



# We are Woolworths Group

## 2022 Green Bond

Impact and use of proceeds report  
October 2022

Woolworths Group Limited  
ABN 88 000 014 675





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Woolworths Group announced its Sustainability Plan 2025 in November 2020, which has five guiding principles and fourteen specific goals that we aim to achieve by 2025 and is key to delivering on our purpose – to create a better tomorrow by fostering positive change for our team, our planet, our customers and communities we serve.



## Acknowledgement of Country

Woolworths Group acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and community. We pay our respects to them and their cultures; and to Elders both past and present.

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 \$429 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 4.

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 26 June 2022. Woolworths Group welcomes any feedback in respect of its reporting which can be provided by emailing [group-treasury@woolworths.com.au](mailto:group-treasury@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)



## F22 highlights<sup>2</sup>



175

Woolworths Group sites with rooftop solar panels installed



1,000+

supermarkets with LED lighting, saving 11% of total store energy consumption



73

stores installed new transcritical CO<sub>2</sub> systems in F22



31%

reduction in Scope 1 and 2 emissions below 2015 baseline

<sup>1</sup> As at 26 June 2022.

<sup>2</sup> Highlights for Woolworths Group as at 26 June 2022. Impact relating to the Eligible Assets of Green Bonds detailed on pages 2 to 5 of this 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<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 10,974 tCO<sub>2</sub>e emissions on an annual basis, when compared to the average Woolworths store<sup>3</sup>. As at 26 June 2022, approximately 92% 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 10,111 tCO<sub>2</sub>e emissions being avoided on an annual basis.

This energy saving is equivalent to taking 4,146 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 are 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 stores 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.
- 5 In F22, emissions avoided numbers have been adjusted for: (1) The exclusion of Endeavour Group operations and (2) Alignment with RE100 and CDP reporting requirements for renewable electricity.

## Total project impact



32

Low Carbon Woolworths stores



10,974  
tCO<sub>2</sub>e

total emissions avoided<sup>5</sup>



10,111  
tCO<sub>2</sub>e

emissions avoided attributable to the Green Bonds



equivalent to  
4,146

cars off the road each year in Australia



## Total project impact



over

**10,500kW**

of capacity installed  
in 69 stores



**11,574MWh**

total energy generated



equivalent to powering

**2,034**

households

### Solar energy, LED upgrades and HVAC optimisation

Over the course of F18 and F19, Woolworths Group invested a total of \$78 million<sup>1</sup> in the installation of solar panels, LED lighting upgrades and the optimisation of HVAC systems in stores. Whilst Woolworths is continuing its solar panel rollout to support the transition to 100% renewable energy, the proceeds of the Green Bond were used to refinance the funding of projects that were completed in F18 and F19.

#### Solar panels

Woolworths Group invested a total of \$16 million<sup>1</sup> in the installation of solar panels in the portfolio of Woolworths stores. 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.

Solar panels were installed in 69 stores, with a capacity of over 10,500kW. As a result, a total of 11,574MWh of energy has been generated from the solar panels on an annual basis, which is equivalent to powering 2,034 homes for a year<sup>2</sup>.



<sup>1</sup> As at June 2019, which is the annual reporting period immediately following the Green Bonds issuance in April 2019.

<sup>2</sup> 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.



### 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>1</sup>. We have also conducted an HVAC optimisation project, investing a total of \$12 million<sup>1</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. A total of 139,273MWh of energy, which is equivalent to 111,207 tCO<sub>2</sub>e of emissions, have been avoided because of the LED lighting upgrades and HVAC optimisation projects. This is equivalent to powering 24,481 homes for a year<sup>2</sup>.

<sup>1</sup> As at June 2019, which is the annual reporting period immediately following the Green Bonds issuance in April 2019.

<sup>2</sup> 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.

## Total project impact



over

**366 stores**

with LED lighting  
upgrade and 498 stores  
with HVAC optimisation  
completed



**139,273MWh**

energy avoided



equivalent to powering

**24,481**

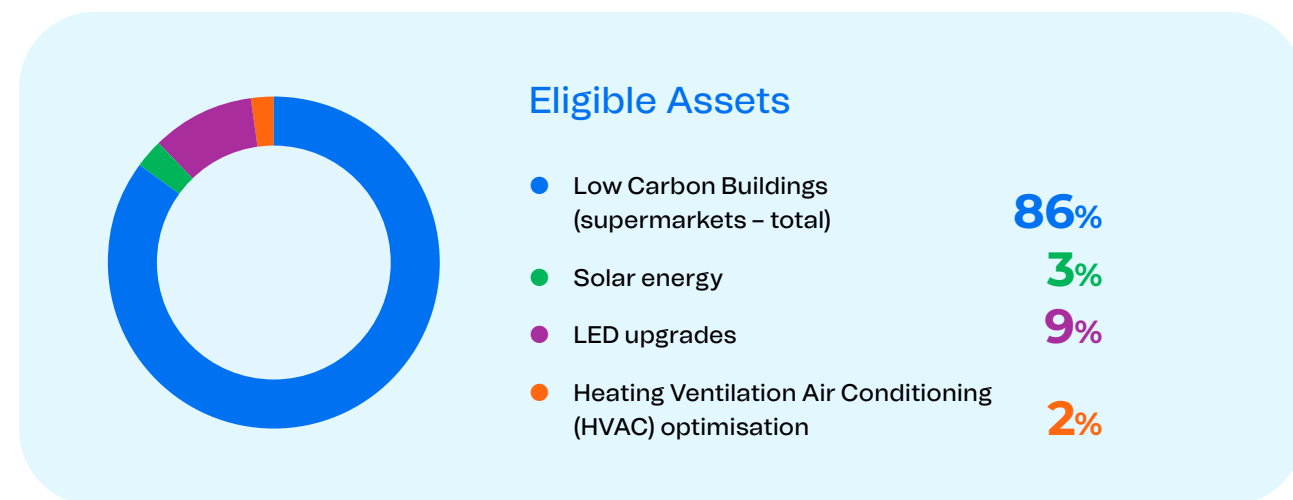
households

# Use of Proceeds

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

As at 26 June 2022, 100% of the proceeds from the A\$400 million Green Bond were allocated to Eligible Assets.

ASSET CLASS	JUNE 2022			JUNE 2021			JUNE 2020			JUNE 2019		
	ELIGIBLE ASSETS		ALLOCATED TO GREEN BOND	ELIGIBLE ASSETS		ALLOCATED TO GREEN BOND	ELIGIBLE ASSETS		ALLOCATED TO GREEN BOND	ELIGIBLE ASSETS		ALLOCATED TO GREEN BOND
	(\$M)	(%)		(\$M)	(%)		(\$M)	(%)		(\$M)	(%)	
Low Carbon Buildings (supermarkets) <sup>1</sup>	369	86%	340	386	86%	335	402	85%	327	409	85%	323
Solar energy	13	3%	13	14	3%	14	15	3%	15	16	3%	15
LED upgrades	38	9%	38	42	9%	42	47	10%	47	50	10%	50
Heating Ventilation Air Conditioning (HVAC) optimisation	9	2%	9	10	2%	10	11	2%	11	12	2%	12
<b>Total <sup>2</sup></b>	<b>429</b>	<b>100%</b>	<b>400</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>



<sup>1</sup> 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 AASB 16, are included. For owned stores, the proportional value of the land, building and fitout costs that relate to the Woolworths store is included.

<sup>2</sup> The value of Total Eligible Assets is the net asset values at the end of each reporting period, and includes the impact of depreciation and amortisation.

## 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 <sup>1</sup>	Rouse Hill, NSW

<sup>1</sup> Stores owned by Woolworths Group. All other stores are leased.

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



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Building a better  
working world

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

Assurance Conclusion

Based on our reasonable assurance procedures as described in this statement of 31 October 2022, in our opinion Woolworths Group Limited’s annual bond reporting process in relation to its 2019 Green Bond, inclusive of its Green Bond Framework and nominated projects and assets, meets the project identification, project minimum Criteria, management of proceeds, and Impact Report requirements of the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and the Climate Bond Initiative’s (CBI) Climate Bond Standard (CBS - inclusive of sectoral criteria), in all material respects.

Scope

Ernst & Young (‘EY’) has performed a reasonable assurance engagement in relation to Woolworths Group Limited’s (Woolworths’) annual reporting process for Woolworths’ Green Bond, as described in Woolworths’ Green Bond Framework in order to provide an opinion as to whether, as of 26 June 2021, the Subject Matter detailed below, meets in all material respects the Criteria presented below.

Subject Matter and Criteria

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

Management Responsibility

The management of Woolworths Group Limited (‘Management’) is responsible for the collection, preparation and presentation of the subject matter in accordance with the Criteria, and for maintaining adequate records and internal controls that are designed to support the Green Bond issuance process.

Assurance Practitioner’s Responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the Subject Matter is presented in accordance with the Criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (‘ASAE 3000’).

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing, and other evidence-gathering procedures sufficient for us to obtain a meaningful level of assurance as the basis for providing a positive form of conclusion. The procedures performed depend on the assurance practitioner’s judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management’s internal controls when determining the nature and extent of our procedures, these procedures were not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Our Approach

The assurance procedures we undertook 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
- ▶ Reviewing selected performance information for nominated projects, and documentation supporting assertions made in the Subject Matter
- ▶ Checking the accuracy of calculations performed
- ▶ Confirming internal systems and processes were functioning as indicated and obtaining supporting evidence
- ▶ Confirming 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
- ▶ Reviewing the completeness and accuracy of disclosures in Woolworth’s Green Bond Impact Report.

Limitations

There are inherent limitations in performing assurance; for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information, including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the Climate Bond Standard is subjective and could be interpreted differently by different stakeholder groups.

Our assurance was limited to Woolworths’ 2019 Green Bond issuance process and Green Bond Impact Report and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 31 October 2022.

Use of Report

Our responsibility in performing our assurance activities is to the Executive and Management of Woolworths only, and in accordance with the terms of reference for this engagement, as agreed with them, and for the Climate Bonds Initiative for the sole purpose of reporting on Woolworth’s Impact and Use of Proceeds Report and its compliance with the Climate Bonds Standard. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the 2019 Green Bond issuance is entirely at its own risk. No statement is made as to whether the Criteria are appropriate for any third party purpose.

Our Independence and Assurance Team

In accordance with APES 110, we can confirm we have met the requirements of the Code of Ethics for Professional Accountants, including on independence. Our team has the required competencies and experience for this assurance engagement.

Ernst & Young

Emma Herd  
Partner  
Sydney, Australia  
31 October 2022

► For further information, please email:  
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