



## ***Independent reasonable assurance report to the Board of Directors of Westpac Banking Corporation on its climate bond program***

To the Board of Directors of Westpac Banking Corporation

### ***Opinion***

We have undertaken a reasonable assurance engagement on the conformance of Westpac Banking Corporation's ("Westpac") outstanding climate bond program (the "Subject Matter") with requirements of the Climate Bond Standard v 2.1 ("CBS") and Sector-Specific Criteria published by the Climate Bonds Initiative ("CBI") (together the "Criteria") as at 30 September 2017.

In our opinion, Westpac's Climate Bonds have complied with the requirements of the Criteria, as at 30 September 2017, in all material respects.

### ***Subject Matter***

The Subject Matter consists of:

- Westpac's projects and assets to which it has a debt exposure and which are nominated for its climate bond program
- Westpac's outstanding 'Use of Proceeds' climate bond issuances as at 30 September 2017 (see Appendix A), as defined under the CBS
- Westpac's processes required by the CBS, including those which support the tracking of bond proceeds, and the monitoring and reporting of Nominated Projects and Assets.

### ***The Criteria***

The Criteria against which we assessed the Subject Matter consists of:

- The Climate Bond Standard v2.1 as published on the CBI website; and
- Sector-Specific Criteria approved by the Climate Bonds Standard Board as published on the CBI website as at 30 September 2017, including the criteria for:
  - Solar
  - Wind
  - Low carbon buildings, including the City Baselines published by the CBI on its website
  - Low carbon transport.

This reasonable assurance engagement was performed based on the CBS programmatic option, as defined in Section P8 of the CBS.

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### ***Basis for opinion***

We conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements Assurance Engagements (ASAE 3100) Compliance Engagements* issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### ***Management's responsibilities***

Westpac's management is responsible for conformance of its climate bond program (see the Subject Matter) with the requirements of the Climate Bond Standard and applicable Sector-Specific Criteria (see the Criteria) as at 30 September 2017.

### ***Our independence and quality control***

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, PricewaterhouseCoopers Securities Limited maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Our responsibility***

Our responsibility is to express a reasonable assurance conclusion about whether Westpac's Subject Matter has complied with the requirements set out in the Criteria, as at 30 September 2017, in all material respects.

We conducted our reasonable assurance engagement in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and Assurance Engagements (ASAE 3100) *Compliance Engagements*. ASAE 3100 and ASAE 3000 requires that we plan and perform our procedures to obtain reasonable assurance about whether Westpac's Subject Matter has complied with the requirements set out in the Criteria, as at 30 September 2017, in all material respects.

An assurance engagement to report on whether Westpac's Subject Matter has complied with the requirements set out in the Criteria involves performing procedures to obtain evidence about the compliance activity implemented to meet the requirements of the CBS. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the CBS, as evaluated against the Criteria.



### ***Our procedures***

Our key procedures included:

- Assessing policies and procedures established by Westpac related to the issuances of 'Use of Proceeds' climate bonds, as defined in the CBS
- Obtaining supporting evidence to confirm the eligibility of Nominated Projects and Assets against the Sector-Specific Criteria
- Obtaining supporting evidence to confirm the net proceeds of climate bond issuances and the total committed exposure to the Nominated Projects and Assets
- Interviewing management to understand and confirm Westpac's relevant systems and processes related to internal tracking of bond proceeds, the investment value and eligibility of Nominated Projects and Assets
- Interviewing management to understand and confirm Westpac's relevant systems and processes related to the internal tracking of the investment value and eligibility of Nominated Projects and Assets
- Confirming with Westpac's management that Nominated Projects and Assets are not nominated to other debt instruments outside its climate bond program.

The evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Inherent limitations***

Because of the inherent limitations of any assurance engagement - for example, assurance engagements are based on selective testing of the information being examined - it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all instances of non-compliance with the Criteria, as an assurance engagement is not performed continuously throughout the Period and the assurance engagement procedures performed in respect of compliance with the Criteria are undertaken on a test basis. The assurance engagement conclusion expressed in this report has been formed on the above basis.

### ***Use of report***

This report has been prepared for use by the Directors of Westpac for the purpose of obtaining programmatic certification of Westpac's climate bond program by the Climate Bonds Initiative. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Board of Directors of Westpac, or for any other purpose than that for which it was prepared.

A handwritten signature in black ink, appearing to read 'L Hinchliffe'.

Sam Hinchliffe  
Partner  
Authorised Representative of PricewaterhouseCoopers Securities Limited

Sydney  
4 April 2018



*Appendix A – Westpac’s outstanding ‘Use of Proceeds’ climate bonds as at 30 September 2017*

<b>Date of issue</b>	<b>Bond principal</b>	<b>Currency</b>	<b>Term</b>
May 2016	\$500 million	AUD	5 years
Feb 2017	\$50 million	USD	10 years