

# WOOLWORTHS HOLDINGS LIMITED

*Carbon Footprint Verification Statement  
for the 2022 Financial Year*

START

# FY2022 GHG VERIFICATION: OPINION DECLARATION

To: The Intended Users and Stakeholders of Woolworths Holdings Ltd.

**Organization:** Woolworths Holdings Limited (WHL)

**Address:** Woolworths House, 93 Longmarket Street, Cape Town, 8001 South Africa

**Verification Standard:** ISO 14064-3:2019 '*Specification with guidance for the verification and validation of greenhouse gas statements*'

**Verification Criteria:** WRI/WBCSD Greenhouse Gas Protocol: *A Corporate Accounting and Reporting Standard*, 2004, and subsequent *Amendments* (GHGP Standard)

**GHG Consolidation Approach:** Operational Control

**Level of Assurance:** Limited

**GHG Inventory Period:** 01 July 2021 to 30 June 2022 (FY2022)

**GHG Inventory:** Refer to workbook: *WHL FY22\_Calcs 150923\_VERIFIED.xlsx*

WHL is a JSE-listed retail group based in the southern hemisphere with 3 major operating divisions:

- Woolworths (Pty) Ltd. (WW), based in South Africa (SA) – trading mainly in SA and with a presence in 10 other countries in sub-Saharan Africa (Africa)
- David Jones (DJ), based in Australia - trading in Australia and New Zealand (NZ)
- Country Road Group (CRG) based in Australia - trading in Australia, NZ and SA

WHL engaged GCX to conduct an independent greenhouse gas ('GHG') verification with the objective of confirming that the FY2022 GHG Statement is accurate and complete, and that reporting conforms with the stated GHGP criteria.

This *Verification Opinion Declaration* is issued following a review of the GHG calculations and supporting information for the stated inventory period according to the scope of work described below.

## Responsible Parties

WHL appointed a third party<sup>1</sup> to prepare the GHG statement set out below but retains sole responsibility for its preparation and fair presentation in accordance with the stated criteria.

GCX's responsibility is to express an independent assurance opinion on WHL's GHG Statement based on evidence obtained regarding:

1. Conformity with the verification criteria, namely the principles and requirements of the WRI/WBCSD *GHG Protocol Corporate Accounting and Reporting Standard*; and
2. Completeness and accuracy of the underlying activity data as well as the GHG emissions quantification.

The ISO 14064-3 Standard requires that ethical standards are upheld in planning and performing the verification to obtain the agreed level of assurance that the GHG Statement is free from material misstatement.

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<sup>1</sup> Data collection and GHG quantification were carried out on behalf of WHL by Carbon Calculated.

## Level of Assurance

The verification activities provided a limited level of assurance on the final GHG Statement. A materiality threshold of 5% per emissions source was applied.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the ISO 14064-3 Standard will always detect a material misstatement when it exists. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the intended user's decisions. Verification activities performed to achieve a limited level of assurance are less extensive in nature, timing, and extent than those for reasonable assurance.

Furthermore, GHG quantification is subject to inherent uncertainty as the methods used to estimate GHG emissions rest upon incomplete scientific knowledge.

## GHG Verification Activities

Evidence-gathering procedures included, but were not limited to:

- Risk assessment based on a high-level overview of the FY2022 GHG data and historical GHG reporting.
- Communication with the WHL team to clarify anomalies and deviations, and provide supporting evidence as required.
- Analytical procedures to assess completeness and accuracy of the GHG data, including year-on-year variance checks, recalculation, and tracing primary data to GHG information.
- Evaluation of the appropriateness of emission factors, estimation methodologies and assumptions applied.
- Evaluation of the accuracy and consistency of the GHG emissions and GHG intensity calculations.
- Evaluation of conformity of the GHG Statement with the verification criteria.
- Liaison with Carbon Calculated regarding the verification findings and recommended corrective action.
- Site visits were deemed unnecessary as no complex GHG emitting activities take place.
- Evaluation of uncertainty and an independent review were not performed.

## Verification Scope and Exclusions

- **Organisational Boundary:**

In accordance with the operational control approach for consolidating GHG emissions, the reporting boundary included scope 1 and scope 2 GHG emissions for all WHL-controlled facilities<sup>2</sup> globally. As of 30 June 2022, this included:

- WSA & Africa: Corporate stores - 398 in SA and 67 in Africa
- WSA Non-Trading facilities: 8 Administrative & 13 Distribution warehouses/cross-docks
- DJ: 45 Corporate stores (includes 2 in NZ<sup>3</sup>); 1 Warehouse; Head Office (shared with CRG)
- CRG: 342 Corporate stores (excluding concessions); 1 Warehouse; Head Office (shared)

<sup>2</sup> WHL has no operational control over Woolworths Financial Services, WW franchise stores, Engen forecourt stores and CRG concessions in non-WHL stores. These operations, therefore, fall outside WHL's reporting boundary.

<sup>3</sup> The David Jones store in Wellington was closed on 30 June 2022 leaving only 1 store in New Zealand.

- Reporting Boundary:
  - GHG types: CO<sub>2</sub>; CH<sub>4</sub>; N<sub>2</sub>O; SF<sub>6</sub>; HFCs and HCFCs
  - Scope 1 and scope 2 GHG emissions sources for the above-mentioned facilities, and scope 3 emissions sources deemed relevant, and that are reliably measured/ estimated.

- Reporting Exclusions:

The following facilities and/or emissions sources were excluded from the reporting boundary due to data availability:

- WW Africa: 3 warehouses; 2 offices (Kenya & Mauritius); Supermarket refrigerant refills.
- DJ/CRG: The 2 DJ stores in New Zealand (NZ)

Aggregated scope 1 and scope 2 emissions for the above exclusions were deemed immaterial and not relevant relative to WHL's total scope 1 and scope 2 GHG emissions.

- Verification Exclusions:

The following scope 3 emissions were not verified for the reasons stated below:

- Scope 3 Category 1 – Food packaging. Revised data was submitted post audit.
- Scope 3 Category 4 - Upstream Transport & Distribution – Imported Goods

The accuracy of FY2022 emissions for imports could not be verified as the methodologies applied by WW's various shipping companies were not sufficiently transparent.

## GHG Statement

After correction of misstatements, the verified FY2022 GHG Statement is set out below:

| FY2022 GHG Emissions (Tonnes CO <sub>2</sub> e)   | WW             | CRG                | DJ                  | WHL            |
|---|----------------|--------------------|---------------------|----------------|
| Scope 1   | 55 102         | 78                 | 1 335               | 56 515         |
| Scope 2 (location-based)                          | 337 073        | 7 911              | 48 717              | 393 701        |
| Scope 2 (market-based)                            | 337 073        | 6 295              | 47 170              | 390 538        |
| Total Scopes 1 & 2 (location-based)               | 392 175        | 7 989              | 50 052              | <b>450 216</b> |
| Total Scopes 1 & 2 (market-based)                 | 392 175        | 6 373 <sup>4</sup> | 48 505 <sup>5</sup> | <b>447 053</b> |
| Scope 3 <sup>6</sup>                              | 285 641        | 84 641             | 63 054              | 433 336        |
| <b>Total Scopes 1, 2 &amp; 3 (location-based)</b> | <b>677 816</b> | <b>92 630</b>      | <b>113 106</b>      | <b>883 552</b> |
| <b>Total Scopes 1, 2 &amp; 3 (market-based)</b>   | <b>677 816</b> | <b>91 015</b>      | <b>111 558</b>      | <b>880 389</b> |
| Outside of Scopes – R-22 refrigerant              | 20 495         | 0                  | 0                   | 20 495         |

<sup>4</sup> CRG purchased 100% renewable energy products for several of its stores. In addition, Australian legislation mandates that companies consuming grid electricity pay a surcharge towards Australia's Large-scale Renewable Energy Target (LRET) scheme. Their annual contribution, called the RPP (Renewable Power %), can then be assigned an emission factor of zero in the company's market-based scope 2 accounting. FY2022's RPP was 18.64%.

<sup>5</sup> DJ did not report the purchase of renewable energy or contractual instruments for FY2022. However, DJ was able to reduce market-based emissions by applying the above-mentioned RPP.

<sup>6</sup> Includes emissions from: Cat 1. Purchased Goods & Services (Water, Office paper, Till rolls, Cartons, Plastic bags; FBH Packaging materials & Foods Packaging materials. Cat 2. Capital Goods; Cat 3. Fuel-and Energy-related Activities (T&D losses); Cat 4. Upstream Transportation & Distribution (includes online order deliveries as these costs are mostly covered by WHL); Cat 5. Waste Generation; Cat 6. Business Travel (Flights, Hotel Accommodation, Car Hire & subsidized travel); Cat 7. Employee Commuting including emissions for head office staff working from home.

| Additional Data Points Verified for CDP 2023   | WW                 | CRG     | DJ             | WHL     |
|--|--------------------|---------|----------------|---------|
| Total grid electricity purchased (MWh)   | 324 722            | 8 468   | 62 065         | 395 255 |
| Total renewable electricity purchased (MWh)  | 7 057 <sup>7</sup> | 1 946   | - <sup>8</sup> | 9 003   |
| Total gross on-site self-generation (MWh)<br>(100% renewable solar PV)   | 2 313              | 335     | -              | 2 648   |
| Self-generation consumed (MWh)   | 2 313              | 301     | -              | 2 614   |
| Total electricity consumed (MWh)   | 334 092            | 10 715  | 62 065         | 406 872 |
| % Renewable energy consumed  |                    |         |                | 2.86%   |
| Municipal Water Consumption (kl)   | 630 060            | No data | No data        | 630 060 |
| Year-on-year change in GHG emissions: Scope 1; Scope 2; Scope 1 & 2; Scope 3                                       |                    |         |                |         |
| Year-on-Year emissions intensity ratios per: FTE employee; m <sup>2</sup> TA; m <sup>2</sup> GLA; Turnover (ZAR m) |                    |         |                |         |

## GHG Verification Findings and Qualifications

### GHG Reporting

GHGs were only reported in tonnes of CO<sub>2</sub>e, and not also in tonnes of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs. Contrary to the GHGP guidance, due to the transition to adopting AR5 as best practice, GWPs from two IPCC assessment reports were used (AR4 and AR5).

### Scope 2 Market-based reporting:

The use of contractual instruments was reported in FY2022 for the first time. The various contracts/agreements/certificates were reviewed for conformance with the *Scope 2 Quality Criteria*. For SA, no contract was in place to transfer the zero carbon attributes of the wheeled renewable electricity to WHL, whereas for Australasia no evidence was found that the CRG purchased renewable energy did not conform to the *Scope 2 Quality Criteria*.

### GHG Boundary:

WHL disposed of DJ during FY2023. Consequently, aside from the data used for DJ's mandatory reporting in Australia, it was not possible to obtain other information (mostly scope 3). In these instances, FY2021 data was used as a proxy.

### Scope 1:

WW generator fuel consumption was initially materially under-reported due to:

- SA Stores: FY2021 spend data was used instead of updated FY2022 spend.
- RoA Stores: Consumption data was omitted.
- DCs: Fuel consumption was only reported by 2 DCs.

A notable increase (18%) in WW refrigerant gas usage was attributed to more accurate and complete reporting following a service provider issue during FY2021.

### Scope 2:

WHL consumption decreased by 5.6% compared to FY2021, mostly due to more loadshedding. The higher decrease in scope 2 emissions (-7.14%) was attributed to a 1.9%

<sup>7</sup> Renewable energy wheeled via the SA grid as part of an Eskom RET pilot project. This consumption was not accounted as zero carbon as no RECs were issued to WHL for its zero carbon attributes.

<sup>8</sup> No renewable energy purchases or certificates were reported by DJ so it was assumed that none were used.

decrease in Eskom's FY2022 emissions factor, as well as CRG's choice to switch to renewable energy, particularly for its stores in New Zealand.

### Scope 3:

Emissions increased significantly compared to FY2021, primarily due to the inclusion of additional emissions sources in category 1 (Foods packaging) and category 4 (transport to RoA stores and higher CRG spend without DJ). Although business travel emissions increased 4-fold, they were still well below pre-Covid emissions.

### Qualifications:

The following qualifications were raised in relation to the unmodified verification opinion:

- Where data was not available, estimation was used which is subject to inherent inaccuracy. Where the Quantis tool was used to estimate GHG emissions from spend, the emissions are unlikely to be accurate as the tool is outdated and no updates or inflation adjustments have been made since its release in 2015.
- Scope 1 – Generator Fuel: Consumption was estimated from spend. Due to the inclusion of some non-fuel costs (e.g., delivery charges), these emissions may be slightly over-reported.

## Conclusion and Final Verifier Opinion - Unmodified

Misstatements identified during the verification were duly corrected. Based on the evidence obtained in conducting the limited assurance procedures according to ISO 14064-3:2019 and applying the stated criteria, there is no evidence that the WHL GHG statement set out above:

1. has not been prepared in accordance with the principles and requirements of the WRI/WBCSD *GHG Protocol Corporate Accounting and Reporting Standard*; and
2. is not materially correct and is not a fair, complete and accurate representation of WHL's GHG emissions data and information for the FY2022 reporting period.

Notwithstanding the above qualifications, it is our opinion that WHL has established appropriate systems for the collection, aggregation, and analysis of data for quantifying the GHG emissions for the stated period and boundaries.

## Statement of Competence, Independence, and Impartiality

The verification team has extensive experience in the quantification and verification of GHG data, having completed over 100 GHG verification assignments over the past 13 years.

No member of the verification team has a business relationship with WHL beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

### Attestation:



Kerry Evans  
Lead GHG Verifier, GCX  
Cape Town, South Africa  
Date: 15.09.2023



Ohad Shachar  
Sustainability Director, GCX  
Cape Town, South Africa  
Date: 15.09.2023

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