various gases into a common measure without directly calculating the changes in atmospheric concentrations.

## **Lost Time Injury**

An LTI is an injury or illness that results in an employee being unable to work a full scheduled shift (other than the shift during which the injury occurred).

## **ML**

Megalitres or million litres.

## **Mt**

One million tonnes or megatonnes, equates to one billion kilograms.

## **MWh**

Megawatt hours is a unit of measurement for electricity use, referring to the amount of electricity need to supply power to 1,000 homes for one hour.

## **National Greenhouse and Energy Reporting (NGER) Act 2007**

NGER establishes a national framework for Australian corporations to report greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production. [climatechange.gov.au/reporting/publications/index.html](http://climatechange.gov.au/reporting/publications/index.html)

## **NPAT**

Net Profit After Tax indicates what the company earned after all expenses have been accounted for.

## **Program for the Endorsement of Forest Certification (PEFC) Council**

The PEFC Council is an independent, non-profit organisation that promotes sustainably managed forests through independent third-party certification. [pefc.org](http://pefc.org)

## **Scope 1 emissions**

Direct greenhouse gas emissions from sources owned or controlled by the company, such as combustion facilities (e.g. generators) and combustion of fuels in company-owned or company-controlled transport (e.g. cars and trucks).

## **Scope 2 emissions**

Indirect greenhouse gas emissions from the generation of purchased electricity, heat, cooling or steam. Purchased electricity is defined as electricity that is bought or otherwise brought into the organisational boundary of the entity.

## **Scope 3 emissions**

Other indirect greenhouse gas emissions that are a consequence of a company's activities, but that arise from sources that other entities own or control. Scope 3, like Scope 2, is a category of indirect emissions and covers all other indirect emissions from sources that are not owned or controlled by a company, but that occur as a result of its activities. Examples include emissions from waste disposed to landfill.

# Company Directory

## **Woolworths Limited**

### **Registered office**

1 Woolworths Way  
Bella Vista NSW 2153  
Tel: (02) 8885 0000  
Web: woolworthslimited.com.au

## **Progressive Enterprises Limited**

80 Favona Road  
Mangere 2024 Auckland New Zealand  
Tel: +64 (9) 275 2788  
Web: progressive.co.nz

## **Company Secretary**

Richard Dammery  
Rodney Bordignon

## **Share Registrar**

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001  
Tel: 1300 368 664  
Fax: (03) 9473 2564  
Web: computershare.com.au

## **Auditor**

Deloitte Touche Tohmatsu  
225 George Street  
Sydney NSW 2000  
Tel: (02) 9322 7000  
Web: deloitte.com.au

## **Corporate Responsibility Assurance Provider**

Net Balance Management Group  
Level 2, 332 Kent Street  
Sydney NSW 2000  
Tel: (02) 9249 2100  
Web: netbalance.com

## **Woolworths Corporate Responsibility**

Armineh Mardirossian  
Head of Corporate Responsibility  
Email: amardirossian@woolworths.com.au



Titan Plus Satin is produced in an ISO 14001 accredited facility ensuring all processes involved in production are of the highest environmental standards. FSC Mixed Sources Chain of Custody (CoC) certification ensures fibre is sourced from certified and well managed forests.

