



# Green Bond Impact and use of proceeds report

October 2021

For further information, please email  
[grouptreasury@woolworths.com.au](mailto:grouptreasury@woolworths.com.au)

**Woolworths Group Limited** ABN 88 000 014 675

In November 2020, Woolworths Group announced its new Sustainability Plan 2025, which builds upon its previous 2020 Sustainability Strategy that was originally launched in 2017. This plan covers five guiding principles and fourteen specific goals that we aim to achieve by 2025. The five guiding principles will guide our journey towards a better tomorrow for our team, our planet and the customers and communities we serve.

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 will:

- support the financing of projects, assets or expenditure that will deliver positive environmental outcomes, for example solar installations, or waste reduction initiatives;
- encourage other companies, by our example, to invest in projects and assets that will deliver positive environmental outcomes; and
- contribute to the development of the green bond market as we are the first issuer of green bonds under the CBI Low Carbon Buildings criteria for supermarkets globally.

The Green Bonds finance a portfolio of approximately \$452 million<sup>1</sup> 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 page 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 27 June 2021. Woolworths Group also welcomes any feedback in respect of its reporting which can be provided by emailing [grouptreasury@woolworths.com.au](mailto: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](http://www.woolworthsgroup.com.au/page/investors/Debt_Investors)

## 138 total sites

Woolworths Group sites have rooftop solar panels installed, including 132 Woolworths stores



## 1,000+ supermarkets with LED lighting installed

With LED lighting contributing a saving of 11% of total store energy consumption, we've prioritised the multi-year rollout of our LED installation program



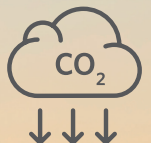
## 55 stores

Over F21, we have continued our program to install new transcritical CO<sub>2</sub> systems to now cover 55 stores, through replacements, upgrades and new store installations



## 27% emissions reduction

Our sustainability investments have helped deliver at the end of F21, a 27% reduction in scope 1 and 2 emissions below 2015 baseline



## 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<sup>1</sup>.

In the months preceding issuance, Woolworths Group worked closely with the CBI, contributing to the development and establishment of a low carbon trajectory emissions calculator specific to supermarkets in Australia.



This low carbon trajectory emissions calculator provided the relevant benchmark to determine the portfolio of 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 2024<sup>2</sup>.

This portfolio of eligible stores, in aggregate, avoided 14,280 tCO<sub>2</sub>e emissions on an annual basis, when compared to the average Woolworths store<sup>3</sup>. As at 27 June 2021, approximately 87% of Woolworths Group's total portfolio of Woolworths stores that qualify as Eligible Assets were allocated to the Green Bonds, and thus, the direct proportional impact of the Green Bonds is 12,393 tCO<sub>2</sub>e emissions being avoided on an annual basis.

This energy saving is equivalent to taking 5,082 cars off the road each year in Australia<sup>4</sup>.

1. Whilst the relevant CBI criteria is referred to as a Low Carbon Buildings criteria, the eligibility for inclusion as an Eligible Asset in the Green Bonds relates only to the supermarket store based on an assessment of its emissions relative to the benchmark set by the CBI.

2. 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. The Climate Bonds Initiative Commercial Buildings Criteria requires issuers to satisfy emissions performance targets for buildings they want included in a bond portfolio. Targets are expressed in kgCO<sub>2</sub>/m<sup>2</sup> terms and derived from emissions performance trajectories.

3. The emissions of the average Woolworths store is calculated by dividing the total scope 1 and 2 emissions of all Woolworths stores, excluding the Woolworths stores that are Eligible Assets for the Green Bonds, by the total trading area of all Woolworths stores, excluding the Woolworths store that are Eligible Assets for the Green Bonds.

4. The average annual emissions from a car is calculated to be 2.44 tonnes of CO<sub>2</sub>e. This is derived from estimates by the National Transport Commission of the CO<sub>2</sub> emissions for a new light vehicle sold in Australia in 2017, and the reported average kilometres travelled by a motor vehicle for the 12 months ending 30 June 2018 by the Australian Bureau of Statistics.


## PROJECT IMPACT

32  
Low Carbon  
Woolworths stores 



14,280  
tCO<sub>2</sub>e total  
emissions avoided 



12,393  
tCO<sub>2</sub>e emissions  
avoided attributable  
to the Green Bonds 



5,082 cars  
equivalent number of  
cars off the road each  
year in Australia



## 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 Group continues to invest in a range of sustainability initiatives, the proceeds of the Green Bonds was used to refinance the funding of these projects completed in F18 and F19.

### Solar panels

Woolworths Group invested a total of \$16 million<sup>6</sup> 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.

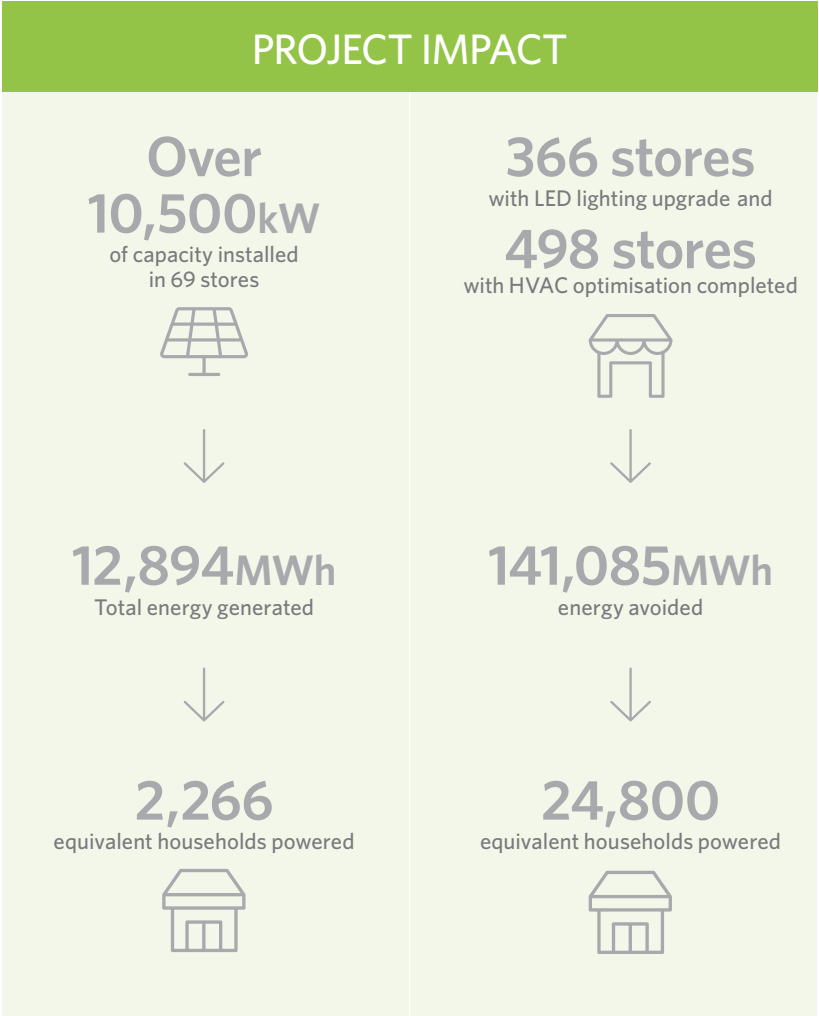


### LED lighting upgrades and HVAC optimisation

Woolworths Group has completed lighting upgrades to replace the existing lights in supermarket stores with LED lights, investing a total of \$50 million<sup>6</sup>. We have also conducted an HVAC optimisation project, investing a total of \$12 million<sup>6</sup>. 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 12,894MWh of energy has been generated from the solar panels on an annual basis, which is equivalent to powering 2,266 homes for a year<sup>5</sup>. In addition, a total of 141,085MWh of energy, which is equivalent to 116,864 tCO<sub>2</sub>e of emissions, have been avoided as a result of the LED lighting upgrades and HVAC optimisation projects. This is equivalent to powering 24,800 homes for a year<sup>5</sup>.



5. 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. The national energy electricity consumption is sourced from data published by the Australian Energy Regulator in their 2017-18 Annual Report on Compliance and Performance of the Retail Energy Market.

6. As at June 2019, which is the annual reporting period immediately following our Green Bonds issuance in 2019.



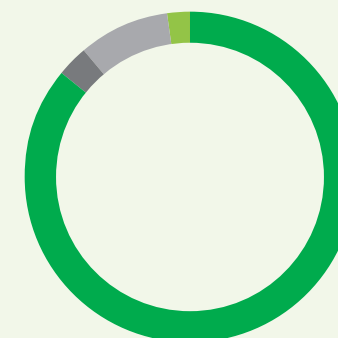
# Use of Proceeds

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

As at 27 June 2021, 100% of the proceeds from the A\$400 million Green Bond were allocated to Eligible Assets.

Asset Class	Jun-21			Jun-20			Jun-19		
	Eligible Assets (\$M)	Eligible Assets (%)	Allocated to Green Bond	Eligible Assets (\$M)	Eligible Assets (%)	Allocated to Green Bond	Eligible Assets (\$M)	Eligible Assets (%)	Allocated to Green Bond
Low Carbon Buildings (supermarkets) <sup>1</sup>	386	86%	334	402	85%	327	409	85%	323
Solar energy	14	3%	14	15	3%	15	16	3%	15
LED upgrades	42	9%	42	47	10%	47	50	10%	50
Heating Ventilation Air Conditioning (HVAC) optimisation	10	2%	10	11	2%	11	12	2%	12
<b>Total</b>	<b>452</b>	<b>100%</b>	<b>400</b>	<b>475</b>	<b>100%</b>	<b>400</b>	<b>487</b>	<b>100%</b>	<b>400</b>

## ELIGIBLE ASSETS



● Low Carbon Buildings (supermarkets):	86%
● Solar energy:	3%
● LED upgrades:	9%
● Heating Ventilation Air Conditioning (HVAC) optimisation:	2%

1. Comprises of both owned and leased stores. The Group leases a significant portion of the sites that it operates in. For the purpose for allocating the use of proceeds from the Green Bonds, for leased stores, the value of leasehold improvements and value of the lease asset, recognised as a result of the adoption of AASB16, are included. For owned stores, the proportional value of the land, building and fitout costs that relate to the Woolworths store is included.

## Low Carbon Buildings (supermarkets)

### Store Location

Aspley, QLD
Ballina River Street, NSW
Belmont, WA
Bentley, WA
Brookside (Mitchelton), QLD
Brookwater, QLD
Burpengary, QLD
Burwood Plaza, NSW
Charlestown Square, NSW
Colebee, NSW
Coorparoo, QLD
Eatons Hill, QLD
Glenrose, NSW
Goodna, QLD
Goonellabah, NSW
Heidelberg, VIC <sup>2</sup>

### Store Location

Ipswich Riverlink, QLD
Jordan Springs, NSW
Leichhardt Marketplace, NSW
Logan Village, QLD
Loganholme East (Cornubia), QLD
Maroochydore Big Top, QLD
Mascot, NSW
Meadowbrook, QLD
Mermaid Waters, QLD
Morayshire, QLD
Narangba, QLD
Oran Park, NSW
Ormeau, QLD
Oxley, QLD
Prestons, NSW
Rouse Hill, NSW

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



WOOLWORTHS GROUP

