

# Westpac Green Bond Impact Report

March 2023



# Disclaimer

The material contained in this presentation is intended to be general background information on Westpac Banking Corporation (“Westpac”) (ABN 33 007 457 141) and its activities.

It should not be reproduced, distributed or transmitted to any person without the consent of Westpac and is not intended for distribution in any jurisdiction in which such distribution would be contrary to local law or regulation. It does not constitute a prospectus, offering memorandum or offer of securities.

The information is supplied in summary form and is therefore not necessarily complete. Also, it is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs. The material contained in this presentation may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

All amounts are in Australian dollars unless otherwise indicated.

Unless otherwise noted, the financial information in this presentation may be presented on a cash earnings basis. Cash earnings is a non-GAAP measure. Refer to Westpac’s 2022 Annual Report (incorporating the requirements of Appendix 4E) for the year ended 30 September 2022 available at [www.westpac.com.au](http://www.westpac.com.au) for details of the basis of preparation of cash earnings.

Financial data in this presentation is as at 30 September 2022 unless otherwise indicated.

Information contained in or otherwise accessible through the websites mentioned in this presentation does not form part of the presentation unless we specifically state that the information is incorporated by reference thereby forming part of the presentation. All references in this presentation to websites are inactive textual references and are for information only.

## Disclosure regarding forward-looking statements

This presentation contains statements that constitute “forward-looking statements” within the meaning of Section 21E of the US Securities Exchange Act of 1934. Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements appear in a number of places in this presentation and include statements regarding Westpac’s intent, belief or current expectations with respect to its business and operations, macro and micro economic and market conditions, results of operations and financial condition, capital adequacy and risk management, including, without limitation, future loan loss provisions and financial support to certain borrowers, forecasted economic indicators and performance metric outcomes, indicative drivers, climate and other sustainability-related statements, commitments, targets, projections and metrics, and other estimated and proxy data.

Words such as ‘will’, ‘may’, ‘expect’, ‘indicative’, ‘intend’, ‘seek’, ‘would’, ‘should’, ‘could’, ‘continue’, ‘plan’, ‘aim’, ‘probability’, ‘risk’, ‘forecast’, ‘likely’, ‘estimate’, ‘anticipate’, ‘believe’, ‘outlook’, ‘assumption’, ‘projection’, ‘target’, ‘goal’, ‘guidance’, ‘ambition’ or other similar words, are used to identify forward-looking statements. These forward-looking statements reflect our current views on future events and are subject to change, certain known and unknown risks, uncertainties and assumptions and other factors which are, in many instances, beyond our control (and control of our officers, employees, agents and advisors) and have been made based upon management’s expectations and beliefs concerning future developments and their potential effect upon Westpac

There can be no assurance that future developments or performance will align with our expectations or that the effect of future developments on us will be those anticipated. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results could differ materially from the expectations described in this presentation. Factors that may impact on the forward-looking statements made include, but are not limited to, those described in the section titled ‘Risk factors’ in Westpac’s 2022 Annual Report on Form 20-F for the year ended 30 September 2022 available at [www.westpac.com.au](http://www.westpac.com.au). When relying on forward-looking statements to make decisions with respect to Westpac, investors and others should carefully consider foregoing factors and other uncertainties and events. Except as required by law, we assume no obligation to revise or update any forward-looking statements contained in this presentation, whether from new information, future events or otherwise, after the date of this presentation.

# Westpac's ambition to become a net-zero, climate resilient bank

## Overview

Climate change is a significant issue that will impact the long-term prosperity of the economy and our way of life.

We recognise the effects of climate change already impact our business, customers and community. It is our ambition to become a net-zero, climate resilient bank and in July 2022 we joined the Net-Zero Banking Alliance (NZBA).

Our climate change strategy is detailed in our Climate Change Position Statement and Action Plan (Climate Action Plan), which was updated in 2022.

The Climate Action Plan sets our ambition to become a net-zero, climate resilient bank. This means that we are working to reduce our operational and financed emissions in line with a commitment to align with a 1.5°C pathway to net-zero by 2050.

The updated Climate Action Plan identifies three priority areas where we aim to direct our attention:

1. Net-zero, climate resilient operations
2. Supporting customers' transition to net-zero and to build their climate resilience
3. Collaborate for impact on initiatives towards net-zero and climate resilience

More information can be found in Westpac's Climate Change Position Statement and Action Plan available at: [www.westpac.com.au/sustainability](http://www.westpac.com.au/sustainability)

Westpac continues to make progress against its targets for lending to and facilitating investment in climate change solutions.

In FY22, we achieved over \$1.9 billion in new lending to climate change solutions taking us to over \$3.8 billion since 2020, achieving our target of \$3.5 billion in new lending from 2020 to 2023, and working towards our target of \$15 billion in new lending by 2030. As at the end of FY22, Westpac's total exposure to climate change solutions is \$10.8 billion.

Climate change solutions involve process changes used to reduce environmental impacts or greenhouse gas emissions and are over and above normal compliance obligations. These activities are listed and defined in Westpac's 2022 Sustainability Index and Datasheet available at: <https://www.westpac.com.au/about-westpac/sustainability/performance-reports/>

Green Bonds<sup>1</sup> are issued by Westpac as part of its commitment to accelerating the transition to a low carbon economy. The net proceeds of Westpac's Green Bonds are used to finance or refinance projects or assets which meet the requirements of the Climate Bond Initiative (CBI) Standard (which is also aligned with the Green Bond Principles).

More information can be found at: <https://www.westpac.com.au/about-westpac/investor-centre/fixed-income-investors/green-bonds/>



 Available at [westpac.com.au/sustainability](http://westpac.com.au/sustainability)

### Notes

1 Westpac's Green Bonds were previously referred to as "Climate Bonds".

# Green Bond Issuance Statistics

Aggregate Statistics (30 September 2022)		\$m		%
Energy Efficiency	TCE <sup>1</sup> (A\$m)	Drawn Amount <sup>2</sup> (A\$m)	Share of Green Bond Pool <sup>3</sup> (%)	
Low Carbon Buildings	731.5	635.5	24.9	
Renewable Energy	1,673.2	1,580.5	57.0	
Low Carbon Transport (Rail)	531.5	471.9	18.1	
<b>Total</b>	<b>2,936.2</b>	<b>2,687.9</b>	<b>100%</b>	

Outstanding Issuance	Equivalent <sup>4</sup> (A\$m)	Original Currency (m)	Public/Private
USD Senior 10 year due 2027	63.8	USD 50.0	Private Placement
EUR Senior 7 year due date 2024	754.0	EUR 500.0	Public EUR EMTN Benchmark
AUD Senior 5 year due date 2023	117.3	AUD 117.3	Public Uridashi
EUR Tier 2 10nc5 year due date 2026 <sup>5</sup>	1,550.5	EUR 1,000.0	Public EUR Tier 2 Benchmark
<b>Total</b>	<b>2,485.6</b>		
<b>Remaining Pool Capacity</b>	<b>450.5</b>		

## Notes

1 TCE (Total Committed Exposures) represent the lending commitment to fund the projects/assets.

2 The amount drawn against the lending commitment for each project/asset.

3 Share of Green Bond Pool is calculated as % of TCE.

4 FX rate used to derive the AUD equivalent is at the time of the Green Bond issuance.

5 Contractual maturity date for callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure.



# Green Bond Project & Asset Allocation



Renewable Energy – Solar & Wind					
Bango Finance Pty Ltd	NSW	Project finance to support construction of the wind farm.	Metz Finco Pty Ltd	NSW	Project finance to support construction of the solar farm.
Clare Solar Farm Finance Pty Ltd	QLD	Direct lending and refinancing of existing asset.	Murra Warra Finco Pty Ltd	VIC	Project finance to support construction of the wind farm.
CRWF Finance Pty Ltd	NSW	Project finance to support construction of the wind farm.	NESF Finco Pty Ltd	NSW	Project finance to support construction of the solar farm.
Darlington Point Solar Farm Pty Ltd	NSW	Direct lending and refinancing of existing asset.	Pacific Hydro Haughton Solar Farm Pty Ltd	QLD	Project financed solar project.
Dulacca Energy Project Finco Pty Ltd	QLD	Project finance to support construction of the wind farm.	PARF Coopers Gap Finco Pty Ltd	QLD	Project finance to support construction of the wind farm.
Emerald Energy Finance Pty Ltd	QLD	Project finance to support construction of the solar farm.	PISA Acquisition Finance Pty Ltd	NSW, SA, VIC	Project finance to support portfolio of operating and in construction wind and solar farms.
Finley Solar Finance Pty Ltd	NSW	Project finance to support construction of the solar farm.	Ross River Operations Trust	QLD	Project financed solar project.
Genex Power Limited	NSW, QLD	Project finance to support two solar farms.	Stockyard Hill Wind Farm Pty Ltd	VIC	Project finance to support construction of the wind farm.
Hallett 4 Wind Farm	SA	Direct lending and refinancing of existing asset.	Wind Asset 1	VIC	Project financing for transmissions infrastructure supporting wind.
Hallett 5 Wind Farm	SA	Direct lending and refinancing of existing asset.	West Wyalong Finco Pty Ltd	NSW	Project finance for construction of the solar farm.
Lal Lal Wind Farms Finco Pty Ltd	VIC	Project finance to support construction of the wind farm.	Wind Asset 2	NSW	Project financed wind farm.
Megawatt Financing Pty Ltd	VIC	Project financed wind farm.	Cattle Hill Wind Farm	TAS	Project finance to support construction of the wind farm.
Metka EGN Australia Holdings Trust	NSW	Project finance for three solar farms.	Woolooga Finco Pty Ltd	QLD	Project finance for construction of the solar farm.



Low Carbon Buildings		
Low Carbon Building Asset 1	SA	5 star NABERs rating.
Low Carbon Building Asset 2	QLD	6 star NABERs rating.
Low Carbon Building Asset 3	WA	6 star NABERs rating.
Low Carbon Building Asset 4	QLD	6 star NABERs rating.
Low Carbon Building Asset 5 <sup>1</sup>	NSW	5.5 star NABERs rating.
Low Carbon Building Asset 6	NSW	6 star NABERs rating.
Low Carbon Building Asset 7	VIC	5.5 star NABERs rating.
Low Carbon Building Asset 8	VIC	5 star NABERs rating.

## Notes

1 Low Carbon Building Asset has 3 underlying commercial buildings with 5.5 and 6 star NABERs ratings.



Low Carbon Transport (Rail)		
Airport Link Finance Pty Ltd	NSW	Rail station operator.
Evolution Rail Pty Ltd	VIC	Delivery and maintenance of High Capacity Metro Trains rolling stock.
NRT CSW Finance Pty Ltd	NSW	Delivery and maintenance of rolling stock and train systems.
NRT Finance Pty Ltd	NSW	Construction and maintenance of rail stations, rolling stock and train systems.
Rail Asset 1	VIC	Construction and maintenance of rail stations and tunnels.

# Environmental Impacts

## Low Carbon Buildings

### Environmental Impacts



- Low Carbon Buildings financed in part by Westpac Green Bonds have a 47% lower greenhouse gas (GHG) emissions intensity ( $\text{kgCO}_2\text{-e/m}^2$ ) compared to the weighted average Climate Bond Initiative (CBI) city emissions performance benchmark for energy efficiency.<sup>1</sup>

### Environmental Impact Assessment Overview

As at 30 September 2022

Asset Category	Total Committed Exposure (A\$m)	Share of Green Bond Pool (%)	Eligibility for Green Bonds (%)	Remaining Weighted Average Portfolio Lifetime (Months)	Net Lettable Area ( $\text{m}^2$ )	Weighted Average Portfolio GHG Intensity ( $\text{kgCO}_2\text{-e/m}^2$ )	Better than Weighted CBI Benchmark (%)
Low Carbon Buildings	731.5	24.9	100	32.3	450,517.2	37.13	46.7

- Low Carbon Buildings make up 24.9% of the total share of the Green Bond pool as at 30 September 2022.
- Eligibility criteria is assessed in accordance with CBI Sector Eligibility Criteria.
- Each Low Carbon Building is assessed for its GHG intensity via published information on NABERS<sup>2</sup> (if the building has been in operation for more than 1 year and has a NABERS rating). The weighted average portfolio GHG intensity ( $\text{kgCO}_2\text{-e/m}^2$ ) is then compared to the weighted average CBI top 15% city emissions performance benchmark.
- CBI Standard uses emission footprint baseline in a particular city representing the top 15% for carbon intensity ( $\text{kgCO}_2\text{-e/m}^2$ ). Weighted average city GHG intensity is  $69.67 \text{ kgCO}_2\text{-e/m}^2$  per year (using CBI calculator 2017-2027 duration).

#### Notes

- Average CBI top 15% city emissions performance benchmark includes only those cities relevant to the Low Carbon Buildings in Westpac's Green Bond pool. The performance benchmark is linked to Westpac Green Bond issuance of 10 year duration.
- Where NABERS ratings and published information are not available, Westpac endeavours to use best estimates from asset owners such as engineer's reports.

# Environmental Impacts

## Renewable Energy

### Environmental Impacts



- Renewable Energy projects and assets financed in part by Westpac Green Bonds have the potential to:
  - Generate 17.1 million megawatt hours (MWh) of clean energy; and
  - Avoid 11.1 million tonnes of annual GHG emissions (tCO<sub>2</sub>-e).
- Westpac’s estimated share for renewable energy is 2.4 million tCO<sub>2</sub>-e avoided.

### Environmental Impact Assessment Overview

As at 30 September 2022

Asset Category	Total Committed Exposure (A\$m)	Share of Green Bond Pool (%)	Eligibility for Green Bonds (%)	Remaining Weighted Average Portfolio Lifetime (Months)	Capacity (MW)	Annual Energy Generation (MWh)	Annual GHG emissions avoided (tCO <sub>2</sub> -e)	Westpac’s estimated proportion (tCO <sub>2</sub> -e) <sup>1</sup>
Renewable Energy	1,673.2	57.0	100	23.7	5,944.0	17,138,353.0	11,107,922.8	2,445,256.2

- Renewables energy projects/assets make up 57.0% of the total share of the Green Bond Pool as at 30 September 2022.
- Energy generation (MWh/year) for operating project/assets is based on actual generation data (where available). Where projects were in construction for all or part of the year, forecast generation figures are taken using the P50 Predicted Methodology.
- Renewable energy generation is assumed to have avoided GHG emissions, calculated as follows: Emissions avoided (tCO<sub>2</sub>-e) = Annual energy generation (MWh) x NEM intensity (tCO<sub>2</sub>-e/MWh). In FY22 the NEM<sup>2</sup> emissions intensity was 0.648 (tCO<sub>2</sub>-e/MWh)<sup>3</sup>.

#### Notes

<sup>1</sup> Renewable Energy project financing is generally syndicated across several banks. Westpac’s share in the syndicated debt is used to estimate Westpac’s proportion of emissions avoided.

<sup>2</sup> NEM is the National Electricity Market connecting NSW, ACT, QLD, SA, VIC and TAS.

<sup>3</sup> The NEM emissions intensity is calculated by using data drawn from the Carbon Dioxide Equivalent Intensity Index (CDEII). This is calculated by the sum of total NEM emissions (tCO<sub>2</sub>-e) divided by the sum of total NEM Electricity Production (MWh).

# Environmental Impacts

## Low Carbon Transport

### Environmental Impacts



- Low Carbon Transport (rail) projects and assets financed in part by Westpac Green Bonds have the potential to reduce annual GHG emissions by 115,140.0 tCO<sub>2</sub>-e.
- Westpac's estimated share for low carbon transport is 14,329.2 tCO<sub>2</sub>-e avoided.

### Environmental Impact Assessment Overview

As at 30 September 2022

Asset Category	Total Committed Exposure (A\$m)	Share of Green Bond Pool (%)	Eligibility for Green Bonds (%)	Remaining Weighted Average Portfolio Lifetime (Months)	Annual GHG emissions avoided (tCO <sub>2</sub> -e)	Westpac's estimated proportion (tCO <sub>2</sub> -e) <sup>1</sup>
Low Carbon Transport	531.5	18.1	100	30.5	115,140.0	14,329.2

- Low Carbon Transport (rail) projects/assets make up 18.1% of the total share of Green Bond Pool as at 30 September 2022. The assets/projects in the Green Bond pool relate to rail and are under construction or in operation.
- In estimating the GHG emissions avoided (tCO<sub>2</sub>-e), the focus was on the operational phase of the project/asset life cycle<sup>2</sup>. The estimated numbers are sourced from either the assets/projects' environmental effects statements or based on modal shift by comparing road transport GHG emissions per annum to passenger rail travel GHG emissions per annum<sup>3</sup>.

#### Notes

1 Low Carbon Transport financing is generally syndicated across several banks. Westpac's share in the syndicated debt is used to estimate Westpac's proportion of emissions avoided.

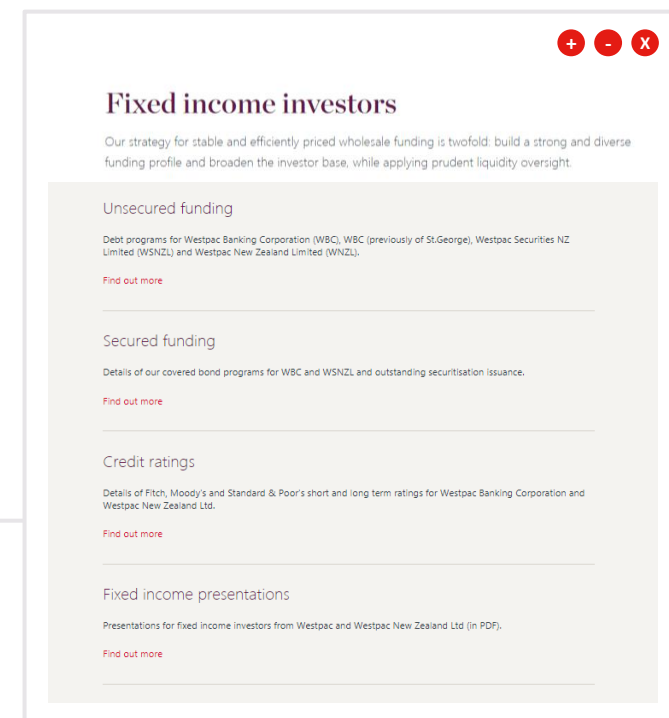
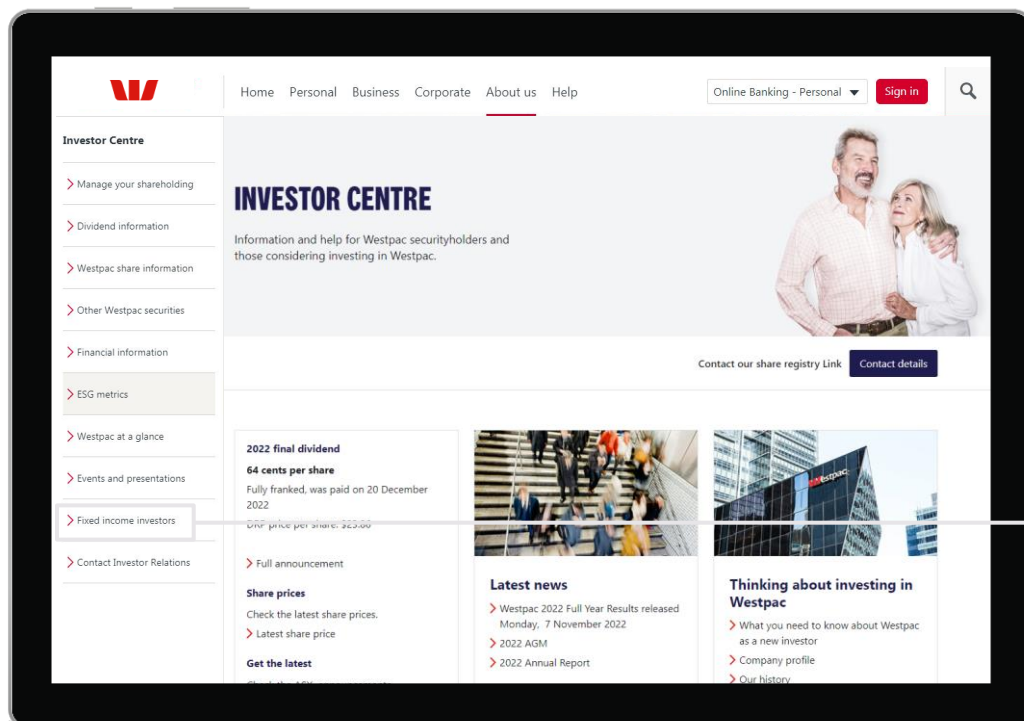
2 Where information is available on GHG emission intensity of the project during the construction phase, this has been included in the estimate of the GHG emission avoided (tCO<sub>2</sub>-e).

3 The functional unit used for the modal shift is assumed to be 150 grams CO<sub>2</sub> per passenger kilometres travelled (PKT) for cars and 90 grams CO<sub>2</sub> per PKT for national average passenger rail projected to 2030 (source: Melbourne Metro Rail Authority).



# More information

www.westpac.com.au/investorcentre



## Group Treasury & Investor Relations Team

### Alexander Bischoff

Head of Balance Sheet, Liquidity & Funding Management

☎ +61 2 8253 4314

✉ abischoff@westpac.com.au

### Emily Blythe

Senior Associate, Balance Sheet, Liquidity & Funding Management

☎ +61 2 8253 4314

✉ emily.blythe@westpac.com.au

### Jacqueline Boddy

Head of Debt Investor Relations

☎ +61 448 064 012

✉ jbody@westpac.com.au

## ESG Team

### Michael Chen

Head of ESG

☎ +61 4 3749 6077

✉ michael.chen@westpac.com.au

### Matt Willson

Director, ESG

☎ +61 4 0257 2476

✉ matt.willson@westpac.com.au