

Sustainable Palm Oil Policy

Date – March 29, 2010

Woolworths acknowledges that the growing demand for palm oil is putting added pressure on rainforest areas in Southeast Asia, West Africa and South America. The loss of forest in Indonesia is threatening the survival of many native species and the draining of peatlands is contributing to climate change. There are also nutritional concerns and benefits in using palm oil – it contains about 50% saturated fats but has no trans-fats, some of the viable alternatives to palm oil are high in trans-fats which are known to be detrimental to cholesterol levels.

Woolworths is not alone in its concern regarding palm oil. In 2004, the Roundtable on Sustainable Palm Oil (RSPO) was formed with the objective of promoting the growth and use of sustainable oil palm products through developing credible global standards around the use of sustainable palm oil and engaging with all relevant stakeholders. RSPO is a not-for-profit association and its members include palm oil producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks, investors and non-government organisations.

Woolworths and Palm Oil to date

In 2007, Woolworths made a commitment to minimise the use of palm oil in its *Select* brand food products. Since this time, Woolworths has made significant progress in eliminating the use of palm oil in its *Select* brand products – almost 95% of all *Select* brand food products are now free of palm oil.

Woolworths has also recently applied to become a member of the RSPO. In becoming a member of RSPO, Woolworths will join many of the world's leading retailers including Carrefour, Sainsbury's, Tesco, Marks & Spencer and Waitrose and some of the world's largest FMCG manufacturers including Cadbury, Goodman Fielder, Colgate Palmolive, H J Heinz Company, Kellogg Company, PepsiCo and Unilever.

Woolworths notes that it and other industry participants face a number of challenges in replacing palm oil in certain food categories. This is due to a combination of concerns regarding product performance, functional and nutritional concerns. For example, replacing palm oil (palm stearin) in bakery goods creates particular nutritional challenges as, from a functional perspective, the most readily available alternatives to palm stearin for bakery products are butter and partially hydrogenated fats (both of which contain trans-fats). Palm oil, in contrast, is virtually trans-fat free.

Woolworths 2010 Palm Oil commitment

Woolworths is committed to taking further action to support the use of sustainable palm oil. Therefore, from today:

- we will label palm oil where it is a major ingredient in a product for all private label Woolworths products (both food and non-food). We will re-label products progressively over the next 2 years as part of our standard packaging renewal process; and

- where we use palm oil in a Woolworths private label products we will progressively move to support the use of only RSPO certified palm oil. Woolworths' target for completing the move to RSPO certified palm oil is 2015. Woolworths notes that its ability to meet this target will depend on commercial competitive supply of RSPO certified palm oil becoming available during this period.

Measuring and Reporting

Our annual Corporate Responsibility report demonstrates our commitment to transparency and we will report our progress on implementing our Palm Oil policy annually to our stakeholders.

Implementation and Monitoring

Relevant criteria will be integrated into our product category standards for all relevant food and non-food products as we review our supply contracts.

Woolworths Quality Assurance (WQA) processes will integrate the necessary checks (ie. checking certification, etc.) through existing supplier audit program.