

A hand holding water with a wind turbine in the background. The hand is cupped, and water is falling from it. The background is a blurred landscape with a wind turbine on the left and a field of yellow flowers in the foreground.

200



200 years proudly supporting Australia

Westpac Climate Bond Impact Report May 2018

**Dow Jones Sustainability Indices
Number one bank globally in 2017,
for the 4th year in a row and the 10th time
since the index was established**

Westpac Banking Corporation
ABN 33 007 457 141

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Climate Change Solutions

Westpac Climate Change Solutions Overview

- **Westpac Group has long recognised that climate change is one of the most significant issues that will impact the long-term prosperity of our economy and way of life.**
- **We are focussed on providing finance to back Climate Change Solutions**
 - Building on the climate change scenario analysis Westpac completed in 2016, we have set our targets based on the current outlook for investment in climate change solutions that is required to remain on a credible pathway to a net zero emissions outcome by 2050. We define climate change solutions as those technologies and practices that are consistent with the investment required to limit global warming to less than two degrees and address its impacts
 - Westpac's plan to provide finance to back climate change solutions encompasses the total direct and indirect financing of customers to the extent they are involved in the activities defined as Climate Change Solutions, and those that broadly align with the Climate Bond Initiatives (CBI) taxonomy
 - As a founding signatory to the Equator Principles, where an asset is financed by project finance, Westpac agreed to provide loans only for projects whose sponsors can demonstrate their ability and willingness to comply with processes that ensure they are developed in a socially responsible manner, according to sound environmental management practices
- **Westpac Climate Bonds**
 - Westpac issues Climate Bonds as part of its commitment to facilitate up to \$3 billion in climate change solutions by 2020, e.g. green bond issuance and arrangement
 - The procedures outlined in our Climate Bond Framework document set out the process for regular tracking of the climate bond issuance and asset allocation pool. On issuance of a climate bond the climate bond net proceeds will be invested in line with our climate change solutions strategic focus and Climate Change Action Plan.
 - <https://www.westpac.com.au/about-westpac/investor-centre/fixed-income-investors/>

Climate Change Solutions

Westpac Climate Change Solutions Overview cont.

- **Climate Change Solutions** activities are those which
 - Have been specifically identified as such (refer to the list below)
 - Broadly align with the Climate Bond Initiatives (CBI) taxonomy
 - Comply with the Equator Principles where asset is financed by project finance
- **Climate Change Solutions** should include but are not limited to
 - Renewable energy
 - Energy efficiency technologies
 - Green buildings
 - Low-emissions transport
 - Waste
 - Water
 - Carbon abatement and sequestration projects
 - Forestry and land rehabilitation
 - Adaptation infrastructure
- Our climate change position statement and action plan builds on our strong track record, outlining the next phase of actions we are taking to meet our commitment to operate in a manner consistent with limiting global warming to less than two degrees Celsius above pre-industrial levels
 - Find out more at <https://www.westpac.com.au/about-westpac/sustainability/>

White Rock Wind Farm



Image of Hallett Wind Farm courtesy of AGL Energy



Projects included in Climate Bond pool

CUSTOMER	STATE	SECTOR	DESCRIPTION
Horizon MP Management (70 Eagle Street)	QLD	Low Carbon Commercial Prop	5 Star NABERS rating
Green Building 1	AUST	Low Carbon Commercial Prop	5 Star NABERS rating
Green Building 2	AUST	Low Carbon Commercial Prop	5 Star NABERS rating
City West ACT	ACT	Low Carbon Commercial Prop	5 Star NABERS rating
PGA Creek	QLD	Low Carbon Commercial Prop	5.5 Star NABERS rating
55 Elizabeth Street Brisbane	QLD	Low Carbon Commercial Prop	5 Star NABERS rating
Zenith Sub Trust, Chatswood	NSW	Low Carbon Commercial Prop	5 Star NABERS rating
Green Building 3	NSW	Low Carbon Commercial Prop	5 Star NABERS rating expected
Green Building 4	NSW	Low Carbon Commercial Prop	5 Star NABERS rating expected
Green Building 5	NSW	Low Carbon Commercial Prop	5 Star NABERS rating expected
321 Exhibition Street, Melbourne	VIC	Low Carbon Commercial Prop	6 Star NABERS rating
Rail Asset 1	NSW	Low Carbon Transport	In construction (no data reported to date)
PARF Finco 1 (Nyngan and Broken Hill PV)	NSW	Renewable Energy Projects (Solar)	Direct lending and refinancing of existing asset
Ross River Operations Trust	QLD	Renewable Energy Projects (Solar)	In construction (no data reported to date)
Transmission Line 1	VIC	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
Transmission Line 2	VIC	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
Oaklands Hill Wind Farm	VIC	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
Hallett 4 Wind Farm (North Brown Hill)	SA	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
Hallett 5 Wind Farm (Bluff Range)	SA	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
Gunning Wind Energy Developments Pty Ltd	WA	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
Collgar Wind Farm	VIC	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
Wind Farm 1	AUST	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
Pyrenees Wind Energy Developments Pty Ltd	VIC	Renewable Energy Projects (Wind)	Direct lending and refinancing of existing asset
White Rock Wind farm	NSW	Renewable Energy Projects (Wind)	Stage 1 Complete
PARF Silverton Finco Pty Ltd Windfarm	NSW	Renewable Energy Projects (Wind)	In construction (no data reported to date)
PARF Coopers Gap Finco Pty Ltd	QLD	Renewable Energy Projects (Wind)	In construction (no data reported to date)
Tilt Renewables Limited	AUST	Renewable Energy Projects (Wind)	Direct lending to portfolio of renewable assets

AGGREGATE STATISTICS (TCE as at 30/09/2017)	\$m	%
Renewable Energy Projects (Solar)	AUD 126.371	6
Renewable Energy Projects (Wind)	AUD 759.696	36
Green Buildings	AUD 1,064.853	50
Low Carbon Transport	AUD 177.279	8
Total	AUD 2,128.199	100

Outstanding Issuance (as at 31/03/18)	\$m	Public/Private
AUD senior 5 year due 2021	AUD 500	Public Benchmark
USD senior 10 year due 2027	USD 50 / AUD64	Private Placement (FX 0.7834 as at 31/03/18)
EUR senior 7 year due date 2024	EUR 500 / AUD 754	Public Benchmark (FX 1.508 as at 31/03/18)
AUD senior 5 year due date 2023	AUD 117.3	Uridashi

Remaining Pool Capacity	AUD 693
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Westpac Climate Bond – Environmental Impacts



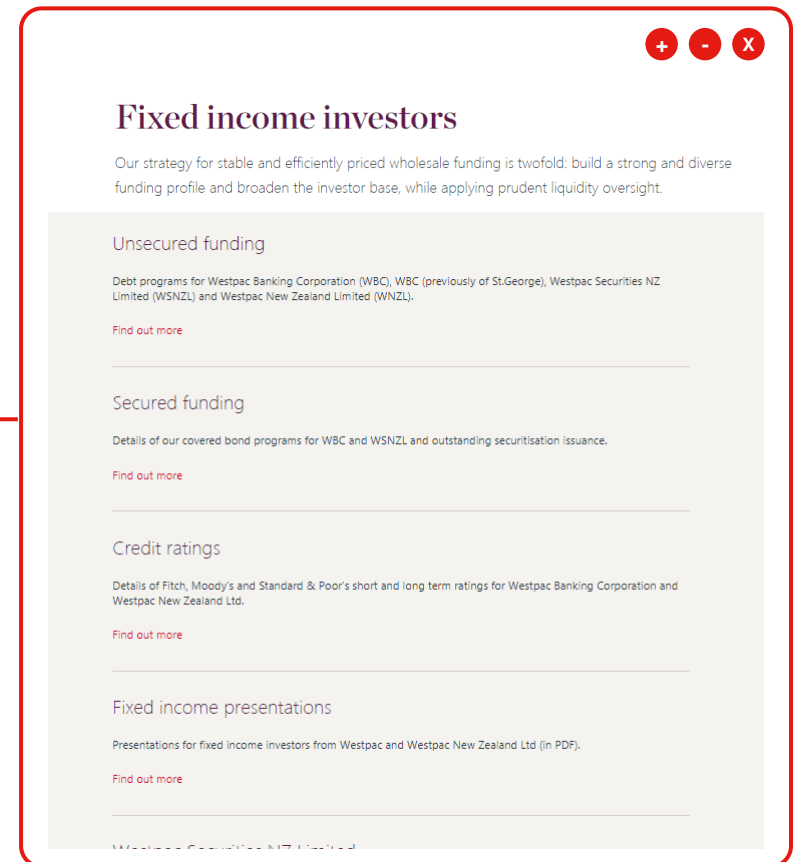
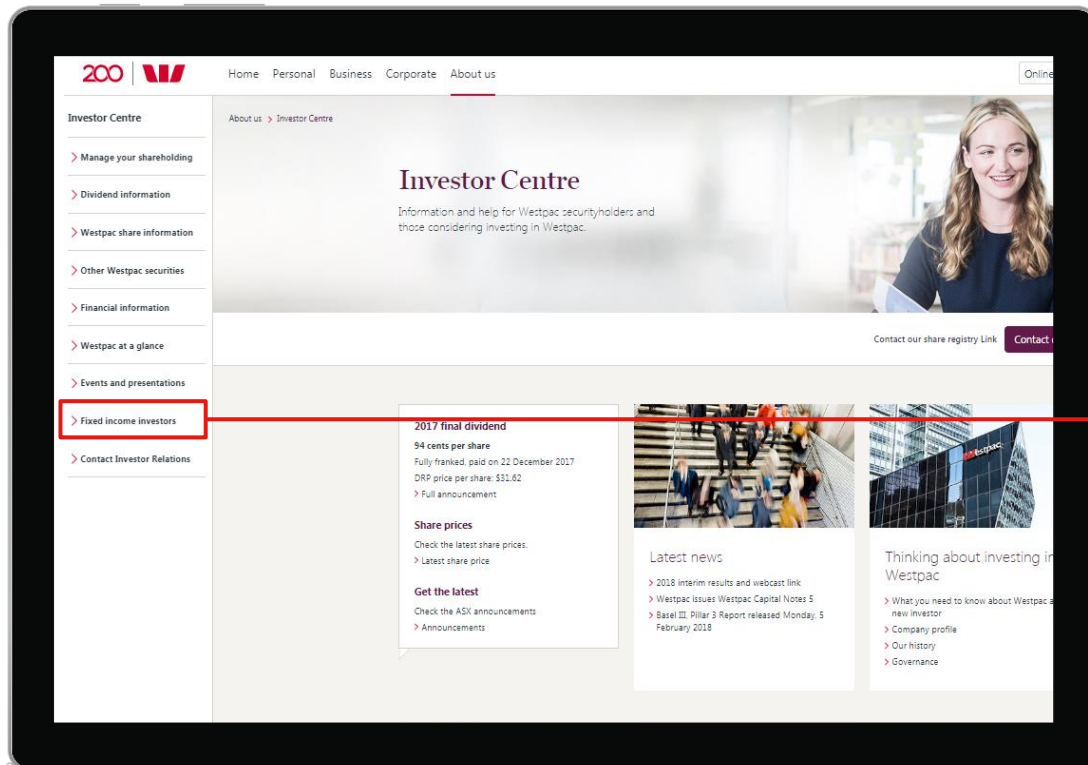
- Renewable energy projects financed in part by Westpac Climate Bonds have potential to:
 - Generate 4,297,041 million megawatt hours (MWh) of clean energy
 - Reduce annual greenhouse gas emissions (GHG) by 3,603,550 million tCO₂e (tonne of carbon dioxide equivalents) Westpac’s share estimated share for RE is **1,081,065 (tCO₂e)**
- Green buildings² financed in part by Westpac Climate Bonds have, on average, a **28%**³ lower emissions intensity against the Climate Bond Initiative’s state benchmark for energy efficiency with ten year duration

As at 30 September 2017

Energy Efficiency	Total Committed Exposure A\$m	Share of Portfolio Financing (%)	Eligibility for Green Bonds (%)	Average Portfolio Lifetime (Months) ⁵	Net Lettable Area (sqm)	Average Portfolio GHG Intensity (kgCO ₂ /sqm) ³	Better than CBI top 15% Statewide Benchmark	Capacity (MW)	Annual Energy Generation (MWh) ⁴	Annual GHG emissions avoided ⁷ (tCO ₂ e)	Westpac’s estimated proportion ¹ (tCO ₂ e)
Green Buildings	1,064.853	50	100	27	484,890.40	50.11	28%				
RE Projects (Wind)	759.696	36	100	31				2,072.50	3,900,176	3,263,650	979,095
RE Projects (Solar)	126.371	6	100	53				155	396,866	339,900	101,970
Low Carbon Transport ⁶	177.279	8	100	22							
TOTAL	2,128.199	100	100	31	484,890.40	50.11	28%	2,227.50	4,297,041	3,603,550	1,081,065

Notes

- ¹ Renewable energy financing is generally syndicated across several banks and Westpac’s share has been estimated at approximately 30% in the numbers above
- ² Green Building financing varies across assets and Westpac’s share has been estimated at 25-50% in the numbers above
- ³ CBI standard uses baseline in a particular city representing the top 15% in terms of carbon intensity (kg CO₂/m sq) Average city GHG intensity 69.28 kgCO₂/sqm p.a.(using CBI calculator 2016-2027 duration)
- ⁴ Generation for RE assets based on generation from either asset operating reports or (Australian Energy Market Operator) AEMO dispatch data where available, or project specific reporting
- ⁵ Most projects are refinanced on a 5 yearly cycle, regardless of project lifetime
- ⁶ Low Carbon Transport project still in construction
- ⁷ Emission reductions (TCO₂e/MWH) is the GHG intensity of National Energy Market GHG 2017 of 0.8565 * MWh Generated (annual). Intensity is sum of daily total emissions/energy for the NEM (Numbers do not exactly reconcile as taking conservative low side estimate of emissions avoided for Collgar Wind Farm)
- Where projects are still in construction TCE and MW capacity numbers are reported and included as estimated, but emissions reduced/avoided numbers are not yet included



Contact our Global Funding team

Curt Zuber

Treasurer, Westpac Banking Corporation
 ☎ +61 2 8253 4230
 ✉ czuber@westpac.com.au

Richard Salmon

Director, Global Funding
 ☎ +61 2 8253 4314
 ✉ rsalmon@westpac.com.au

Joanne Dawson

Deputy Treasurer, Westpac Banking Corporation
 ☎ +61 2 8204 2777
 ✉ joannedawson@westpac.com.au

Nick Cooper

Senior Associate, Global Funding
 ☎ +61 2 8253 4314
 ✉ nicholascooper@westpac.com.au

Alexander Bischoff

Executive Director, Global Funding
 ☎ +61 2 8253 4314
 ✉ abischoff@westpac.com.au

Jacqueline Boddy

Director, Debt Investor Relations
 ☎ +61 2 8253 3133
 ✉ jboddy@westpac.com.au