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 1 April 2019, in our opinion Woolworths Group Limited’s bond issuance 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 reporting 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’) Green Bond Framework and Woolworths’ 2019 Green Bond pre-issuance in order to provide an opinion as to whether, as of 1 April 2019, the Subject Matter detailed below, meets in all material respects the Criteria presented below.

Subject Matter and Criteria

<table>
<thead>
<tr>
<th>Subject Matter</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>The pre-issuance process for Woolworths’ Green Bond, as described in Woolworths’ Green Bond Framework, that sets out:</td>
<td>The Green Bond Principles (GBP) (June 2018), published by the ICMA</td>
</tr>
<tr>
<td>Policies and procedures related to the use of proceeds, and management of proceeds raised from the Bond</td>
<td>The CBI Standard V2.1 (CBS) and the Climate Bonds Standard Sector Eligibility Criteria for:</td>
</tr>
<tr>
<td>Environmental performance and valuations relating to nominated projects and assets to be funded by the Bond</td>
<td>Low Carbon Buildings – Retail Criteria</td>
</tr>
<tr>
<td>Procedures for reporting on the use of proceeds and performance of the Bond</td>
<td>Low Carbon Buildings – Upgrade Projects</td>
</tr>
<tr>
<td>Woolworths’ own internal policies and procedures, as documented in Woolworths’ Green Bond Framework</td>
<td>Other Criteria as applicable to this Bond issuance</td>
</tr>
</tbody>
</table>

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

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 pre-issuance, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 1 April 2019, ahead of issuance of Woolworths’ 2019 Green Bond.

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. 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 pre-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
Dr Matthew Bell
Asia Pacific Managing Partner, Climate Change and Sustainability Services
Brisbane, Australia
1 April 2019
Annex A
Climate Bonds Standard V2.1 Criteria
Woolworths Group Limited’s 2019 Green Bond (pre-issuance) and Green Bond Framework was assured against the following requirements as specified in the Climate Bonds Standard V2.1

<table>
<thead>
<tr>
<th>CBI ref</th>
<th>Significant process</th>
<th>Risks</th>
<th>Testing Plan</th>
</tr>
</thead>
</table>
| 1      | Selection of Projects & Assets            | ▶ Review Woolworths’ GB framework to determine whether decision-making processes with respect to selecting nominated projects and assets is adequate.  
▶ Conduct a process interview with Woolworths to understand whether nominated projects and assets are already nominated to another bond, and if so, can parts be distinguished?  
▶ Verify the expected net proceeds of the bond, based on lease valuations for retail assets, and past and projected capital expenditure for energy efficient assets. | ▶ Decision making processes were noted as adequate, and followed a logical sequence from a statement of environmental integrity reported in the Framework to the eventual selection of assets into the bond.  
▶ This is Woolworths Group Limited’s first Green bond so there is no chance of contamination.  
▶ Verified expected net proceeds of bond against source data.                                                                 |
| 2      | Internal Processes & Controls             | ▶ Review Woolworths’ GB framework to determine whether processes and controls are adequate in place to track proceeds.  
▶ Conduct a process interview with Woolworths to understand further detail regarding internal processes and controls. | ▶ Processes and controls were in place and deemed sufficient in order to track proceeds. The process of tracing actual asset spend was confirmed through selecting a sample to trace from the asset register, through to a SAP system screenshot showing the outflow of funds. Projected asset spend was vouched to internal budgeting spreadsheets.  
▶ Policies and procedures have been implemented in order to track unallocated proceeds.  
▶ An appropriate earmarking process is in place to manage and account for funding to the Nominated Projects & Assets via Woolworths’ internal processes and systems. |
| 3      | Reporting                                 | ▶ Review bond disclosure documentation  
▶ Assess whether periodic assurance engagements have been sufficiently planned for. | ▶ The proposed Bond disclosure documentation contained sufficient detail in line with CBI requirements ready for distribution.  
▶ Periodic assurance engagements are to be conducted by EY. This is referenced within the framework, which is consistent with EY’s scope within its engagement agreement. |
| 9-10   | Reporting                                 | ▶ Review Nominated projects against CBI eligibility criteria for proposed assets  
▶ Obtain source evidence for any calculations made or any qualitative requirements for each respective criterion. | ▶ Leased supermarkets proposed to be included in the bond met the CBI eligibility criteria for Low Carbon Buildings – retail assets.  
▶ Energy efficient assets proposed to be included in the bond met the CBI eligibility criteria for Low Carbon Buildings – upgrade projects. |