



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 compliance of Westpac Banking Corporation's (Westpac) climate bond program as described below (the Subject Matter) with the requirements of the Climate Bond Standard v 2.1 (CBS) and Sector-Specific Criteria published by the Climate Bonds Initiative (CBI) as described below, as at 30 September 2018. The CBS, together with the Sector-Specific Criteria, are referred to as the Criteria.

In our opinion, Westpac's climate bond program, as described in the Subject Matter below, has complied with the requirements of the Criteria, as at 30 September 2018, 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 Westpac has nominated for its climate bond program (summarised by investment area in Appendix A)
- Westpac's outstanding 'Use of Proceeds' climate bond issuances as at 30 September 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 30 September 2018, for the following sectors applicable to the Subject Matter:
 - Solar
 - Wind
 - Low carbon buildings, including the City Baselines published by the CBI (see Appendix C)
 - Low carbon transport.

This reasonable 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* (ASAE 3000) and the Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* (ASAE 3100) issued by the Auditing and Assurance Standards Board. This report has been prepared solely to comply with those Australian standards and we have not considered the auditing

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standards or practices of any jurisdictions other than Australia (including the United States of America). Accordingly, this report should not be relied upon as if it had been provided in accordance with or having regard to standards or practice in any other jurisdiction outside Australia. 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 compliance of the Subject Matter with the requirements of the Criteria as at 30 September 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 reasonable assurance conclusion about whether Westpac's Subject Matter has complied with the requirements set out in the Criteria, as at 30 September 2018, 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 2018, 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 activities implemented to meet the requirements of the Criteria. 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 procedures included, amongst others, the following:

- Assessing policies and procedures established by Westpac related to the issuances of 'Use of Proceeds' climate bonds, against the CBS



- Obtaining supporting evidence to assess the eligibility of Nominated Projects and Assets against the applicable Sector-Specific Criteria
- Obtaining supporting evidence to assess the accuracy of 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
- Confirming with Westpac's management that Nominated Projects and Assets are not nominated to other debt instruments outside its climate bond program.

We believe that 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 of the Subject Matter with the Criteria, as the assurance engagement procedures performed in respect of compliance of the Subject Matter with the Criteria are undertaken on a test basis. A reasonable assurance engagement as at 30 September 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 solely for the use and benefit of the Board of Directors of Westpac under the terms of our engagement letter with Westpac for the purpose of obtaining programmatic certification of Westpac's climate bond program by the Climate Bonds Initiative. It is not intended to be read or used by anyone other than Westpac and we make no representation concerning the appropriateness of this report for anyone other than Westpac. If anyone other than Westpac chooses to use or rely on it they do so at their own risk. We accept no duty, responsibility or liability for the consequences of any reliance on this report by any person other than the Board of Directors of Westpac, or to any party for the consequences of using or relying on the report for any purpose other than that for which it was prepared. This disclaimer applies:

- to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute; and
- even if we consent to anyone other than the Board of Directors of Westpac receiving or using this report.

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

Sam Hinchliffe
Partner
Authorised Representative of PricewaterhouseCoopers Securities Limited

Sydney
21 December 2018



Appendix A – Westpac’s Nominated Projects and Assets

Investment area	Total committed exposure (\$m)
Solar	\$235.04
Wind	\$1,108.14
Low carbon buildings	\$1,034.68
Low carbon transport	\$872.30
Total	\$3,250.16

Appendix B – Westpac’s outstanding ‘Use of Proceeds’ climate bonds as at 30 September 2018

Date of issue	Bond principal	Currency	Term
June 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

Appendix C – CBI City Baselines

The following City Baselines were determined using the *Low Carbon Buildings: Commercial CO₂ Target Calculator* published on the CBI’s website at the time of our completing our assurance engagement and based on the longest dated climate bond issued by Westpac. They were used to test the eligibility of nominated low carbon building projects and assets.

City	Baseline (kgCO₂e/m²)
Adelaide	36.72
Brisbane	70.75
Canberra	47.25
Melbourne	70.10
Perth	55.03
Sydney	71.70