



Independent limited 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 limited 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 31 March 2018.

Based on our review, which is not an audit nothing has come to our attention that causes us to believe that Westpac's climate bonds have not complied, in all material respects, with the requirements of the Criteria as at 31 March 2018.

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 (see Appendix A for a summary of Westpac's debt exposures, by investment area)
- Westpac's outstanding 'Use of Proceeds' climate bond issuances as at 31 March 2018 (see Appendix B), 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 31 March 2018, including the criteria for:
 - Solar
 - Wind
 - Low carbon buildings, including the City Baselines published by the CBI on its website
 - Low carbon transport.

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



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 31 March 2018.

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 limited assurance conclusion about whether Westpac's Subject Matter has complied with the requirements set out in the Criteria, as at 31 March 2018, in all material respects.

We conducted our limited 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 limited assurance about whether Westpac's Subject Matter has complied with the requirements set out in the Criteria, as at 31 March 2018, in all material respects.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with the Criteria is likely to arise.



Our key procedures included:

- Enquiring of management regarding any changes to policies and procedures since the last assurance engagement over Westpac's climate bond program as at 30 September 2017
- Obtaining supporting evidence to confirm the eligibility of additional Nominated Projects and Assets since 30 September 2017 against the Sector-Specific Criteria
- Obtaining supporting evidence from management to confirm the net proceeds of climate bond issuances and the total committed exposure to the Nominated Projects and Assets
- Performing enquiries with 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
- Through enquiries with Westpac management, confirmed that Nominated Projects and Assets are not nominated to other debt instruments outside its climate bond program.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the Criteria.

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. A limited 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. A limited assurance engagement as at 31 March 2018 does not provide assurance on whether compliance with the requirements of the Criteria will continue in the future. 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', is written over a faint, light-colored signature line.

Sam Hinchliffe
Partner
Authorised Representative of PricewaterhouseCoopers Securities Limited

Sydney
8 August 2018



Appendix A – Total committed exposure (TCE) for all Nominated Projects and Assets as at 31 March 2018, by investment area

Investment area	TCE (\$m)
Solar	184.69
Wind	923.36
Green building	1,127.56
Rail	757.37
	2,992.98

Appendix B – Westpac’s outstanding ‘Use of Proceeds’ climate bonds as at 31 March 2018

Date of issue	Bond principal	Currency	Term
May 2016	\$500 million	AUD	5 years
Feb 2017	\$50 million	USD	10 years
Nov 2017	\$500 million	EUR	7 years
Feb 2018	\$117.3 million	AUD	5 years