



Green Bond Framework



Michael Shelley
Group Energy Manager
with the solar panels on our
Erskine Park Distribution Centre

April 2019

For further information, please email
group-treasury@woolworths.com.au

Woolworths Group Limited ABN 88 000 014 675

About Woolworths Group

Founded in 1924, Woolworths Group has grown into a diverse group of Australian and New Zealand retail businesses with some of the most recognised and trusted brands - including Woolworths, Countdown, Dan Murphy's, BWS and BIG W. Woolworths Group is a proud Australian and New Zealand employer.

Our customers¹ (30 Dec 2018)

30 Million

served on average per week

Voice of Customer score²

83%

Rewards members

11.3 Million

Pick up locations³

+2,900

Transactions

0.8 Billion

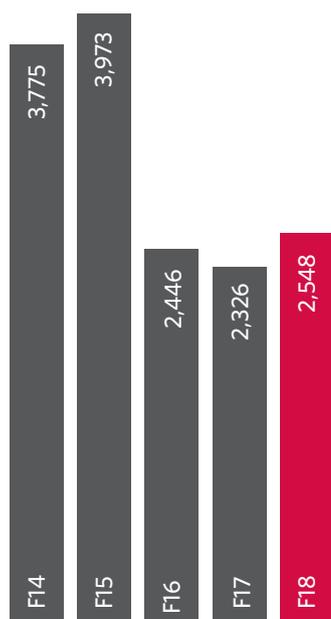
Our store network (30 Dec 2018)



Australian Food	1,018
New Zealand Food	180
Endeavour Drinks	1,561
BIG W	183
Hotels	324

Our financial highlights¹

EBIT (\$M)



H19: **1,445** F18: **2,548**

Free cash flow before dividends (\$M)

H19 **1,104** F18 **1,420**

Dividend per share⁴

H19 **45¢** F18 **103¢**

Tax paid⁵ (\$M)

H19 **386** F18 **661**

Return on funds employed

H19 **24.1%** F18 **24.1%**

Revenue (\$M)

H19: **30,587** F18: **56,726**



Australian Food	37,379
New Zealand Food	5,898 ⁶
Endeavour Drinks	8,271
BIG W	3,566
Hotels	1,612

1. From continuing operations before significant items.
2. Store-controllable voice of customer - Australian Food.
3. Including Australian and New Zealand Food, Endeavour Drinks and BIG W.
4. Full year fully franked dividend including special dividend.

5. From Woolworths Group cash flow.
6. New Zealand Food (AUD).

About Woolworths Group

(continued)

All figures on page iii are for the year ended 24 June 2018.

We recognise the environmental impact that our operations may have on the planet. We know that we can be leaders through the decisions we make. Every day we are exploring opportunities, trialling new initiatives and employing innovative technologies, to become a more sustainable organisation.

Our community

Direct community investment totalling
\$30.8 Million

Our community contribution as a % of EBIT

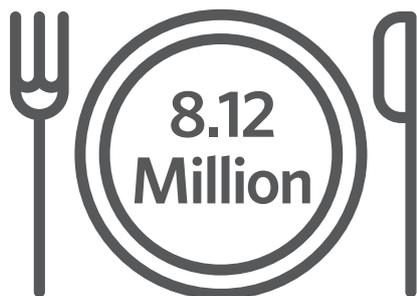
1.24%

Free Fruit for kids



pieces of fruit shared

Food saved for



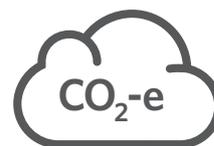
meals

Our planet

Carbon emissions

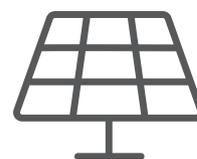
▼ **13%**

below 2015 levels



Solar power generation

2,211MW



Stores with upgraded hybrid or HFC-free refrigeration systems

341

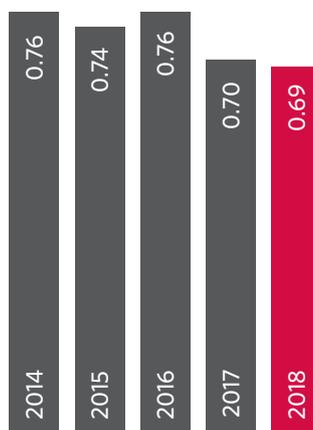


2018 reffridgerant leakage

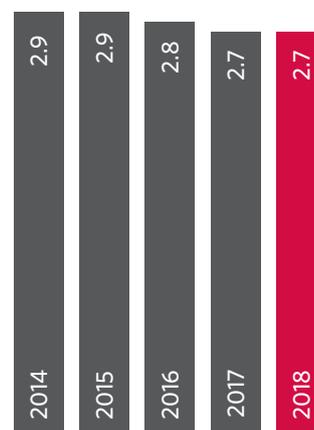
4%

above 2015 levels

Carbon intensity (t CO₂-e/sqm)



Energy intensity (GJ/sqm)



Plastic removed from fruit and vegetable packaging

180 tonnes

Total Odd Bunch kilograms sold since launch in Dec 2014

100 Million

Section 1

Overview

1.1 Purpose of the Green Bond Framework

This paper sets out Woolworths Group Limited's ("Woolworths Group") objectives in issuing bonds known as "green bonds" ("Green Bonds"), and how it proposes to issue and manage its Green Bonds on an ongoing basis ("Framework").

Green Bonds are bonds issued to finance projects, assets or expenditure that deliver positive environmental outcomes or refinance corporate debt that supports such projects, assets or expenditure ("Eligible Assets"). This includes projects and assets categorised under the Green Bond Principles 2018 ("GBP") published by the International Capital Market Association ("ICMA").

Woolworths Group has developed the Framework in line with the GBP, and adopts the four core components of the GBP:

1. Use of proceeds;
2. Process for evaluation and selection of Eligible Assets;
3. Management of proceeds; and
4. Reporting.

The GBP are voluntary process guidelines that are accepted as one of the main guidelines for issuance of Green Bonds in the capital markets globally.

1.2 Woolworths Group's objectives in issuing Green Bonds

Woolworths Group's objectives in issuing Green Bonds are:

- to finance projects and assets that will deliver positive environmental outcomes for the communities we serve;
- to encourage other companies by our example to invest in projects and assets that deliver positive environmental outcomes; and
- to contribute to the development of the Green Bond market by being the first issuer of Green Bonds under the new Climate Bonds Initiative low-carbon buildings criteria for supermarkets.

Section 2

Framework

2.1 Use of proceeds

The amount equal to the net proceeds of the Green Bonds issued under the Framework will be allocated to financing of planned projects, assets or expenditure that deliver positive environmental outcomes, and which meet the eligibility criteria to qualify as Eligible Assets. The net proceeds may also be used to refinance corporate debt that is identified as supporting existing Eligible Assets.

2.2 Eligible Assets

Eligible Assets are projects, assets or expenditure that deliver positive environmental outcomes consistent with the GBP and/or other market guidelines, principles or standards that may be developed domestically or globally from time to time. They may include projects delivered, or in the process of being delivered, that meet the Eligibility Criteria in Section 2.3 below and align with the projects and assets recognised in the GBP:

As at the date of this Framework, the GBP recognised the following types of projects and assets:

- **renewable energy**, including production, transmission, appliances and products;
- **energy efficiency** such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products;

Section 2

Framework (continued)

- **pollution prevention and control**, including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission efficient waste to energy;
- **environmentally sustainable management of living natural resources and land use**, including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally-sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes;
- **terrestrial and aquatic biodiversity conservation**, including the protection of coastal, marine and watershed environments;
- **clean transportation** such as electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions;
- **sustainable water and wastewater management**, including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation;
- **climate change adaptation**, including information support systems, such as climate observation and early warning systems;
- **eco-efficient and/or circular economy adapted products, production technologies and processes** such as development and introduction of environmentally sustainable products, with an eco-label or environmental certification, resource-efficient packaging and distribution; and
- **green buildings** which meet regional, national or internationally recognised standards or certifications.

2.3 Eligibility Criteria

Eligibility Criteria may include:

- the relevant Climate Bonds Initiative (“CBI”) sector criteria available at the time of issuance (whether or not certification from the CBI is sought); or
- relevant market practice or criteria provided it is documented at the time of issuance and maintained for the tenor.

Examples of projects which Woolworths Group has recently delivered or is in the process of delivering which may meet this eligibility criteria are:

- Introduction of the Energy Management Centre to monitor and manage energy consumption across all supermarket stores. This will provide real-time visibility of our energy usage and allow us to optimise our energy consumption through data and analytics;
- Installing solar panels on the roofs of stores and distribution centres, including introducing solar panels on top of car park shade sails to help cut energy usage and reduce the store environmental footprint;
- Retrofitting stores with energy efficient LED lighting;
- Upgrade stores with hybrid or HFC-free refrigeration systems;
- Trialling a solar and TESLA battery system at the Erskine Park Liquor Distribution Centre;
- Installation of soft plastic recycling bins in all supermarket stores for both the store and customers;
- Reduction of plastic on fruit and vegetables. Woolworths Group will continue to invest in long-term solutions which reduce packaging but also protect quality and extend shelf life of fruit and vegetables to reduce food wastage;
- Establishment of the Woolworths Organic Growth Fund, in partnership with Heritage Bank, to support Australian farmers investing in Australian organic farming projects; and
- Partnering with the World Wide Fund for Nature (WWF) Australia to improve sustainable sourcing of Woolworths Group’s Own Brand seafood products.

Section 3

Process for evaluation and selection of Eligible Assets

Woolworths Group has established a Green Bond Working Group (GBWG) which has ultimate responsibility and accountability for the Framework, including Eligible Asset evaluation and selection, and all compliance, throughout the life of all Green Bonds issued. The GBWG consists of senior representatives from the Group Sustainability, Group Energy, Group Property, Finance and Group Treasury teams.

To ensure the proceeds of a Green Bond issuance will only be allocated to Eligible Assets, the GBWG will manage the evaluation and selection process for projects and assets to qualify as Eligible Assets, taking into account the following objectives, features and benefits:

- Conformance with Woolworths Group's sustainability objectives;
- Conformance with the GBP;
- Where CBI certification is sought, conformance with the Climate Bonds Standard;
- Conformance with any other relevant market guidelines, principles or standards that may be developed domestically or globally from time to time; and
- Applying Woolworths Group's own professional judgement, discretion and sustainability knowledge.

All Eligible Assets approved by the GBWG during each financial year will be added to a register of Eligible Assets and reported in the annual Use of Proceeds Report.

Section 4

Management of proceeds

Woolworths Group will only use the proceeds of a Green Bond issuance to finance or refinance Eligible Assets and any surplus funds will be separately managed by the Group Treasury team.

If the value of projects being undertaken by Woolworths Group is greater than the proceeds of a Green Bond issuance, then Woolworths Group will fund the balance of these projects through normal funding sources.

4.1 Monitoring of proceeds

Group Treasury will track the receipt and use of proceeds of a Green Bond issuance via its internal reporting systems, ensuring Eligible Assets financed or re-financed by Green Bonds are appropriately identified. The GBWG has ultimate responsibility for this.

4.2 Managing unallocated proceeds

The Group Treasury team will monitor the use of proceeds on a quarterly basis to ensure they remain allocated to the Eligible Assets.

To the extent that the proceeds of a Green Bond issuance have not yet been allocated to Eligible Assets or have been returned and are awaiting re-allocation, the amount of unallocated proceeds shall be managed by the Group Treasury team and:

- 4.2.1 Held in the form of cash, or cash equivalent instruments; or
- 4.2.2 Held in temporary investment instruments which are not inconsistent with the delivery of a low carbon and climate resilient economy; or
- 4.2.3 Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for use for Eligible Assets.

In any case, Woolworths Group will ensure the proceeds are allocated to Eligible Assets within 24 months of the issuance of a Green Bond.

Section 5

Reporting

Woolworths Group will report on the Framework and each issuance of a Green Bond as follows:

Report	Timing	Location
Framework	At the time of first issuance under this Framework	www.woolworthsgroup.com.au/green-bonds
Assurance Statements	At initial issuance of each Green Bond and when subsequent assurance occurs, to the extent allowed by the assurer	www.woolworthsgroup.com.au/green-bonds
CBI Certification	Where certified, at the time of issuance of each Green Bond	www.woolworthsgroup.com.au/green-bonds
Use of Proceeds Report	Annually and within 12 months from the first issuance under this Framework	www.woolworthsgroup.com.au/green-bonds
Impact Report	At least twice during the tenor of each Green Bond	www.woolworthsgroup.com.au/green-bonds

Section 6

External review of the Framework

The Framework has initially been independently assured as to its alignment with the GBP by Ernst & Young,

Each time Woolworths Group issues Green Bonds under the Framework, it will seek one or more of the following options to review the Framework (if necessary) and the underlying Eligible Assets on a pre-issuance basis and on a post-issuance basis at least once during the tenor of each Green Bond:

- Assurance from an independent assurer;
- Second party opinion from an appropriately credentialed provider;
- Evaluations from a rating agency; and
- Certification from the Climate Bonds Initiative (“CBI”).

The assurer will confirm that:

- the Framework is aligned to the GBP; and
- the allocation of proceeds to Eligible Assets has been made (or will be made in the case of pre-issuance assurance) in accordance with the Framework.

The pre and post-issuance assurance statements will be published per the reporting schedule in Section 5.

WOOLWORTHS GROUP

