

Westpac Green Bond Impact Report

May 2022

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Westpac's commitment to action on climate change

Overview

Westpac recognises that climate change is one of the most significant issues that will impact the long-term prosperity of the global economy and our way of life.

Westpac is committed to managing its business in alignment with the Paris Agreement and the need to transition to a net zero emissions economy by 2050. This includes how the bank provides financial services, supports communities, operates facilities, engages on matters of policy, and contributes to industry initiatives.

Westpac acknowledges that its commitments to operate its business in line with the goals of the Paris Agreement mean that the bank must clearly set out expectations for its customers, recognising that Westpac's financing activity must align with activities that support efforts to keep a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.

Westpac recognises the important role the bank can play by supporting and participating in industry-based initiatives to progress collective action on climate change. Westpac was one of the core group of 30 'Founding Banks' that developed The Principles for Responsible Banking, launched in 2019. These principles align the purpose of banking with society's goals as expressed in the United Nations (UN) Sustainable Development Goals (SDGs) and the Paris Climate Agreement as part of a United Nations Environment Programme Finance Initiative (UNEP FI).

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

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

Our goal is to provide \$3.5 billion of new lending to climate change solutions between 2020 and 2023, and to provide \$15 billion in the next 10 years to 2030.

In the year to 30 September 2021, the bank's new lending to climate change solutions was \$1.9 billion.

Green Bonds¹ 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/>

Climate Change Solutions are assessed by Westpac to comply with the Equator Principles² where the asset is financed by project finance.

Climate Change Solutions have been identified as (but are not limited to)³:

- Energy efficiency;
- Green buildings;
- Green businesses;
- Renewable energy;
- Low carbon transport;
- Adaptation infrastructure;
- Waste;
- Water;
- Carbon farming projects;
- Forestry;
- Land rehabilitation.

The net proceeds of Green Bonds that have been issued since 2016 have been allocated to projects/assets in three categories, being renewable energy (solar and wind), low carbon buildings and low carbon transport (rail)⁴.

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Notes

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

2 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, and in accordance with sound environmental management practices.

3 Find out more at <https://www.westpac.com.au/about-westpac/sustainability/>.

4 These projects/assets categories align to the CBI Standard and Sector Eligibility Criteria and may differ to Westpac's Climate Change Solutions categories.

Green Bond Issuance Statistics

Aggregate Statistics (30 September 2021)		\$m	%
Energy Efficiency	TCE¹ (A\$m)	Drawn Amount² (A\$m)	Share of Green Bond Pool³ (%)
Renewable Energy (Solar)	595.6	475.0	18.9
Renewable Energy (Wind)	1,112.3	1,011.8	35.3
Low Carbon Buildings	764.5	684.3	24.3
Low Carbon Transport (Rail)	675.6	577.4	21.5
Total	3,148.0	2,748.6	100%
Outstanding Issuance	A\$m Equivalent⁴	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 ⁵	1,550.5	EUR 1,000.0	Public EUR Tier 2 Benchmark
Total	2,485.6		
Remaining Pool Capacity	662.4		

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

Emerald Energy Finance Pty Ltd	QLD	Project finance for construction of the solar farm.
Finley Solar Finance Pty Ltd	NSW	Project finance for construction of the solar farm.
Genex Power Limited	QLD/NSW	Project finance to support two solar farms.
Metka EGN Australia Holdings	NSW	Project finance for three operating solar farms.
Metz Finco Pty Ltd	NSW	Project finance for construction of the solar farm.
NESF Finco Pty Ltd	NSW	Project finance for construction of the solar farm.
Pacific Hydro Haughton Solar Farm Pty Ltd	QLD	Project finance for construction of the solar farm.
Ross River Operations Pty Ltd	QLD	Project financed 116MW solar project.
West Wyalong Finco Pty Ltd	NSW	Project finance for construction of the solar farm.
Woolooga Finco Pty Ltd	QLD	Project finance for construction of the solar farm.
PARF Finco 1 Pty Ltd	NSW	Project finance to support two solar farms.



Low Carbon Buildings

Low Carbon Building Asset 1	SA	5 star NABERS rating.
Low Carbon Building Asset 2	VIC	5.5 star NABERS rating.
Low Carbon Building Asset 3	WA	5 star NABERS rating.
Low Carbon Building Asset 4	QLD	5.5 star NABERS rating.
Low Carbon Building Asset 5	QLD	6 star NABERS rating.
Low Carbon Building Asset 6 ¹	NSW	5.5 star NABERS rating.
Low Carbon Building Asset 7	NSW	5.5 star NABERS rating.
Low Carbon Building Asset 8	QLD	5.5 star NABERS rating.
Low Carbon Building Asset 9	NSW	5 star NABERS rating.

Notes

1 This low carbon building exposure has 3 underlying commercial buildings with 5.5 and 6 star NABERS ratings.



Renewable Energy - Wind

Bango Finance Pty Ltd	NSW	Project finance to support construction of the wind farm.
CRWF Finance Pty Ltd	NSW	Project finance to support construction of the wind farm.
Dulacca Energy Project Finco Pty Ltd	QLD	Project finance to support construction of the wind farm.
Wind Asset 1	TAS	Project finance to support construction of the wind farm.
Hallett 4 Wind Farm	SA	Direct lending and refinancing of existing asset.
Hallett 5 Wind Farm	SA	Direct lending and refinancing of existing asset.
Lal Lal Wind Farms Finco Pty Ltd	VIC	Project finance to support construction of the wind farm.
Megawatt Financing Pty Ltd	VIC	Project financed wind farm.
Murra Warra Finco Pty Ltd	VIC	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.
PARF Silverton Finco Pty Ltd	NSW	Project finance to support construction of the wind farm.
PISA Acquisition Finance Pty Ltd	SA/VIC/NSW	Project finance to support portfolio of operating and in construction wind farms.
Stockyard Hill Wind Farm Pty Ltd	VIC	Project finance to support construction of the wind farm.
Wind Asset 2	VIC	Project financing for transmission infrastructure supporting wind farms.
White Rock Wind Farm Pty Ltd	NSW	Project financed wind farm.
Cattle Hill Wind Farm	TAS	Project finance to support construction of the wind farm.



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 Finance Pty Ltd	NSW	Construction and maintenance of rail stations, rolling stock and train systems.
NRT CSW Finance Pty Ltd	NSW	Delivery and maintenance of 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 34% 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.¹

Environmental Impact Assessment Overview

As at 30 September 2021

Asset Category	Total Committed Exposure A\$m	Share of Green Bond Pool (%)	Eligibility for Green Bonds (%)	Remaining Weighted Average Portfolio Lifetime (Months) ²	Net Lettable Area (m^2)	Weighted Average Portfolio GHG Intensity Better than Weighted CBI Benchmark (%)
Low Carbon Buildings	764.5	24.3	100	35.1	370,755.7	47.0
TOTAL	764.5	24.3	100	35.1	370,755.7	47.0

- Low Carbon Buildings make up 24.3% of the total share of the Green Bond pool as at 30 September 2021.
- 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 (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 71.2 $\text{kgCO}_2\text{-e/m}^2$ per year (using CBI calculator 2017-2027 duration).

Notes

- 1 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.
- 2 The Low Carbon Buildings portfolio has 35.1 months remaining weighted average lifetime as at 30 September 2021.
- 3 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 (RE) projects and assets financed in part by Westpac Green Bonds have the potential to:
 - Generate 15.3 million megawatt hours (MWh) of clean energy; and
 - Reduce annual GHG emissions by 10.5 million tonnes of carbon dioxide equivalents (tCO₂-e).
- Westpac's estimated share for renewable energy is 2.3 million tCO₂-e avoided.

Environmental Impact Assessment Overview

As at 30 September 2021

Asset Category	Total Committed Exposure A\$m	Share of Green Bond Pool (%)	Eligibility for Green Bonds (%)	Remaining Weighted Average Portfolio Lifetime (Months) ¹	Capacity (MW)	Annual Energy Generation (MWh)	Annual GHG emissions avoided (tCO ₂ -e)	Westpac's estimated proportion (tCO ₂ -e) ²
Renewable energy (wind)	1,112.3	35.3	100	22.6	3,704.5	11,799,402.0	8,100,516.9	1,546,882.6
Renewable energy (solar)	595.6	18.9	100	21.9	1,547.0	3,547,988.6	2,435,762.6	744,328.8
TOTAL	1,707.9	54.3	100	22.3	5,251.5	15,347,390.6	10,536,279.5	2,291,211.4

- RE projects/assets make up 54.3% of the total share of the Green Bond Pool as at 30 September 2021.
- Energy generation for RE project/assets is based on actual or forecast³ generation data (MWh/year) from either project/asset operating reports, due diligence reports or original/latest credit appraisal report.
- Emission reduction (tCO₂-e/MWh) is the Grid Connected Total for 2020-2021 of 0.687 multiplied by MWh Generated (annual). The GHG intensity is the sum of total emissions (tCO₂-e) / Electricity Production (MWh) for the Grid Connected Total of the generation facilities (these are reported by National Greenhouse and Energy Reporting (NGER)).
- Where projects are still in construction, electricity generation (MWh/year) has been forecast and the NGER GHG intensity is applied.

Notes

¹ The RE portfolio has 22.3 months remaining weighted average lifetime as at 30 September 2021.

² RE 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.

³ Forecast data is based on P50 Predicted methodology.

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 117,520.0 tCO₂-e.
- Westpac's estimated share for low carbon transport is 14,881.6 tCO₂-e avoided.

Environmental Impact Assessment Overview

As at 30 September 2021

Asset Category	Total Committed Exposure A\$m	Share of Green Bond Pool (%)	Eligibility for Green Bonds (%)	Remaining Weighted Average Portfolio Lifetime (Months) ¹	Annual GHG emissions avoided (tCO ₂ -e)	Westpac's estimated proportion (tCO ₂ -e) ²
Low Carbon Transport (rail)	675.6	21.5	100	36.1	117,520.0	14,881.6
TOTAL	675.6	21.5	100	36.1	117,520.0	14,881.6

- Low Carbon Transport (rail) projects/assets make up 21.5% of the total share of Green Bond Pool as at 30 September 2021. The assets/projects in the Green Bond pool relate to rail and are under construction or in operation.
- In estimating the GHG emissions avoided (tCO₂-e), the focus was on the operational phase of the project/asset life cycle³. 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 annum⁴.

Notes

1 The Low Carbon Transport portfolio has 36.1 months remaining weighted average lifetime as at 30 September 2021.

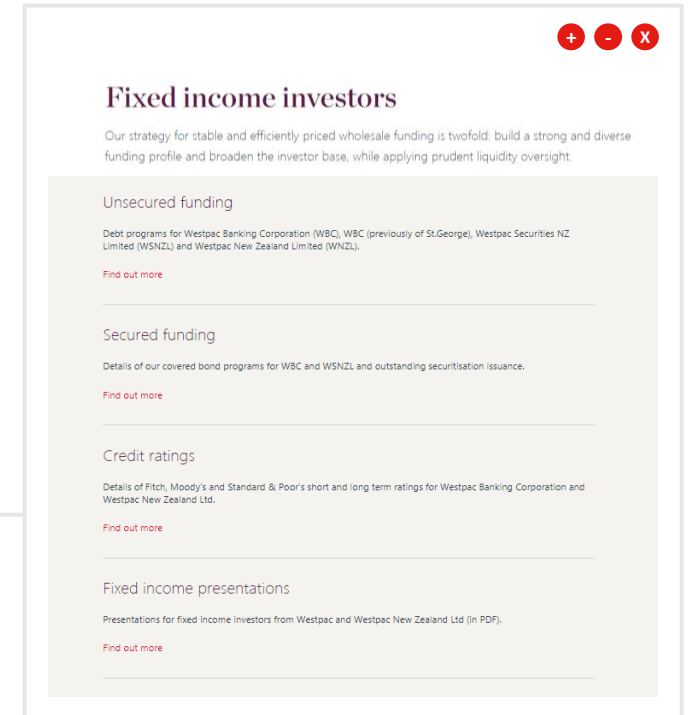
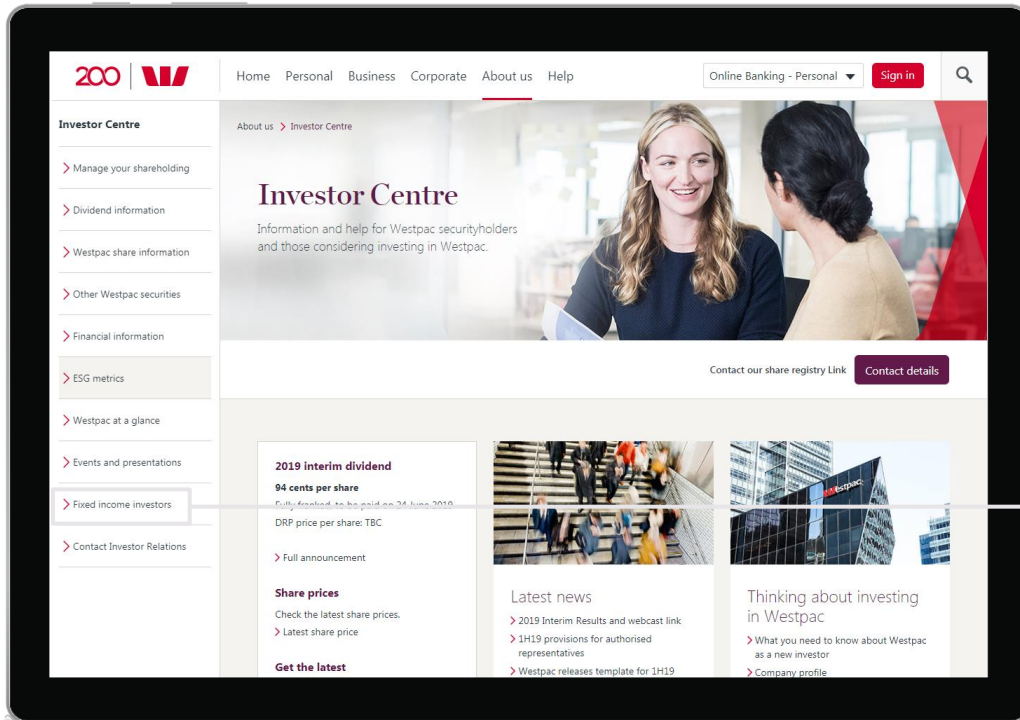
2 Low Carbon Transport financing is generally syndicated across several banks. Westpac's share in the syndicated debt is used to estimate Westpac's proportion of emissions avoided.

3 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 (tCO₂-e).

4 The functional unit used for the modal shift is assumed to be 150 grams CO₂ per passenger kilometres travelled (PKT) for cars and 90 grams CO₂ per PKT for national average passenger rail projected to 2030 (source: Melbourne Metro Rail Authority).

More information

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