

Westpac Green Bond Impact Report

May 2020

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Financial data in this presentation is as at 30 September 2019 unless otherwise indicated.

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This presentation contains statements that constitute “forward-looking statements” within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended. 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 our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes.

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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 continues to make progress against its targets for lending to and facilitating investment in climate change solutions, including green bond issuance and arrangement.

These targets are informed by analysis of capital investment required for a "well below 2-degrees" outcome. As at 30 September 2019, the bank's lending to climate change solutions reached \$9.3 billion, progressing towards the bank's target of \$10 billion by 2020.

Green Bonds¹ are issued by Westpac as part of its commitment to facilitate up to \$3 billion in climate change solutions by 2020. 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/>

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).

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

They have been identified as (but are not limited to)³:

- Energy efficiency;
- Green building;
- Green businesses;
- Renewable energy;
- Low carbon transport;
- Adaptation infrastructure;
- Low carbon 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, namely – renewable energy (solar and wind), low carbon buildings and low carbon transport (rail)⁴.

1 Westpac's Green Bond program was previously referred to as its Climate Bond program and bonds issued off that program 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-specific technical criteria and may differ to Westpac's Climate Change Solutions categories.

Green Bond Issuance and Project/Asset Allocation

Aggregate Statistics (30/09/2019)		\$m		%
Energy Efficiency	TCE ¹ (A\$m)	Drawn Amount ² (A\$m)	Share of Green Bond Pool ³ (%)	
Renewable Energy (solar)	390.0	302.3		12.7
Renewable Energy (wind)	1,115.6	982.6		36.3
Low Carbon Buildings	754.3	667.1		24.5
Low Carbon Transport (Rail)	814.4	576.2		26.5
Total	3,074.3⁴	2,528.2		100.0

Outstanding Issuance (as at 30/09/19)	A\$m Equivalent ⁵	Original Currency (m)	Public/Private
AUD senior 5 year due 2021	500.0	AUD 500.0	Public AUD MTN Benchmark
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
Total	1,435.1		
Remaining Pool Capacity	1,639.2		

Low Carbon Buildings			Renewable Energy - Wind		
Customer/Asset	State	Description	Customer	State	Description
321 Exhibition Street	VIC	6 Star NABERS Rating	Wind Asset 1	NSW	Project Finance to support construction of wind farm.
Low Carbon Building 1	ACT	5 Star NABERS Rating	Granville Harbour Operations Pty Ltd	TAS	Project Finance to support construction of wind farm.
Low Carbon Building 2	NSW	5 Star NABERS Rating	Hallet 4 Wind Farm (North Brown Hill)	SA	Direct lending and refinancing of existing asset.
Low Carbon Building 3	QLD	5 Star NABERS Rating	Hallet 5 Wind Farm (Bluff Range)	SA	Direct lending and refinancing of existing asset.
Hay Street Real Estate	QLD	5.5 Star NABERS Rating	Lal Lal Wind Farms Finco Pty Ltd	VIC	Project Finance to support construction of wind farm.
Low Carbon Building 5	NSW	5 Star NABERS Rating	Murra Warra Finco Pty Ltd	VIC	Project Finance to support construction of wind farm.
Low Carbon Building 6	NSW	5 Star NABERS Rating	Oaklands Hill Wind Farm	VIC	Direct lending and refinancing of existing asset.
P.G.A. (Creek) Pty Ltd	QLD	5.5 Star NABERS Rating	PARF Coopers Gap Finco Pty Ltd	QLD	Project Finance to support construction of wind farm.
Low Carbon Building 7	NSW	5 Star NABERS Rating	PARF Silverton Finco Pty Ltd Windfarm	NSW	Project Finance to support construction of wind farm.
			Wind Asset 2	VIC	Project Finance to support construction of wind farm.
			Tilt Renewables Group	AUST	Corporate lending over wholly renewable portfolio.
			Wind Asset 3	VIC	Provides transmission infrastructure.
			White Rock Wind Farm	NSW	Project Finance to support construction of wind farm (with refinance in operation).
			Wind Asset 4	NSW	Project Finance to support construction of wind farm.
			Wind Asset 5	VIC	Project Finance to support construction of wind farm.
			Wild Cattle Group	TAS	Project Finance to support construction of wind farm.

Low Carbon Transport (Rail)			Renewable Energy - Solar		
Customer	State	Description	Customer	State	Description
Rail Asset 1	NSW	Rail station operator.	Emerald Solar Farm	QLD	Project Finance for construction of solar farm.
Evolution Rail	VIC	Delivery and maintenance of HCMT rolling stock.	Pacific Hydro Houghton Solar Farm	QLD	Project Finance for construction of solar farm.
Rail Asset 2	NSW	Construction, operations and delivery of rail stations, trains and systems.	PARF Finco 1 (Nyngan and Broken Hill PV)	NSW	Direct lending and refinancing of existing asset.
Rail Asset 3	VIC	Construction and maintenance of rail stations and tunnels.	Ross River Operations Trust	QLD	Project Financed 116MW solar project.
			Wind Asset 1	NSW	Project Finance for construction of solar farm.
			Finley Solar Finance Pty Ltd	NSW	Project Finance for construction of solar farm.

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 Total TCE is A\$132.8m less than the audited FY19 total TCE as a Low Carbon Transport asset is being refinanced, and therefore it has been removed from the allocated pool.

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

Environmental Impacts

Low Carbon Buildings

Environmental Impacts



- Low Carbon Buildings financed in part by Westpac Green Bonds have a 14% lower greenhouse gas (GHG) emissions intensity (kgCO₂-e/m²) 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 2019

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 (kgCO ₂ -e/m ²)	Better than Weighted CBI Benchmark (%)
Low Carbon Buildings	754.3	24.5	100	23.5	337,344.0	62.7	14
TOTAL	754.3	24.5	100	23.5	337,344.0	62.7	14

- Low Carbon Buildings make up 24.5% of the total share of the Green Bond pool as at 30 September 2019.
- Eligibility criteria is assessed in accordance with CBI sector-specific technical 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). Where NABERS ratings and published information are not available, Westpac endeavours to use best estimates from asset owners such as engineer's reports. The weighted average portfolio GHG intensity (kgCO₂-e/m²) 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 (kgCO₂-e/m²). Weighted average city GHG intensity is 72.5 kgCO₂-e/m² per year (using CBI calculator 2016-2027 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 issuances' of 11 year duration.
- 2 Most projects are refinanced on a 5 yearly cycle, regardless of project lifetime. The Low Carbon Buildings portfolio has 23.5 months remaining weighted average lifetime as at FY2019.

Environmental Impacts

Renewable Energy

Environmental Impacts



- Renewable energy (RE) projects and assets financed in part by Westpac Green Bonds have the potential to:
 - Generate 13.8 million megawatt hours (MWh) of clean energy; and
 - Reduce annual GHG emissions by 10.3 million tonnes of carbon dioxide equivalents (tCO₂-e).
- Westpac’s estimated share for renewable energy is 3.1 million tCO₂-e avoided.

Environmental Impact Assessment Overview

As at 30 September 2019

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
Renewal energy (wind)	1,115.6	36.3	100	21.8	3,816.4	11,732,299.0	8,799,224.3	2,639,767.3
Renewable energy (solar)	390.0	12.7	100	21.6	847.0	2,083,375.0	1,562,531.3	468,759.4
TOTAL	1,505.6	49.0	100	22.0	4,663.4	13,815,674.0	10,361,755.6	3,108,526.7

- RE projects/assets make up 49% of the total share of the Green Bond Pool as at 30 September 2019.
- 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 2017-2018 of 0.75 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 Most projects are refinanced on a 5 yearly cycle, regardless of project lifetime. The RE portfolio has 22.0 months remaining weighted average lifetime as at FY2019.
- 2 RE project financing is generally syndicated across several banks and we estimate Westpac’s share to be approximately 30%. This 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 112,864.5 tCO₂-e.
- Westpac's estimated share for low carbon transport is 33,057.1 tCO₂-e avoided.

Environmental Impact Assessment Overview

As at 30 September 2019

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)	814.4	26.5	100	56.6	112,864.5	33,057.1
TOTAL	814.4	26.5	100	56.6	112,864.5	33,057.1

- Low Carbon Transport (rail) projects/assets make up 26.5% of the total share of Green Bond Pool as at 30 September 2019. 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 asset/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.
- The estimates above have not changed from prior year's environmental impact assessments as most projects are still under construction and where they are operational, these estimates have not changed.

Notes

¹ Most projects are refinanced on a 5 yearly cycle, regardless of project lifetime. The Low Carbon Transport portfolio has 56.6 months remaining weighted average lifetime as at FY2019.

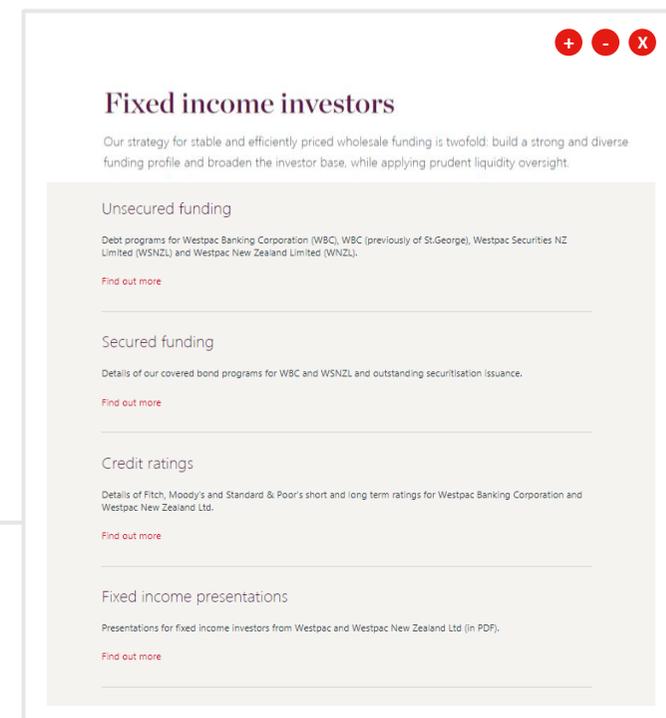
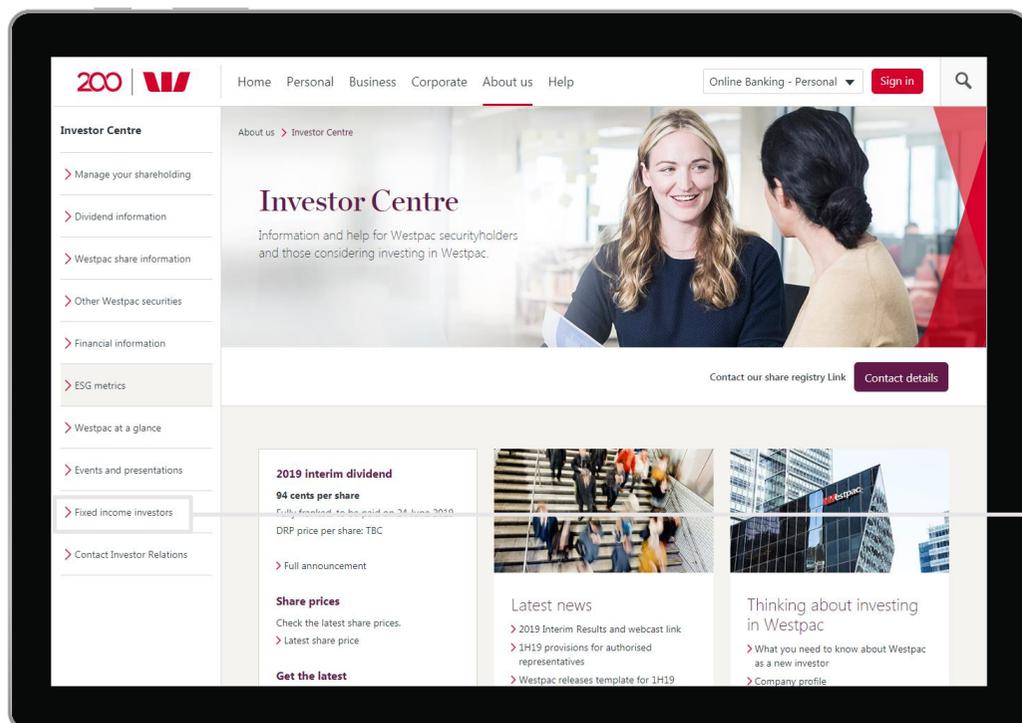
² Low Carbon Transport financing is generally syndicated across several banks and we estimate Westpac's average share to be approximately 37%. Actual share of financing is used to estimate the proportion of emissions avoided if this data point is available, otherwise it is assumed that Westpac's share is 30%.

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: Transport for NSW).

More information

www.westpac.com.au/investorcentre



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