

# WOOLWORTHS HOLDINGS LIMITED

*Carbon Footprint Verification Statement for the 2024 financial year*

START

# FY2024 GHG VERIFICATION REPORT AND OPINION STATEMENT

## 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* ('*GHG Protocol Corporate Standard*')
- **GHG Consolidation Approach:** Operational Control
- **Level of Assurance:** Limited
- **GHG Inventory Period:** 01 July 2023 to 30 June 2024 (FY2024)
- **GHG Inventory:** Refer to *WHL FY23-FY24\_Totals 20240821\_VERIFIED\_6Sept2024.xlsx* with supporting calculations in *WHL\_FY24\_Calcs 20240830\_VerifyCO2.xlsm*

WHL is a JSE-listed retail group based in the southern hemisphere operating through 2 separate entities:

- Woolworths (Pty) Ltd. ('WW'), based in South Africa (SA). WW trades mainly in SA, with a small presence in 10 other sub-Saharan countries ('Africa')
- Country Road Group ('CRG') based in Australia and trading in Australia, NZ and SA

WHL engaged GCX to conduct an independent verification of the Group's FY2024 GHG emissions inventory for assurance that the FY2024 GHG Statement is accurate and complete, and that WHL's reporting conforms with the stated criteria.

From FY2024, instead of there being a 1-year lag in the GHG Statement published in WHL's annual reporting, it is now aligned with the Group's financial accounting period.

This *Verification Opinion Statement* 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 FY2024 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*;
2. Completeness and accuracy of FY2024 scope 1 and 2 emissions; and
3. Reasonableness of reported FY2024 scope 3 emissions.

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

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

## Level of Assurance

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

Applying a materiality threshold of 5%, the objective of this engagement is to provide a limited level of assurance that the GHG Statement below is not materially misstated.

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 aggregated, they could reasonably be expected to influence the intended users' decisions. Verification activities performed to achieve a limited level of assurance are less extensive in nature, timing, and extent than those required for a reasonable assurance engagement.

## GHG Verification Activities

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

- Risk assessment based on a review of the FY2024 GHG data and historical GHG reporting.
- Communication with the WHL and Carbon Calculated teams to clarify anomalies, and to 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 of GHG data to/from source.
- Evaluation of the appropriateness of emission factors, estimation methodologies and assumptions.
- Evaluation of the accuracy and consistency of the GHG emissions and GHG intensity calculations.
- Evaluation of conformity of the GHG Statement to the verification criteria.
- Liaison with Carbon Calculated regarding verification findings and recommended corrective action.
- As retail chain, WHL operations do not involve complex GHG emitting activities and site visits were deemed unnecessary.
- 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, all WHL-controlled facilities<sup>2</sup> globally are included the reporting boundary.

- **Structural Change:** Acquisition of Absolute Pets<sup>3</sup>
- **Organic Change:** Relocation of 2 small KZN warehouses into one, newly constructed facility.<sup>4</sup> Store openings, closures and relocations are ongoing.

As of 30 June 2024, the WHL organizational boundary included:

- **WSA & Africa:** Corporate stores - 447 in SA and 67 in Africa
- **WSA:** Non-Trading facilities - 8 Administrative and 13 Distribution warehouses/cross-docks
- **CRG:** Head Office; 1 Warehouse; 281 non-concession stores – 256 in Australia and 25 in NZ

<sup>2</sup> WHL has no operational control over Woolworths Financial Services (WFS), Engen forecourt stores (Engen is the Franchisor) and CRG concessions. These operations, therefore, fall outside WHL's reporting boundary.

<sup>3</sup> WHL acquired a 93.45% stake in Absolute Pets' chain of +/- 150 pet stores, effective 01 April 2024.

<sup>4</sup> 5 and 7 Surprise Road moved to 20 Surprise Road during FY2024 (WW occupies 11,450 m<sup>2</sup> of this 39,232 m<sup>2</sup> site).

▪ **Reporting Boundary:**

- **Scopes 1 and 2:** GHG emissions for all the above-mentioned facilities are included.
- **Scope 3:** Emissions are reported for 7 out of the 10 categories that are relevant to WHL operations (as per FY2023). However, category 1 is materially incomplete.

▪ **Reporting Exclusions:**

Emissions for the following facilities were specifically excluded from the reporting boundary:

- **WSA:** 5 Now-Now cafes (combined GLA of 526m<sup>2</sup>) and Absolute Pets<sup>5</sup>
- **Africa:** 5 sites (cross-docks and offices); Refrigerants for 25 of the 26 Food stores (if applicable)

**Relevance:** Evaluation of estimated scope 1 and scope 2 emissions for the above exclusions confirmed they are not relevant relative to WHL’s total scope 1 and scope 2 GHG emissions.

## GHG Statement

After correction of misstatements, the verified FY2024 GHG Statement is set out below:

FY2024 GHG Emissions (Tonnes CO <sub>2</sub> e)	WW	CRG	WHL
Scope 1	57 062	165	57 227
Scope 2 (location-based)	311 447	6 227	317 674
Scope 2 (market-based)	311 127	2 051	313 178
<b>Total Scopes 1 &amp; 2 (location-based)</b>	<b>368 510</b>	<b>6 391</b>	<b>374 901</b>
<b>Total Scopes 1 &amp; 2 (market-based)</b>	<b>368 189</b>	<b>2 215<sup>6</sup></b>	<b>370 405</b>
Scope 3 <sup>7</sup>	430 598	59 786	490 383
<b>Total Scopes 1, 2 &amp; 3 (location-based)</b>	<b>799 107</b>	<b>66 177</b>	<b>865 284</b>
<b>Total Scopes 1, 2 &amp; 3 (market-based)</b>	<b>798 787</b>	<b>62 001</b>	<b>860 788</b>
Outside of Scopes – R-22 refrigerant	12 339	19	12 358

n/r – not reported

n/a – not applicable

**100% of WHL’s scope 1 and scope 2 emissions were verified.**

<sup>5</sup> WHL ownership of Absolute pets was effective from Q4 of FY2024.

<sup>6</sup> CRG purchased 100% renewable energy products for several stores in both Australia and New Zealand. The Australian Clean Energy Regulator has legislated 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. For FY2024 the RPP was 18.48%.

<sup>7</sup> Includes emissions from: Cat 3.1. Purchased Goods & Services (incomplete), Cat 2. Capital Goods; Cat 3. Fuel- and Energy-related Activities (T&D losses; WtT (added from FY23); 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.

## GHG Verification Findings

### GHG Reporting

- The following GHGs are relevant to WHL business activities: CO<sub>2</sub>; CH<sub>4</sub>; N<sub>2</sub>O; HFCs and HCFCs.
- Aside from the disaggregation of GHGs into individual tonnes of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs, WHL reporting meets all *GHG Protocol Corporate Standard* reporting requirements.
- The alignment of WHL's GHG disclosure with the financial accounting period from FY2024 allowed little time to collate the GHG data and complete the GHG calculations and verification.
- **Scope 2 Market-based reporting:**  
WHL's FY2024 contractual agreements were reviewed for conformity to the *Scope 2 Quality Criteria*.
  - **SA:** There are now 2 stores with a PPA in place with the landlord. Both PPAs are bundled with environmental attributes and meet the *Scope 2 Quality Criteria*.
  - **Australia:** There is no evidence that the renewable energy purchased from various suppliers, accredited through the GreenPower programme does not conform to the *Scope 2 Quality Criteria*.
  - **NZ:** There is no evidence that the NZECS Certificates redeemed retrospectively do not conform to the *Scope 2 Quality Criteria*.

### GHG Quantification:

#### Scope 1:

##### WSA Generator Diesel:

- FY2024 emissions were initially calculated using data from the new diesel ordering system implemented during FY2023. On analysis, whilst supply chain diesel matched that estimated from spend, stores' consumption was significantly lower. Therefore, as in previous years, diesel spend was used to estimate stores' consumption (with an adjustment for non-fuel costs).
- Consumption was almost half that of FY2023 as there was no loadshedding during Q4 of FY2024. However, it was still almost 3-fold higher than in FY2022 with more moderate loadshedding.

##### Refrigerant Gas:

- Consumption for the Cape Town warehouses was initially omitted.
- Overall gas usage was aligned with previous years but may be incomplete as data was only reported for 1 of the 26 Foods stores in Africa.

#### Scope 2:

- Owing to the timing of the FY2024 GHG disclosure, the DFFE's recently published national grid emissions factor (GEF) was used to calculate SA scope 2 emissions rather than the Eskom FY2024 generation factor, which will only be released towards the end of 2024. The GEF is 2.5% lower than the Eskom emissions factor used to calculate FY2023 scope 2 emissions.
- Scope 2 location-based emissions account for just over 40% of FY2024 scope 1, 2 and 3 emissions (showing a steady year-on-year decrease as WHL's scope 3 reporting becomes more complete).
- Over 90% of reported emissions are based on independently metered data that is monitored for inconsistencies and metering faults on an ongoing basis. Confidence in the accuracy of this data is therefore high.
- Unlike for FY2023, with loadshedding throughout the reporting period, FY2024 only experienced loadshedding during the first 9 months. Consequently, WHL consumption increased by 1% compared to FY2023 (excluding DJ).
- The 1.8% decrease in scope 2 emissions (excluding DJ) is attributed to the above-mentioned lower SA electricity emissions factor applied for FY2024.

## ▪ Scope 3:<sup>8</sup>

WHL's intention for FY2024 was to extend the reporting boundary to include all relevant scope 3 emissions sources i.e., category 1 in full, and additional relevant categories 11,12, 14<sup>9</sup> and 15.

However, due to challenges in obtaining the additional data (in particular, non-trade goods and purchased services), for consistency final FY2024 emissions were reported using the same (incomplete) scope 3 reporting boundary as for FY2023.

### Scope 3.1 – Purchased Goods & Services

- 98% of FY2024 reported category 1 emissions are life cycle emissions associated with packaging materials. The remainder is from office paper and municipal water consumption.
- **CRG:** In the absence of FY2024 packaging data, FY2023 data was used as a proxy.

### Scope 3.2 – Capital Goods

Since the Quantis tool (previously used to estimate category 2 emissions) is no longer available, FY2024 emissions were estimated using EXIOBASE3<sup>10</sup> spend-based emissions factors, adjusted for inflation. The inflation adjustment ensures a more accurate estimate than Quantis.

- **WW:** Each expense item was matched to an EXIOBASE spend category, and the corresponding spend-based emissions factor was then applied to the 'basic' cost.
- **CRG:** Since no spend breakdown was provided, emissions were estimated by applying the weighted average of the emissions factors used for WSA to overall CRG capex.

### Scope 3.3 – Fuel/Energy Related Activities

- To account for the full life cycle of indirect fuels, following the IEA's 2023 pilot release of emissions factors, upstream well-to-tank emissions for purchased electricity (including the associated T&D losses) were included in category 3. This resulted in a significant increase in category 3 emissions. After enquiry, the IEA advised that the new T&D emissions factors include both upstream and downstream T&D losses. Since this was clarified post audit, FY2024 should be restated to correct for this double counting of emissions (equivalent to +/- 29,000 tCO<sub>2</sub>e).

### Scope 3.4 – Upstream Transport & Distribution

Overall FY2024 reporting was aligned with FY2023 and included previously unreported data for transportation of equipment and furnishings to Woolworths stores.

Fuel or tonne.km data was provided for all inbound and outbound transport except WSA imported goods and DASH on-demand local transport.

- **Imported Goods:** Air and sea freight emissions for were estimated based on spend, using the EXIOBASE3 spend categories and inflation-adjusted emissions factors.
- **DASH:** FY2022 spend was used to estimate DASH emissions using EXIOBASE3, as above. Emissions are most likely under-estimated considering the increase in uptake of on-demand delivery services in SA since FY2022.

<sup>8</sup> From FY2024 WHL will endeavour to report on all relevant scope 3 categories. However, owing to the volume of data and complexity of the emissions calculations, scope 3 emissions will continue to be reported a year in arrears. This will also allow the requisite time for the data and calculations to be independently verified prior to disclosure.

<sup>9</sup> WHL has indicated that franchise operations in Engen forecourt stores are not applicable (Engen is the Franchisor).

<sup>10</sup> EXIOBASE is a global, detailed Multi-Regional Environmentally Extended Input-Output system (EE-MRIO). Emissions factors account for all upstream emissions associated with a product, from resource extraction to production and transportation. EXIOBASE3 is one of the most extensive EE-MRIO systems available worldwide.

### Scope 3.6 Business Travel

- Year-on-year business travel activity was aligned with FY2023 and is still below pre-Covid levels.
- Although both WHL service providers have a CO<sub>2</sub>e calculation function built into their booking software, this data could not be used as the underlying parameters are outdated.

### Scope 3.7 - Employee Commute

- **WSA:** An updated travel survey was carried out for FY2023 reporting. The notable decrease in emissions compared to previous years is attributed to a more representative sample of respondents (i.e., 92% store and warehouse-based employees, using mostly public transport, and 8% office-based employees, using mostly private transport).
- **CRG:** Emissions may be overestimated as the tCO<sub>2</sub>e commuting intensity per employee is particularly high for a country with a good public transport network.

Additional FY2024 Data Points Verified	WW	CRG	WHL
Total grid electricity purchased (MWh)	323 366	3 177	326 543
Total renewable electricity purchased (MWh)	471 <sup>11</sup>	6 790	7 261
Total gross on-site self-generation (MWh) (100% renewable solar PV)	1 938.5	100.5	2 039
Self-generation consumed (MWh)	1 938.5	85.5	2 024
Total electricity consumed (MWh)	325 775	10 053	335 828
% Renewable energy (RE) consumed			2.76% <sup>12</sup>
Municipal Water Consumption (kl)	664 625	No data	664 625
<b>Year-on-year (YoY) change in GHG emissions:</b> Scope 1; Scope 2; Scopes 1 & 2			
<b>YoY Emissions intensities:</b> FTE employees/year; m <sup>2</sup> <sub>TA</sub> /year; m <sup>2</sup> <sub>GLA</sub> /year; Turnover (ZAR m)/year			

## Qualifications:

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

- **Scope 1 Generator Fuel:** Consumption was estimated from spend, adjusted for delivery charges. Since some non-fuel costs may still be included, these emissions may be over-reported.
- **Scope 3.2 Capital Goods:** Due to the broadness of the EXIOBASE spend categories, the assignment of capex to these categories is inherently subjective.

## GHG Verification Recommendations

### GHG Reporting

Going forward, given the volume of scope 3 data and complexity of the emissions calculations, to ensure accuracy it is recommended that these emissions should be reported a year in arrears i.e. the accounting period for scopes 1 and 2 will be different than that for scope 3.

This will also ensure there is sufficient time for the scope 3 data and calculations to be independently verified prior to public disclosure.

<sup>11</sup> From FY2024, WSA no longer participated in Eskom's RET renewable energy wheeling project.

<sup>12</sup> The decrease in RE from 5.88% in FY2023 to 2.76% in FY2024 (2.86% in FY2022) is attributed to WSA no longer participating in the Eskom RET wheeling program.

## ▪ **Scope 1:**

**Refrigerant gases:** Gas refill data for all 26 Food stores in Africa should be recorded.

**Generators:** Divisional purchase orders should not be used as the primary data source until preferred suppliers are appointed for all divisions, and all stores have migrated to this system. It is recommended that the CY2023 NGERs submission should be reviewed for completeness.

## ▪ **Scope 3:**

### **Scope 3.1 – Purchased Goods & Services**

- For completeness, all omitted spend on non-trade goods and services should be reported.

### **Scope 3.3 – Fuel/Energy Related Activities**

- FY2024 T&D loss emissions to be restated due to double counting of downstream T&D losses.

### **Scope 3.4 – Upstream Transport & Distribution**

- For more accurate reporting, further analysis into the origin of imported goods (both direct and indirect) is recommended.
- Ideally data from WHL/CRG forwarding agents (e.g. DSV) including all international freight movements should be used for GHG reporting instead of that from the shipping and airlines.

### **Scope 3.6 - Business Travel**

- To save on the time and cost involved in recalculating these emissions, WHL service providers can be asked to update both their methodology and emissions factors to align with best practice.
- Emissions factors should be updated at least every second year.

### **Scope 3.7 - Employee Commute**

- CRG is encouraged to review their commuting calculations as the tCO<sub>2</sub>e intensity per employee is almost 3 times higher than that of WSA.

### **Scope 3.14 - Franchises**

- WHL and Carbon Calculated should reassess this category for relevance.

## **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 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. that the scope 1 and scope 2 emissions are not materially correct and a fair, complete and accurate representation of WHL's GHG emissions data and information for the FY2024 reporting period.
3. that the reported scope 3 emissions are not reasonable considering WHL's business activities and historical GHG reporting.

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



## Statement of Competence, Independence, and Impartiality

The verification team has extensive experience corporate GHG verification across various sectors. 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:** 25.09.2024



**Ohad Shachar**  
Sustainability Director, GCX  
Cape Town, South Africa  
**Date:** 25.09.2024

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*We appreciate any feedback on our Good Business Journey Report.  
Please contact [GoodBusinessJourney@woolworths.co.za](mailto:GoodBusinessJourney@woolworths.co.za)*