

2023

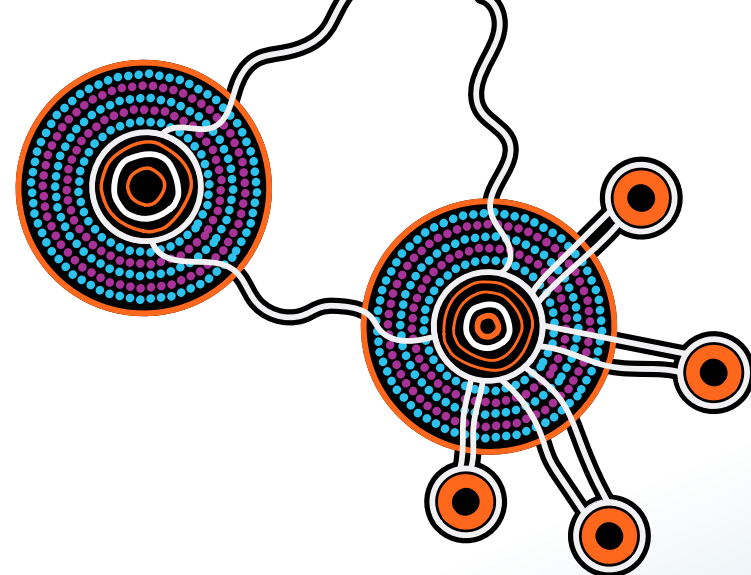
Green Bond

Impact and use of proceeds report
October 2023



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Acknowledgement of Country



Woolworths Group acknowledges the many Traditional Owners of the lands on which we operate, and pay our respects to their Elders past and present. We recognise their strengths and enduring connection to lands, waters and skies as the Custodians of the oldest continuing cultures on the planet.

We remain committed to actively contributing to Australia's reconciliation journey through listening and learning, empowering more diverse voices and working together for a better tomorrow.

Woolworths Group supports the invitation set out in the Uluru Statement from the Heart to walk together with Aboriginal and Torres Strait Islander peoples. We are committed to actively contributing to Australia's reconciliation journey through listening and learning, empowering more diverse voices, caring deeply for our communities and working together for a better tomorrow.

Woolworths Sustainability Plan 2025: Working Together to Create a Better Tomorrow highlights our ambitious goals and commitments to make a positive change across three pillars: people, planet and product.

In support of our sustainability commitments, in April 2019, Woolworths Group issued \$400 million of Green Bonds and was the first retailer in Australia, and the first supermarket retailer globally, to issue Green Bonds certified by the Climate Bonds Initiative (CBI) to conform with the Climate Bonds Standard.

Our Green Bonds are issued under a framework that is aligned to the Green Bond Principles published by the International Capital Markets Association and supports the financing of projects, assets or expenditure that will deliver positive environmental outcomes, for example solar installations, or waste reduction initiatives.

At the end of F23, the Green Bonds financed a portfolio of approximately \$402 million of Eligible Assets in Low Carbon Buildings – supermarkets, solar energy projects, LED lighting upgrades and Heating Ventilation Air Conditioning (HVAC) optimisation projects. Further details on these projects are provided on [pages 4 and 5](#).

We are pleased to present in this report details on the use of the proceeds from the Green Bonds as well as an assessment of the impact of the use of proceeds as at 25 June 2023. Woolworths Group also welcomes any feedback in respect of its reporting which can be provided by emailing grouptreasury@woolworths.com.au.

Ernst and Young has provided reasonable assurance over the contents of this report and a copy of their report is included in the appendix.



Further information about our Green Bond Framework and Green Bonds can be found at www.woolworthsgroup.com.au/page/investors/Debt_Investors

F23 Sustainability highlights¹



231

Solar systems installed across Australia and New Zealand totalling 48MW, with a further >16MW under construction



\$30million+

Spent on energy initiatives in F23 covering refrigeration and lighting upgrades and improving our ability to monitor and control energy use



36%

Reduction in scope 1 and 2 emissions below 2015 baseline (market-based approach), delivered at the end of F23, with the help of sustainability investments



\$55million

Net societal benefit through avoided emissions over F23. Achieved through the generation of 500 gigawatt hours of green electricity and the installation of 73 low global warming potential refrigeration systems and 34 leakage detection systems

¹ Source: Woolworths Group 2023 Sustainability Report.

Impact Reporting



Low Carbon Buildings – supermarkets

Woolworths Group's Eligible Assets are principally comprised of a portfolio of Woolworths stores that satisfy the CBI's Low Carbon Building Criteria.

Eligibility is in accordance with the CBI's low carbon trajectory emissions calculator, which provides the relevant benchmark to determine the Woolworths stores to be included as Eligible Assets for the Green Bonds that are tracking below the carbon intensity target specified by the CBI over the period of 2019 to 2024¹.

This portfolio of eligible stores, in aggregate, avoided 7,305 tCO₂e emissions on an annual basis, when compared to the average Woolworths store². As at 25 June 2023, the Woolworths stores that qualify as Eligible Assets for the Green Bonds resulted in 7,263 tCO₂e emissions being avoided on an annual basis.

This energy saving is equivalent to taking 2,978 cars off the road each year in Australia³.



Total project impact



32

Low Carbon
Woolworths stores



7,263
tCO₂e

emissions avoided



equivalent to

2,978

cars off the road each
year in Australia

- 1 Emission performance trajectories start at the carbon intensity of the top 15% most energy efficient buildings in a city and end at zero emissions in 2050. Trajectories have a linear pathway.
- 2 The emissions of the average Woolworths store is calculated by dividing the total scope 1 and 2 emissions of all Woolworths stores by the total trading area of all Woolworths stores with the Woolworths stores that are Eligible Assets for the Green Bonds excluded from this calculation.
- 3 The average annual emissions from a car is calculated to be 2.44 tonnes of CO₂e.

Total project impact



over
10,500kW
of capacity installed
in 69 stores



11,488MWh
total energy generated



2,019
equivalent households
powered

Solar energy, LED upgrades and HVAC optimisation

Over the course of F18 and F19, Woolworths Group invested a total of \$78 million in the installation of solar panels, LED lighting upgrades and the optimisation of HVAC systems in stores. Whilst Woolworths continues to invest in a range of sustainability initiatives, due to the proceeds of the Green Bond being fully allocated, only the expenditure from F18 and F19 has been allocated as use of proceeds for the Green Bond.

Solar panels

Woolworths Group invested a total of \$16 million¹ in the installation of solar panels in the portfolio of Woolworths stores. This resulted in solar panels being installed in 69 stores, with a total capacity of over 10,500kW. Expenditure on solar panels is eligible expenditure under the Climate Bond Standards and thus the full amount of the expenditure on solar panels has been included as Eligible Assets for the Green Bonds.



¹ As at June 2019, the annual reporting period immediately following the issuance of the Green Bonds issuance in April 2019.

Total project impact



366
stores
with LED lighting
upgrade, and

498
stores
with HVAC optimisation
completed



136,309
MWh
energy has not
been consumed



23,960
equivalent households
powered



LED lighting upgrades and HVAC optimisation

Woolworths Group has completed lighting upgrades to replace the existing lights in supermarket stores with LED lights, investing a total of \$50 million¹. We have also conducted a HVAC optimisation project, investing a total of \$12 million¹. These projects are Eligible Assets for the Green Bonds as they are upgrades to existing buildings and achieve an emissions reduction of at least 30% from the relevant baseline of the level of emissions if the project had not been implemented.

A total of 366 stores have had the LED lighting upgrade, and 498 stores have had the HVAC optimisation completed.

As a result, a total of 11,488MWh of energy has been generated from the solar panels on an annual basis, which is equivalent to powering 2,019 homes for a year². In addition, a total of 136,309MWh of energy per annum, which is equivalent to 97,843 tCO₂e of emissions, has not been consumed as a result of the LED lighting upgrades and HVAC optimisation projects. This is equivalent to powering 23,960 homes for a year².

¹ As at June 2019, the annual reporting period immediately following the issuance of the Green Bonds issuance in April 2019.

² The equivalent number of households powered is calculated by dividing the total energy generated or saved on an annual basis by the national annual electricity consumption in Australia as per the Australian Energy Regulator in their 2017-18 Annual Report on Compliance and Performance of the Retail Energy Market.

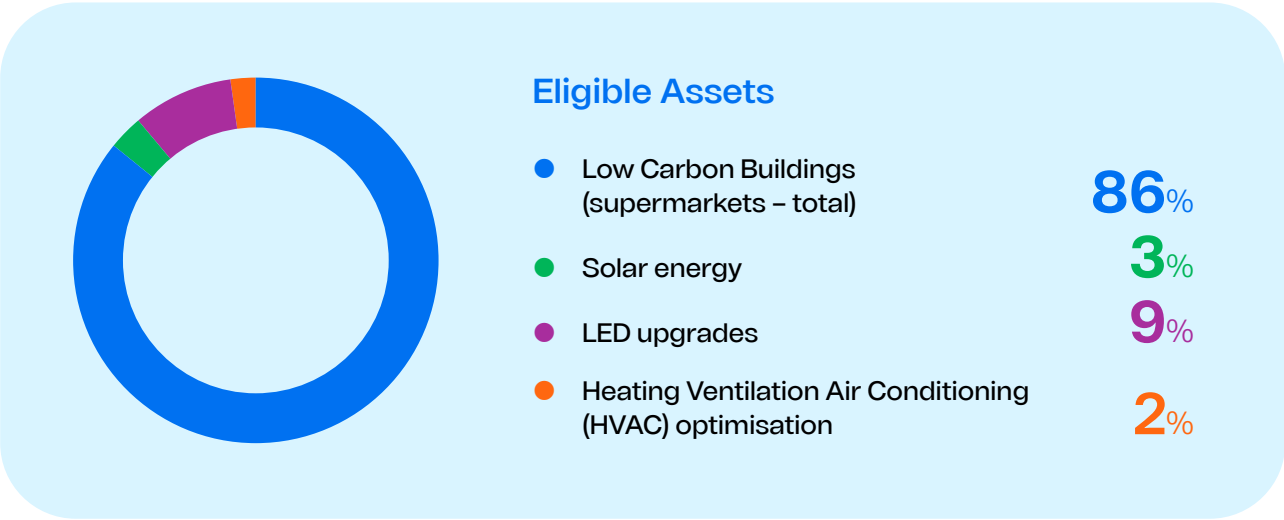
Use of Proceeds

DATE OF BOND INSURANCE	BOND MATURITY DATE	FACE VALUE
23/04/2019	23/04/2024	A\$400,000,000

As at 25 June 2023, 100% of the proceeds from the A\$400 million Green Bond were allocated to Eligible Assets.

ASSET CLASS	JUNE 2023			JUNE 2022			JUNE 2021			JUNE 2020			JUNE 2019		
	ELIGIBLE ASSETS			ELIGIBLE ASSETS			ELIGIBLE ASSETS			ELIGIBLE ASSETS			ELIGIBLE ASSETS		
	(\$M)	(%)	(\$M)	(\$M)	(%)	ALLOCATED TO GREEN BOND	(\$M)	(%)	ALLOCATED TO GREEN BOND	(\$M)	(%)	ALLOCATED TO GREEN BOND	(\$M)	(%)	ALLOCATED TO GREEN BOND
Low Carbon Buildings (supermarkets)	347	86%	345	369	86%	340	386	86%	335	402	85%	327	409	85%	323
Solar energy	12	3%	12	13	3%	13	14	3%	14	15	3%	15	16	3%	15
LED upgrades	35	9%	35	38	9%	38	42	9%	42	47	10%	47	50	10%	50
Heating Ventilation Air Conditioning (HVAC) optimisation	8	2%	8	9	2%	9	10	2%	10	11	2%	11	12	2%	12
Total	402	100%	400	428	100%	400	452	100%	400	475	100%	400	487	100%	400

Note: the value of the Eligible Assets reported as use of proceeds reflects the written down value of these assets and is net of depreciation.



Low carbon buildings (supermarkets)

STORE LOCATION	STORE LOCATION
Aspley, QLD	Ipswich Riverlink, QLD
Ballina River Street, NSW	Jordan Springs, NSW
Belmont, WA	Leichhardt Marketplace, NSW
Bentley, WA	Logan Village, QLD
Brookside (Mitchelton), QLD	Loganholme East (Cornubia), QLD
Brookwater, QLD	Maroochydore Big Top, QLD
Burpengary, QLD	Mascot, NSW
Burwood Plaza, NSW	Meadowbrook, QLD
Charlestown Square, NSW	Mermaid Waters, QLD
Colebee, NSW	Morayshire, QLD
Coorparoo, QLD	Narangba, QLD
Eatons Hill, QLD	Oran Park, NSW
Glenrose, NSW	Ormeau, QLD
Goodna, QLD	Oxley, QLD
Goonellabah, NSW	Prestons, NSW
Heidelberg, VIC ¹	Rouse Hill, NSW

1 Stores owned stores by the Group. All other stores are leased.

Independent Reasonable Assurance Report
to the Executive and Management of Woolworths Group Limited



Independent Reasonable Assurance Report to the Management and Directors of Woolworths Group Limited

Our Opinion:

Ernst & Young ('EY', 'we') were engaged by Woolworths Group Limited (Woolworths) to undertake a reasonable assurance engagement as defined by Australian Auditing Standards, hereafter referred to as the assurance procedures, to report on the Subject Matter defined below for the year ended 25 June 2023. In our opinion, the Subject Matter for the year ended 25 June 2023 is prepared, in all material respects, in accordance with the Criteria defined below.

What we assured

We undertook reasonable assurance procedures on the following Subject Matter as shown in the table below and as reported in Woolworth's Green Bond and Impact Report (the 'Report'):

Subject Matter	Criteria
<ul style="list-style-type: none">▶ The annual reporting process for Woolworths' Green Bond, as described in Woolworths' Green Bond Framework, that sets out:<ul style="list-style-type: none">▶ Policies and procedures related to the use of proceeds, and management of proceeds raised from the Bond▶ Environmental performance and valuations relating to nominated projects and assets to be funded by the Bond▶ Procedures for reporting on the use of proceeds and performance of the Bond▶ Woolworth's Green Bond Impact Report.	<ul style="list-style-type: none">▶ The Green Bond Principles (GBP) (June 2018), published by the ICMA▶ The CBI Standard v3.0 (CBS) and the Climate Bonds Standard Sector Eligibility Criteria for:<ul style="list-style-type: none">▶ Low Carbon Buildings – Retail Criteria▶ Low Carbon Buildings – Upgrade Projects▶ Other Criteria as applicable to this Bond issuance▶ Woolworths' own internal policies and procedures, as documented in Woolworths' Green Bond Framework.

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion on this information.

Key responsibilities

Woolworths' responsibility

Woolworths' management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the assurance procedures

We conducted our assurance procedures in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial*

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Information ('ASAE3000') and the terms of reference for this engagement as agreed with Woolworths on 13 March 2019. That standard requires that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report.

Summary of assurance procedures performed

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- ▶ Assessing policies and procedures established by Woolworths related to the issuance of the 2019 Green Bond
- ▶ Confirming eligibility of nominated projects for inclusion in Woolworths' 2019 Green Bond against the Use of Proceeds Criteria within the CBS and GBP
- ▶ Interviewing selected business unit and group level personnel to understand key issues related to Woolworths' policies and procedures
- ▶ Assessing selected performance information for nominated projects, and documentation supporting assertions made in the Subject Matter
- ▶ Checking the accuracy of calculations performed
- ▶ Assessing internal systems and processes were functioning as indicated and obtaining supporting evidence
- ▶ Assessing the maximum potential value of debt to understand the basis and integrity for the value of the bond
- ▶ Obtaining and reviewing evidence to support key assumptions and other data
- ▶ Seeking management representation on key assertions
- ▶ Assessing the completeness and accuracy of disclosures in Woolworths' Green Bond Impact Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent limitations

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

While our procedures performed for our reasonable assurance engagement are of a high level of assurance, due to the use of sampling techniques, it is not a guarantee that it will always detect material misstatements.

The greenhouse gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of greenhouse gases. Additionally, greenhouse gas procedures are subject to estimation and measurement uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Other matters

Our report does not extend to any disclosures or assertions made by Woolworths relating to future performance plans and/or strategies disclosed in Woolworths' report and supporting disclosures online.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Woolworths, or for any purpose other than that for which it was prepared.

Ernst & Young
Sydney, Australia
31 October 2023

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For further information, please email:
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