

WESTERN AUSTRALIAN TREASURY CORPORATION

Sustainability Bond Framework

/ Annual Report 2023

WESTERN AUSTRALIAN
TREASURY CORPORATION

Financial Solutions
for the Benefit of All
Western Australians

Acknowledgements

Acknowledgment of Country

The Government of Western Australia acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of Western Australia's Aboriginal communities and their cultures; and to Elders both past and present.

A note about language

In this document, the term Aboriginal people is used in preference to "Indigenous" or "Aboriginal and Torres Strait Islander" people, in recognition that Aboriginal peoples are the original inhabitants of Western Australia.

Accessibility

To request this document in an alternative format email esg@watac.wa.gov.au.

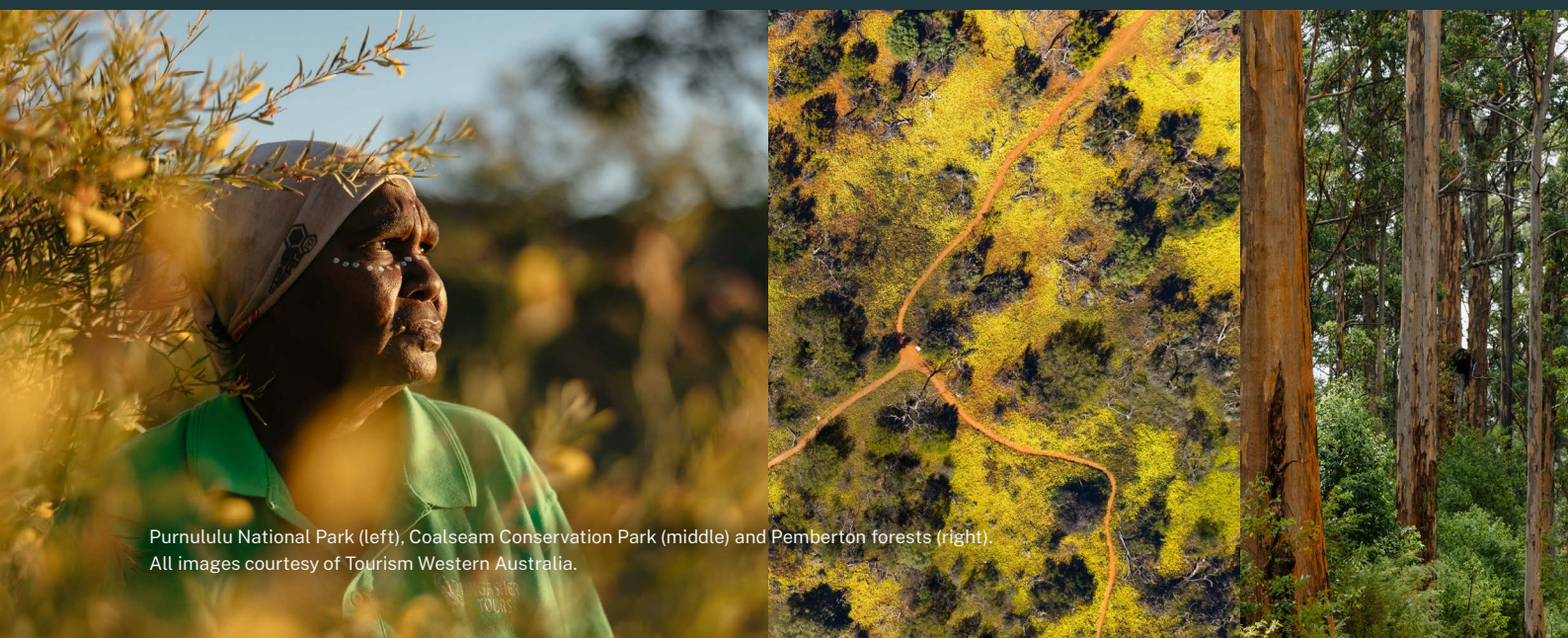
Contact Us

We welcome all feedback. For all enquiries or to provide feedback, please contact: esg@watac.wa.gov.au.

The Bungle Bungle Range (front cover) and Willie Creek in Broome (inside cover). Both images courtesy of Tourism Western Australia.

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Purnululu National Park (left), Coalseam Conservation Park (middle) and Pemberton forests (right).
All images courtesy of Tourism Western Australia.



Treasurer's Overview

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Forward looking projects comprise the green bond project pool reflecting the objective to accelerate climate action in areas our government can directly influence through transformational investments of large scale.

Hon Rita Saffioti BBus MLA
Deputy Premier; Treasurer;
Minister for Transport; Tourism

Improving social and environmental outcomes for Western Australians is an ongoing priority for our government. We continue to deliver on these outcomes by partnering with industry and all corners of the community – drawing on our robust foundation of effective, transparent and coordinated public institutions, as well as strong financial management.

We recognise the growing importance global investors place on Environmental, Social and Governance (ESG) integration within their capital allocation decisions, which is why in 2021 we launched our publication series **Supporting Continuous Improvement in ESG Outcomes for Western Australia**. This clearly articulated to investors our policy framework and actions contributing to Australia's pursuit of the objectives of the United Nations Sustainable Development Goals (SDGs) and commitment to Western Australia achieving the Paris Agreement objective of net zero emissions by 2050. It also

signalled the intention of Western Australian Treasury Corporation (WATC) to develop a Sustainability Bond Framework to facilitate the issuance of Green, Social or Sustainability (GSS) bonds to finance direct government expenditure on eligible projects to aid the State achieving its ESG ambitions.

WATC Sustainability Bond Framework – a whole of government Initiative

As Treasurer I'm very proud this ambition has now been fulfilled by WATC through the release of the **Sustainability Bond Framework** (Framework) in May of this year followed in June by the inaugural green bond under the Framework, with this first annual report honouring the commitment to transparent reporting. Implementation of the Framework has been a whole of government initiative, reflected by the Portfolio Oversight Group for Climate Action and Environment having governance oversight of project evaluation

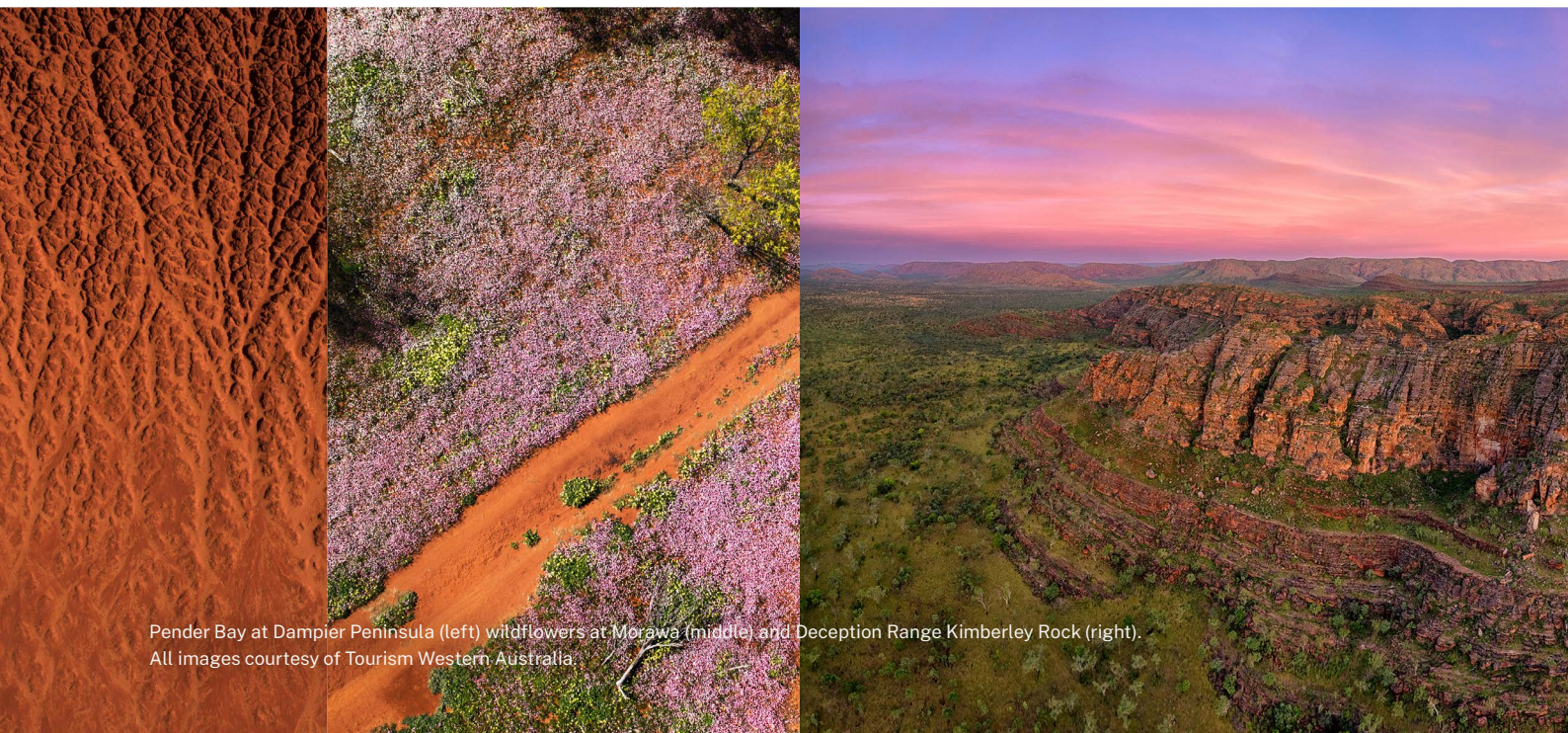
and selection. This Group is also responsible for overseeing implementation of the Western Australian Climate Change Policy and reports to the Ministerial Taskforce on Climate Action.

Alignment to priority policy initiatives

In June 2022 we made the significant commitment to phase out State owned coal-fired power generation by 2030 and reduce Government direct emissions by 80% on 2020 levels by 2030. As a major contributor to the State's overall emissions footprint through ownership of significant infrastructure assets such as electricity generation and transmission, water supply, ports and public transport, this commitment demonstrates our government's leadership on emissions reduction, which is aligned with the **Western Australian Climate Change Policy**. This has been further supported by development of a Climate Change Bill to be introduced to parliament before the end of 2023. This Bill will more formally establish the State's long-term target of net zero emissions by 2050 and provide statutory requirements to set interim emission reduction targets and related

policies to reduce emissions and enhance climate resilience.

The significant investment required for Western Australia's transition to a cleaner energy system underpinned the decision to issue an inaugural green bond under the Framework. The transition to cleaner, affordable, reliable energy will power the ongoing delivery of the METRONET public rail expansion program, growth of electric vehicle usage supported by the 7,000 km Electric Vehicle Charging Network and the forthcoming desalination plant at Alkimos. As such, these forward looking projects comprise the green bond project pool, and reflect the common objective to accelerate climate action in areas our government can directly influence through transformational investments of large scale.



Pender Bay at Dampier Peninsula (left) wildflowers at Morawa (middle) and Deception Range Kimberley Rock (right). All images courtesy of Tourism Western Australia.

CEO's Summary

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The release of WATC's Sustainability Bond Framework and inaugural green bond in May and June of this year represents the culmination of years of collaboration with our Western Australian Government Agency partners and an ongoing dialogue with our banking partners and investor base.

Kaylene Gulich PSM
Chief Executive Officer
Western Australian Treasury Corporation



ESG – the new ‘norm’ in financial markets

WATC has been closely monitoring the evolution and substantial growth of the sustainable finance market for several years, observing our eastern states' peers increasing involvement and acknowledging that it provides a vehicle to facilitate improved dialogue with our global investor base on evolving disclosure requirements to support ESG integration within their capital allocation decisions.

The importance of the latter is evidenced by global indicators such as the exponential growth in signatories to the United Nations Principles of Responsible Investment as indicated in the chart below. Similarly, within Australia 79% of investment managers are reported to apply ESG Integration as part of their capital allocation decisions. Notably, sustainability-themed investing, which includes certified labelled products such as

green bonds, grew 46% in Australia between 2021 and 2022 to reach \$235 billion¹.

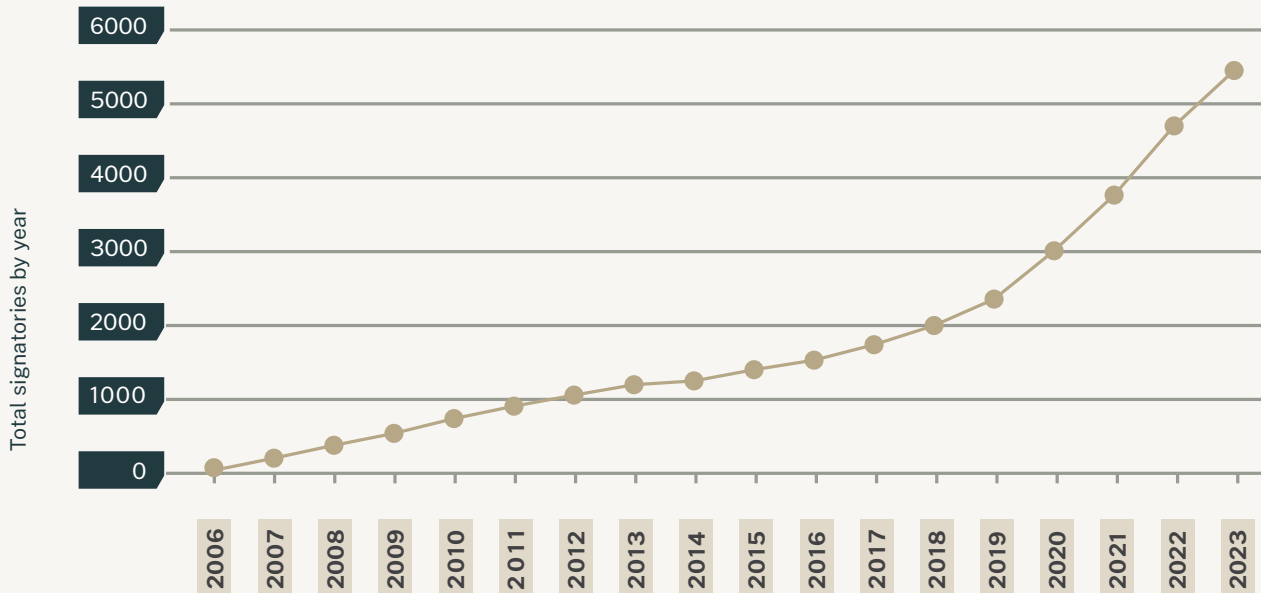
Design and launch of the Sustainability Bond Framework

This increasing requirement of investors seeking to understand, as part of their due diligence, the ‘use of proceeds’ underpinning WATC's issuance of Western Australian Government bonds was a key driver behind our approach to developing the Sustainability Bond Framework. As such, it was designed with the intent to establish credibility for entering the sustainable finance market and issuing ‘ESG labelled’ bonds, whilst also supporting the ESG credentials of the broader WATC bond issuance program.

The release of WATC's Sustainability Bond Framework and inaugural green bond in May

¹ Source, Responsible Investment Benchmark Report Australia 2023 (p27,31)

Global Investor / Investment Manager Signatories to UN Principles of Responsible Investment



Source: [Principles for Responsible Investment 2022-23 Annual Report \(p21\)](#)

and June of this year represents the culmination of years of collaboration with our Western Australian Government Agency partners and an ongoing dialogue with our banking partners and investor base. The milestone reinforced to investors the increasing alignment between the Western Australian Government, industry and the wider community, and the collective commitment to continuously improve on environmental and social outcomes.

Broad endorsement of this progress by our investor base was reflected in the high engagement levels and overwhelmingly positive responses received during the extensive investor engagement program undertaken between the Framework's release and green bond issue.

Over this period WATC representatives met with around 70 domestic and offshore institutional

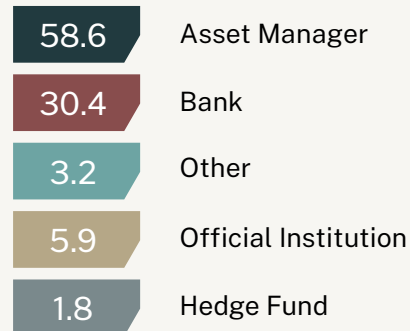
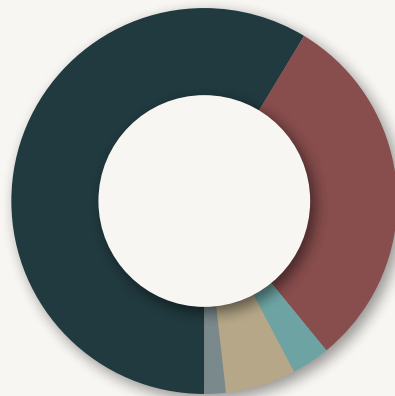
investors across 12 cities. The program aimed to raise awareness of WATC's participation in the sustainable finance market and expand the Western Australian Government's investor base to include investors specifically seeking ESG-labelled bonds. Equally it sought to highlight the connection between WATC's sustainable finance program and ongoing delivery of the Western Australian Government's broader sustainability strategy that WATC's entire bond program supports.

Inaugural green bond issuance outcome

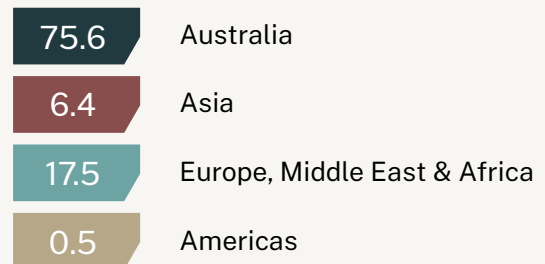
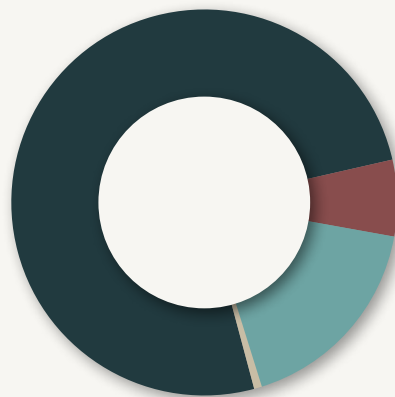
The success of the investor engagement program was ultimately reflected in the overwhelming support for the inaugural July-2033 maturity green bond issue which was heavily over-

subscribed, receiving more than \$6 billion in investor bids for the \$1.9 billion issued. Due to the volume of demand, the initial price guidance was reduced during the issuance process. Importantly, there was strong interest offshore and a substantial number of new investors participated, including several requiring green bond certification. We were also extremely pleased to see WATC's first green bond issuance covered extensively by a range of mainstream, financial and environmental news outlets who reported positively on the milestone.

Percent Allocation by Investor Type



Percent Allocation by Region



Source: Western Australian Treasury Corporation

This inaugural Sustainability Bond Framework Annual Report captures WATC's journey to become a committed participant in the sustainable finance market. It showcases the State's progress towards accelerating climate outcomes through the projects within our inaugural green bond and delivers on our commitment to transparent reporting.

Whale shark at Ningaloo Reef.
Image courtesy of Tourism Western Australia.



Key features of the Sustainability Bond Framework

Supporting delivery of the Western Australian Government's sustainability strategy

Together with WATC's ongoing standard debt issuance program, ESG-labelled issuance under the Sustainability Bond Framework seeks to aid the Western Australian Government delivering on the State's sustainability strategy, for which the key pillars are outlined in **Section 1 of the Framework**.

The sustainability strategy is aligned with the Western Australian Government's disclosures in the publication series **Supporting Continuous Improvement in ESG Outcomes for Western Australia**, with the latest update released in July 2023, shortly after the inaugural green bond issue under the Framework. This **most recent update**, together with the **Treasurer's Overview** above, outlines progress being made against the key objectives of the sustainability strategy, demonstrating:

- Delivery of the Western Australian Government's Climate Change Policy, particularly in areas supporting climate adaptation, clean

transportation, the decarbonisation of electricity generation and the development of a renewable hydrogen industry.

- Progress towards the objectives of the Waste Avoidance and Resource Recovery Strategy 2030 and achievements of Western Australia's nation-leading Plan for Plastics program in phasing out single-use plastics.
- Progressive engagement with industry through development of Sectoral Emissions Reduction Strategies.
- Supporting the development of up-stream processing activities in the production of green steel and battery minerals that will also aid global decarbonisation.
- Progress in improving outcomes for Aboriginal people aligned to delivery of target outcomes in the National Agreement on Closing the Gap.
- Improvement in gender equality outcomes, social housing provision and effective programs to address homelessness.

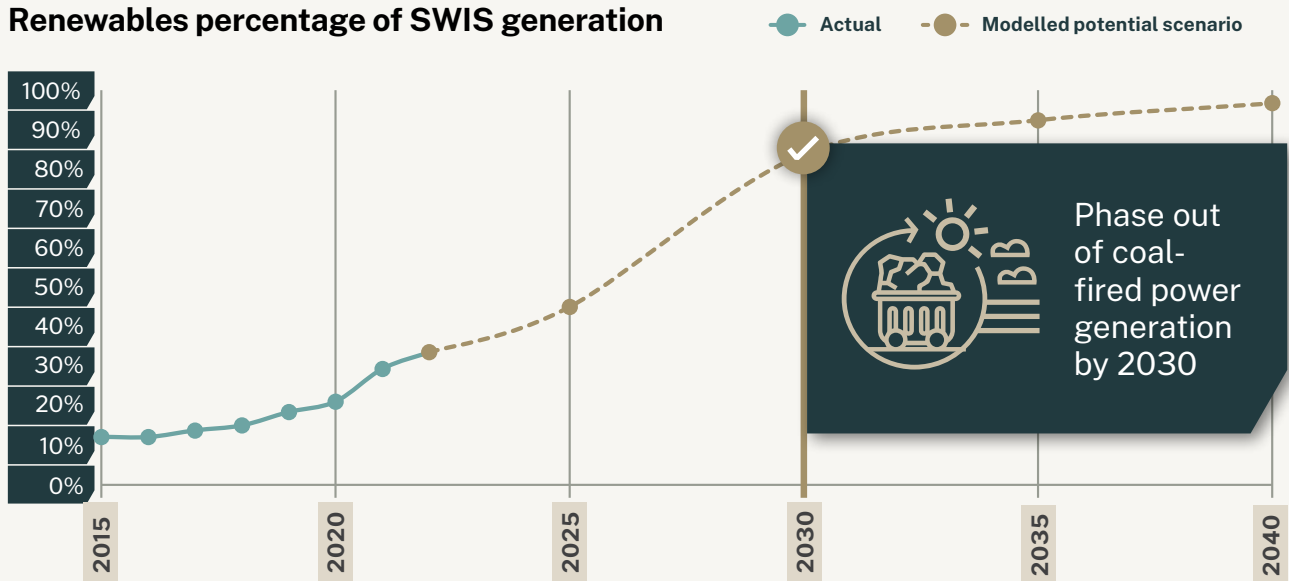
- Leadership in enhancing government procurement processes to help progress eradication of modern slavery.
- Progress towards developing an effective framework for climate risk disclosures in

respect to the State’s finances, infrastructure, physical assets and service delivery.

Decarbonisation of electricity generation

The Western Australian Government is in a unique position within Australia to materially impact emissions reduction through its ownership of electricity generation and distribution assets and responsibility for retailing to households – most notably within the South West Interconnected System (SWIS) that provides electricity to over 85% of the State’s resident population. This control and responsibility will facilitate realisation of the commitment to retire State-owned coal-fired power stations by 2030. Related modelling undertaken as part of the **SWIS Demand Assessment** released in May 2023 indicates renewable generation on the SWIS could reach 90% by 2035.

Renewables percentage of SWIS generation



The SWIS Demand Assessment collated industry data to understand the potential change in electricity demand over the next 20 years, considering the requirements of existing industrial users on the SWIS and potential growth in new industries like renewable hydrogen and critical minerals.

More than just meeting ICMA principles

The Framework goes much further than meeting the International Capital Markets Association (ICMA) principles on which it is founded, seeking to ensure that financed projects reflect whole of government priorities for achieving transformational change in key areas of environmental and social focus in a modern society.

The above objectives are illustrated through the Framework's structure and independent assurance provided through **Sustainalytics Second Party Opinion** (SPO). The Framework was regularly described as 'best practice' and 'world leading' in feedback from investors through the extensive engagement undertaken during launch, reflecting that:

- The Framework covers all aspects of the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. The SPO confirms eligibility of many projects within each that were drawn from disclosures in the Western Australian Government publication series **Supporting Continuous Improvement in ESG Outcomes for Western Australia**. These projects underpin WATC's funding requirements, thereby providing independent certification to investors of the ESG credentials of WATC's entire borrowing program.
- The project evaluation and selection process is overseen by the Portfolio Oversight Group for Climate Action and Environment (POG). The POG is chaired by the Director General of the Department of Water and Environmental Regulation and consists of senior officers from a broad range of Western Australian Government agencies responsible for the implementation of green and social projects consistent with the scope of eligible projects outlined. This ensures projects selected for financing under the Framework reflect priority areas of government policy delivery and adhere to a rigorous governance process for managing environmental and social risks.
- Projects selected for inclusion in the project pool will typically be in the planning, development or construction phase. As such, the lookback period for eligible expenditure is limited to the previous financial year ensuring subsequent bond issuance to eligible project expenditures is aligned to improving current and future environmental and social outcomes.

- The Framework commits to annual reporting accompanied by independent certification on project eligibility, proceeds allocation and impact reporting. For certified green projects a focus will also be placed on illustrating the social co-benefits arising from their implementation.

These founding principles are clearly demonstrated through the project pool underpinning the inaugural green bond issued under the Framework, reflecting the Western Australian Government's objective to accelerate climate action in areas it can directly influence through transformational investments of large scale with material social co-benefits.

Forward GSS bond issuance intentions

WATC intends to stay active in the GSS bond market, although the near-term focus will involve tapping the inaugural July-2033 green bond. The Framework's governance process for project evaluation and selection will ensure alignment to progressing priority Western Australian Government environmental and social policy initiatives that will facilitate achieving meaningful change in our society.

Consistent with this intent, opportunities for adding social projects to the pool to support potential future GSS bond issuance are being explored that focus on improving outcomes for target populations requiring assistance, such as Aboriginal people, people experiencing or at risk of domestic violence or homelessness, people living with disability and people requiring mental health support. Additional environmental themes being considered to support future issuance include projects targeted at improving biodiversity outcomes and supporting development of a renewable hydrogen industry.

Boranup Karri Forrest.
Image courtesy of Tourism Western Australia.

Green Bond Project Pool

Development of the project pool

The **Second Party Opinion** to WATC's Sustainability Bond Framework provides detailed evidence of the wide range of projects that align with ICMA Green and Social Bond Principles that could be included in a labelled issuance – reaffirming the role WATC's existing debt issuance program plays in supporting sustainable financing.

Environmental themes guiding project pool

The governance committee overseeing the Framework evaluated individual projects based on their relevance to progressing three key environmental themes that were identified as being strongly connected to delivery of priority policies of the Western Australian Government that will contribute significantly to achieving meaningful, positive change.

The first of these themes – *Reducing emissions from electricity generation* – is directly related to the Western Australian Government's commitment to phase out State owned coal-fired power generation by 2030 and reduce own-source emissions to 80% below 2020 levels.







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A commitment has been made to allocate at least 50% of proceeds from the July-2033 maturity green bond to projects aligned to the theme of – *Reducing emissions from electricity generation* – as they are pivotal to achieving the Western Australian Government's emissions reduction target.

The Western Australian Government's ownership of and responsibility for electricity generation and transmission enables it to directly influence this objective.

Through providing an increasingly decarbonised electricity grid the first theme is a primary enabler for enhancing environmental outcomes achievable from projects chosen within the other two priority environment themes, being – *Transport infrastructure to support the net-zero transition* and – *Enhancing climate change adaptation and resilience*.

Indicative Expenditure by Environmental Theme for Green Bond Project Pool

			ELIGIBLE PROJECT EXPENDITURE (\$M)		
	THEME	SDG	INCURRED TO 30-06-2023	FORWARD OUTLOOK*	TOTAL
1	Reducing emissions from electricity generation	 	712	3,300	4,012
2	Transport infrastructure to support net-zero transition	 	2,198	2,800	4,998
3	Enhancing climate change adaptation and resilience	 	42	2,800	2,842
Total			2,952	8,900	11,852

* Forward outlook approximates the eligible expenditure expected for projects currently allocated to the pool from July 2023 onwards. This will be subject to revision and excludes any direct funding to the projects from the Australian Government.

Eligible expenditure by environment theme

The significance of the chosen themes and their importance to the Western Australian Government's priority policy commitments are reflected in the scale of expected expenditure as outlined above. As the primary theme of reducing emissions from electricity generation is also critical to maximising the environmental outcome of the other themes, a commitment has been made to allocate at least 50% of all proceeds from the July-2033 maturity green bond to assist financing projects within this theme as shown in the proceeds allocation table below.

Allocation of proceeds by project and ICMA Green Bond Principles category

Allocation of bond proceeds to the individual projects within each environmental theme by ICMA Green Bond Principles category are shown in the table below, followed by further summary information on their scope, delivery progress, environmental impact and associated social co-benefits. Detailed descriptions for all projects are also provided in the [Appendix](#).

Allocation of Green Bond Proceeds: Issuance to 31-10-2023

1 Reducing emissions from electricity generation			
ICMA GREEN BOND PRINCIPLES CATEGORY	PROJECT NAME	PROJECT STATUS	GREEN BOND PROCEEDS ALLOCATION (\$M)
Renewable Energy	Wind Farms	PLANNING	30
	Standalone Power Systems	UNDER CONSTRUCTION / PARTLY OPERATIONAL	60
	Solar Schools Program	UNDER CONSTRUCTION / PARTLY OPERATIONAL	4
Energy Efficiency	Large Scale Batteries	UNDER CONSTRUCTION / PARTLY OPERATIONAL	781
	Advanced Metering Infrastructure	UNDER CONSTRUCTION / PARTLY OPERATIONAL	90
	LED Streetlights	UNDER CONSTRUCTION / PARTLY OPERATIONAL	10
2 Transport infrastructure to support net-zero transition			
ICMA GREEN BOND PRINCIPLES CATEGORY	PROJECT NAME	PROJECT STATUS	GREEN BOND PROCEEDS ALLOCATION (\$M)
Clean Transportation	METRONET	UNDER CONSTRUCTION / PARTLY OPERATIONAL	855
	Electric Vehicle Initiatives	UNDER CONSTRUCTION / PARTLY OPERATIONAL	25
	Active Infrastructure	UNDER CONSTRUCTION / PARTLY OPERATIONAL	50
3 Enhancing climate adaptation and resilience			
ICMA GREEN BOND PRINCIPLES CATEGORY	PROJECT NAME	PROJECT STATUS	GREEN BOND PROCEEDS ALLOCATION (\$M)
Sustainable Water	Renewable Desalination Plant	PLANNING	20
Total			1,925

Shark Lake Renewables Hub.
Image courtesy of Pacific Energy.

Project summaries and impact indicators within environmental themes

Reducing emissions from electricity generation

Projects chosen within this theme align to the ICMA Green Bond Principles categories of *Renewable Energy and Energy Efficiency* and will make a major contribution towards the Western Australian Government's commitment to reduce its own-source GHG emissions to 80% below 2020 levels by 2030.


Where smaller scale projects have also been chosen within this theme, they focus on the importance of delivering more reliable and cost effective renewable-based power to remote regions across the vast expanses of Western Australia that ensures all citizens benefit from the energy transformation.

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Projects chosen within this theme align to the ICMA Green Bond Principles categories of *Renewable Energy and Energy Efficiency* and will make a major contribution towards the Western Australian Government's commitment to reduce its own-source GHG emissions...

Standalone Power System.
Image courtesy of Horizon Power.

Renewable Energy focused projects – impact summary

PROJECT	PROJECT SUMMARY	PRIMARY INDICATORS
<p>Wind Farms</p> <p>In planning phase, securing project rights and supply chains.</p> <p>PROJECT DETAIL </p>	<p>Two new wind farms planned in the Wheatbelt and Great Southern regions to significantly expand renewable energy generation capacity on the South West Interconnected System and aid displacement of coal-fired power generation.</p>	<p>INFRASTRUCTURE PLANNED</p> <ul style="list-style-type: none"> Total renewable energy generation capacity to be installed: up to 250 MW. <p>OPERATIONS INTENDED INDICATOR</p> <ul style="list-style-type: none"> Annual renewable energy generation in MWh/GWh.
<p>Standalone Power Systems (SPS)</p> <p>Being progressively delivered in project phases at the fringes of the South West Interconnected System.</p> <p>PROJECT DETAIL </p>	<p>Replace traditional poles and wire infrastructure vulnerable to climate events in regional and isolated areas with off-grid renewables based energy systems.</p> <p>SOCIAL CO-BENEFITS</p> <p>Improving power reliability to remote areas with expected reduction in power outages of more than 80%.</p>	<p>INFRASTRUCTURE PROGRESS TO 30-06-23</p> <ul style="list-style-type: none"> Number of SPS installed: 259 Kilometres of overhead power lines removed: 538 km. <p>OPERATIONS INTENDED INDICATOR</p> <ul style="list-style-type: none"> Annual renewable energy generation in MWh. Average % of renewable energy generation across SPS.
<p>Solar Schools Program</p> <p>Several schools operational, completion of all sites expected before end of 2024.</p> <p>PROJECT DETAIL </p>	<p>Deliver rooftop solar panel systems in 28 remote regional schools in the Kimberley and Pilbara regions.</p> <p>SOCIAL CO-BENEFITS</p> <p>Expected to reduce schools annual electricity costs by around one quarter and provide students with important STEM learning outcomes.</p>	<p>INFRASTRUCTURE INTENDED INDICATOR</p> <ul style="list-style-type: none"> Total renewable energy generation capacity installed in MW. <p>INFRASTRUCTURE PROGRESS TO 30-06-23</p> <ul style="list-style-type: none"> Number of regional and remote schools completed: 20 schools. <p>OPERATIONS INTENDED INDICATOR</p> <ul style="list-style-type: none"> Annual renewable energy generation in MWh.

Energy Efficiency focused projects – impact summary



PROJECT	PROJECT SUMMARY	PRIMARY INDICATORS
<p>Large Scale Batteries</p> <p>One battery in operation, two others in procurement.</p> <p>PROJECT DETAIL </p>	<p>Three large scale batteries with a total capacity of 800 MW / 3000 MWh to facilitate increased penetration of renewable energy sources connected to the South West Interconnected System (SWIS) – the electricity grid that services > 85% of Western Australia’s resident population.</p> <p>SOCIAL CO-BENEFITS</p> <p>Supports the Just Transition from coal mining and coal-fired power generation in the town of Collie where the largest (500 MW / 2000 MWh) battery will be located.</p>	<p>INFRASTRUCTURE PROGRESS TO 30-09-23</p> <ul style="list-style-type: none"> Capacity installed: 100 MW / 200 MWh <p>OPERATIONS INTENDED INDICATOR</p> <ul style="list-style-type: none"> Energy sent out during peak individual reserve capacity requirement intervals (MWh).
<p>Advanced Metering Infrastructure (AMI)</p> <p>Implementation over 50% complete.</p> <p>PROJECT DETAIL </p>	<p>Install AMI for all eligible households and businesses connected to the SWIS by 2027, increasing efficient use of rooftop solar generation and facilitating enablement of other emerging technologies.</p> <p>SOCIAL CO-BENEFITS</p> <p>Provide more data to help customers manage their energy usage, energy efficiency targets and reduce overall power costs.</p>	<p>INFRASTRUCTURE PROGRESS TO 30-09-23</p> <ul style="list-style-type: none"> Number of AMI installed: 628,773 (52% of network connections converted).
<p>LED streetlights</p> <p>Project being completed in phases with several areas of Perth already converted.</p> <p>PROJECT DETAIL </p>	<p>Replace all standard streetlights in the SWIS with LED lights by 2029.</p>	<p>INFRASTRUCTURE PROGRESS TO 30-06-23</p> <ul style="list-style-type: none"> Number of streetlights converted: 43,179 (15% of streetlights fleet). <p>OPERATIONS ACHIEVED FY23²</p> <ul style="list-style-type: none"> Annual GHG emissions avoided: 6,027 tCO₂-e. 64% energy consumption reduction from streetlights replaced.

² FY23: Australian financial year being from 1 July 2022 to 30 June 2023

Transport infrastructure to support net-zero transition

Projects within this theme align to the *Clean Transportation* Green Bond Principle and support an interrelated strategy to reduce transport emissions in Western Australia. The key component is providing more accessible and cost effective electrified public transport, supported by developing infrastructure and incentives to motivate the transition of private travel to electric vehicles, and by increasing access to safe pedestrian and bicycle infrastructure.

Clean Transportation focused projects – impact summary


PROJECT	PROJECT SUMMARY	PRIMARY INDICATORS
<p>METRONET</p> <p>First new line commissioned in October 2022 and construction on others progressing well.</p> <p>PROJECT DETAIL </p>	<p>Major expansion of the metropolitan electrified public rail network of approximately 40% / 72 km with 23 new stations.</p> <p>SOCIAL CO-BENEFITS</p> <p>Introduced two-zone capped fare, providing savings of up to 60% by enabling passengers to travel from around 10 km to more than 100 km at the same fare delivering more affordable public transport to all passengers, regardless of geographical location or socio-economic circumstances.</p>	<p>INFRASTRUCTURE PROGRESS TO 30-06-23</p> <ul style="list-style-type: none"> 8.5 km new rail line commissioned and 4 new stations. <p>OPERATIONS ACHIEVED FY23</p> <ul style="list-style-type: none"> New Airport Line (opened in October 2022): 2.9 m passengers. Total network passengers: 50.4 m, an increase of 22% on previous year.
<p>Electric Vehicle (EV) Initiatives</p> <p>EV network is partially operational with completion of all sites across Western Australia expected in 2024.</p> <p>PROJECT DETAIL </p>	<p>Establishing Australia's longest EV charging network of more than 7,000 km with 49 fast-charging locations across the State, together with purchase rebates of \$3,500 per vehicle to incentivise consumer uptake.</p>	<p>INFRASTRUCTURE PROGRESS TO 30-06-23</p> <ul style="list-style-type: none"> Number of stations and charging ports installed: 12 stations / 38 ports. Number of purchase rebates provided: 1,578. <p>OPERATIONS ACHIEVED FY23</p> <ul style="list-style-type: none"> Annual GHG emissions avoided: 23.3 tCO₂-e since the first charger went live in April 2023.

PROJECT	PROJECT SUMMARY	PRIMARY INDICATORS
<p>Active Infrastructure</p> <p>Local fabrication of new pedestrian and cycling bridges across the Swan River to Perth CBD has commenced. Other pathway expansions being progressively delivered.</p> <p>PROJECT DETAIL </p>	<p>Delivery of a network of safe, high-quality paths for people of all ages and abilities to walk, wheel and ride, connecting key business activity and education centres.</p> <p>SOCIAL CO-BENEFITS</p> <p>Facilitating healthier lifestyles and safer off-road travel by minimising interruptions from other traffic to create more enjoyable walking and riding experiences.</p>	<p>INFRASTRUCTURE PROGRESS TO 30-06-23</p> <ul style="list-style-type: none"> • 27 km of new or refurbished dedicated pedestrian and bicycle lanes installed.

Enhancing climate change adaptation and resilience

The importance of continuing to increase and diversify Western Australia's water supply without impacting carbon emissions was the key reason for including the forward-looking renewably powered desalination plant project that aligns to the ICMA Green Bond Principle category of *Sustainable Water*.

Sustainable Water focused projects – impact summary

PROJECT	PROJECT SUMMARY	PRIMARY INDICATORS
<p>Renewable Energy Powered Desalination Plant</p> <p>Planning phase</p> <p>PROJECT DETAIL </p>	<p>Construction of a 50 billion litres-a-year desalination plant powered by renewables to support Western Australia's long-term growing population and reduce reliance on groundwater to help protect the natural environment.</p>	<p>INFRASTRUCTURE PLANNED</p> <ul style="list-style-type: none"> • Annual Output Capacity of 50 GL. <p>OPERATIONS INTENDED INDICATOR</p> <ul style="list-style-type: none"> • Annual absolute amount of water output in GL.

Sugarloaf Rock at Leeuwin-Naturaliste National Park.
Image courtesy of Tourism Western Australia.

Independent assurance review

The WATC Sustainability Bond Framework (Framework) released in May 2023 obtained a comprehensive Second Party Opinion confirming its alignment to the ICMA Principles which is available on the [WATC website](#) as a key component of WATC's Sustainable Finance Program disclosures.

In line with the commitment made within the Framework, in conjunction with preparing this Annual Report WATC commissioned a reputable independent assurance provider to evaluate the projects funded with proceeds from the green bond and opine on whether they:

- Met the use of proceeds and eligibility criteria defined in the Framework; and
- Reported on at least one key performance indicator for each ICMA Green Bond Principles use of proceeds category defined in the Framework.

The [assurance report](#) confirmed the allocation of issuance proceeds from the green bond as of 31 October 2023 has met these requirements.

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...WATC commissioned a reputable independent assurance provider to evaluate the projects funded with proceeds from the green bond and opine on whether they met the use of proceeds and eligibility criteria defined in the Framework and reported on at least one key performance indicator for each ICMA Green Bond Principles use of proceeds category defined in the Framework.

Shark Bay World Heritage Area.
Image courtesy of Tourism Western Australia.

Appendix: Green Bond Project Pool - Detailed Descriptions

Renewable Energy	Wind Farms	→
	Standalone Power Systems	→
	Solar Schools Program	→
Energy Efficiency	Large Scale Batteries	→
	Advanced Metering Infrastructure	→
	LED Streetlights	→
Clean Transportation	METRONET	→
	Electric Vehicle Initiatives	→
	Active Infrastructure	→
Sustainable Water	Renewable Energy Powered Desalination Plant	→

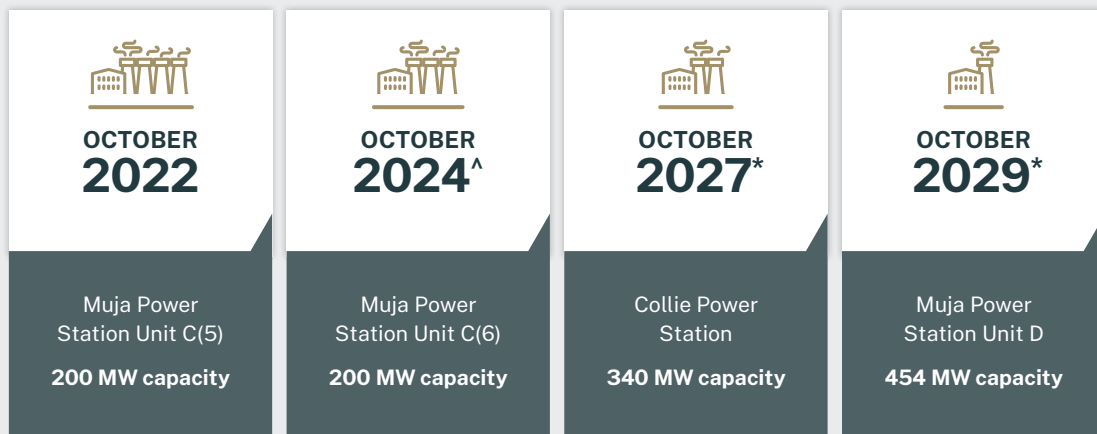
RENEWABLE ENERGY

Wind Farms



Taking advantage of advancing technology through installation of new wind farms is a key component of the Western Australian Government's expansion of renewable energy generation capacity on the South West Interconnected System to aid phasing out of State-owned coal-fired power generation in accordance with the following indicative schedule.

Phasing out of State-owned coal-fired power generation



[^] Muja C Power Station will be in reserve outage mode to April 2025.

^{*} These dates are subject to required approvals and may be influenced by several factors. Plant retirements will be part of a responsible staged plan that supports system stability and reliability.

Key components of this expansion included within the green bond project pool will be through installation of two wind farms at the strategic locations of:

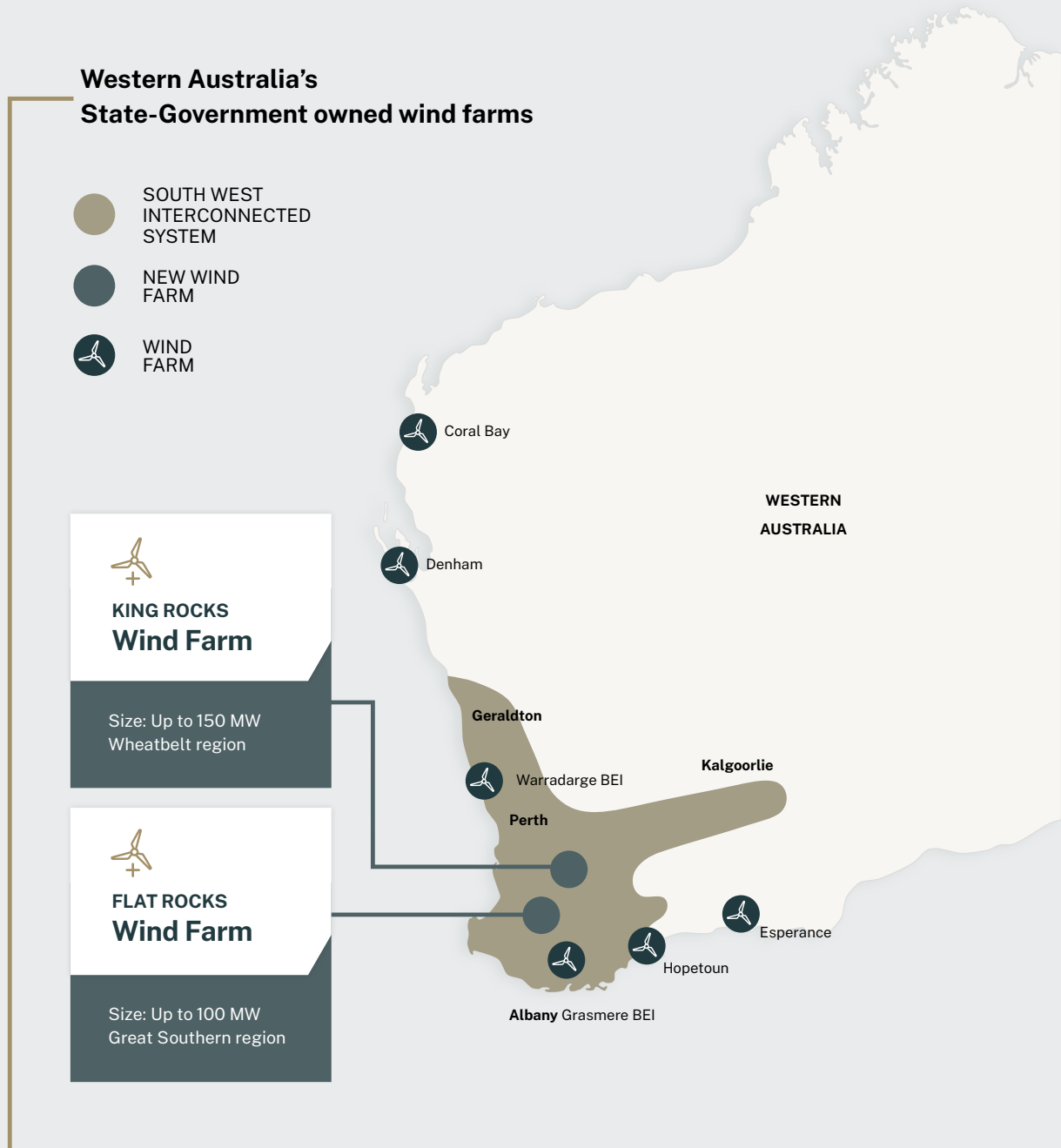
King Rocks

Located in Western Australia's Wheatbelt region, planning is well advanced for installation of a facility with up to 150 MW generation capacity comprising up to 30 wind turbines with towering structures reaching heights of 150 metres and turbine blades spanning up to 90 metres. Construction is expected to commence in 2024 and once operational is projected to generate sufficient power to meet the annual needs of up to 100,000 average homes in WA. The sites strategic selection was based on strong overnight winds, complementing solar PV systems generation during the day when the sun is shining, and its proximity to

existing infrastructure facilitating cost and production efficiencies. Moreover, the project design emphasises environmental preservation, allowing the retention of pockets of vegetation and minimal disruption to the land’s rural purposes.

Flat Rocks i

Located in Western Australia’s Great Southern region and expected to consist of up to 24 wind turbines with a maximum installation capacity of up to 100 MW. Development rights for the project have been secured and completion is expected by 2026. The project is strategically designated to support the future renewable energy powered desalination plant.



RENEWABLE ENERGY

Standalone Power Systems i



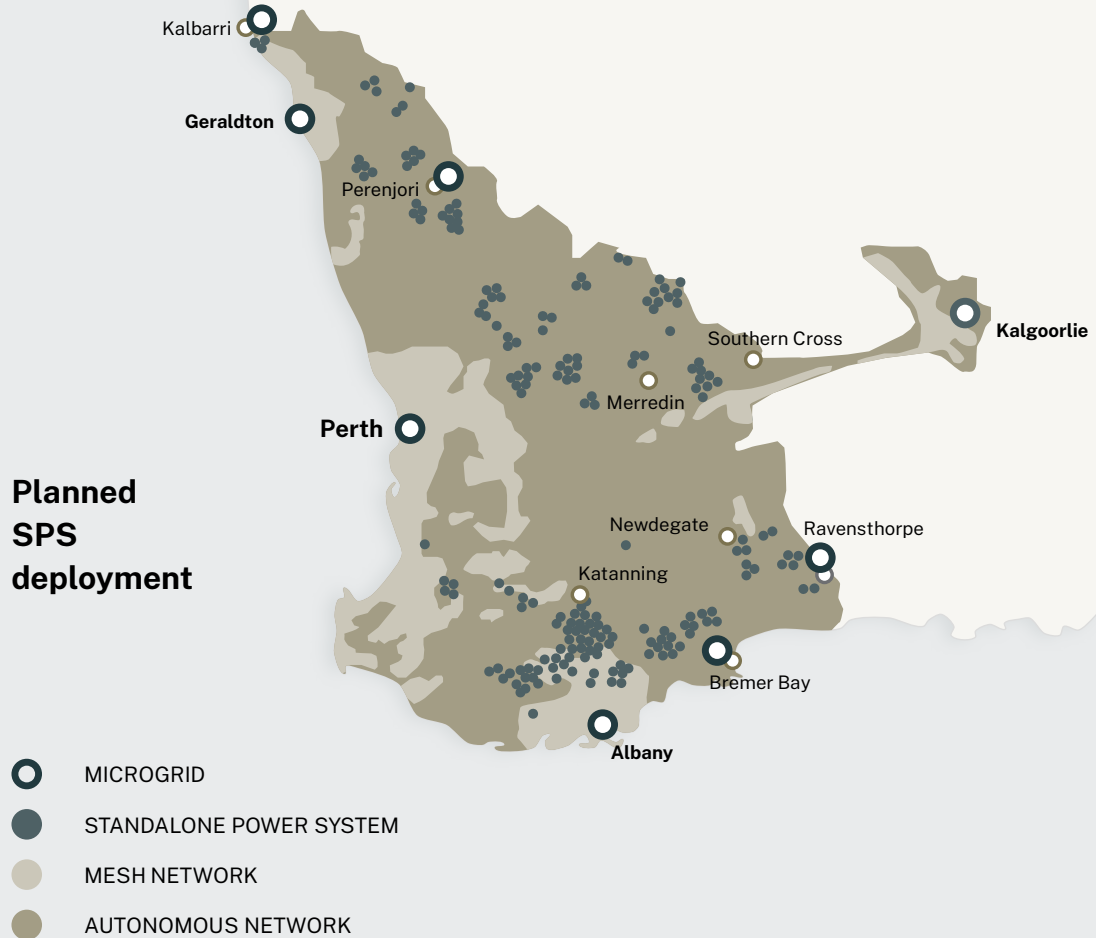
Standalone Power System.
Image courtesy of Horizon Power.



Western Australia has one of the largest isolated electricity networks in the world which presents challenges for providing customers with reliable and safe power, while also bringing more renewables onto the grid. To address this, Standalone Power Systems (SPS) have redefined power delivery in regional and remote areas of Western Australia. The Western Australian Government owned utilities have taken the lead globally in replacing conventional pole and wire infrastructure with this innovative, renewable-based technology.

Each SPS consists of solar panels, a PV inverter, battery storage and back-up diesel generation. These units come in different sizes to meet individual customers' energy requirements. Initial systems rolled out in a pilot program were designed to ensure a minimum of 75% of renewable generation, with performance data indicating this was comfortably achieved. Advances in technological functionality has enabled current system design being targeted to achieve up to 90% renewable generation.

The success of the pilot program paved the way for an ambitious plan to deploy up to 4,000 SPS across the fringes of the South West Interconnected System and other microgrids in isolated towns such as Esperance over the coming decade and enable the progressive decommissioning of approximately 15,000 km of overhead powerlines.



Social co-benefits

In addition to providing cleaner energy, SPS also improve reliability with power outages having been reduced by more than 80% through removal or reduction of common disruption causes such as line maintenance and environmental factors, e.g. wind, rain, vegetation contact and lightning. Further, the risk of extreme impacts such as bushfire have been significantly reduced by decommissioning overhead powerlines, with over 500 km having been removed through the program so far to 30 June 2023.

RENEWABLE ENERGY

Solar Schools Program

i



Stage two of the Solar Schools Program will deliver cleaner, green energy solutions for 28 public schools located in the Kimberley and Pilbara regions of northern Western Australia building on the success of phase one delivered in regional areas across the State. Energy requirements, particularly from air conditioning can be significant in the Kimberley and Pilbara regions where temperatures regularly exceed 40°C.

This initiative will be completed by mid-2024 and is expected to reduce greenhouse gas emissions by up to 1,000 tonnes per year through installation of approximately 1.1 MW of combined rooftop and ground mount solar across the 28 schools. For the largest system in the program consisting of 499 solar panels already installed at Broome Senior High School, savings in electricity costs are estimated at around \$350,000 annually and are expected to be around 24% across the program.

Social co-benefits

The Solar Schools program extends its impact to education by offering STEM learning resources to students. The materials are developed to cater to the diverse levels of student literacy in collaboration with the Science Teachers' Association of Western Australia, and encourages students to have hands-on fun while learning about solar and other energy topics. The program employs regionally based personnel which includes a commitment to Aboriginal employment, including trainees.

ENERGY EFFICIENCY

Large Scale Batteries

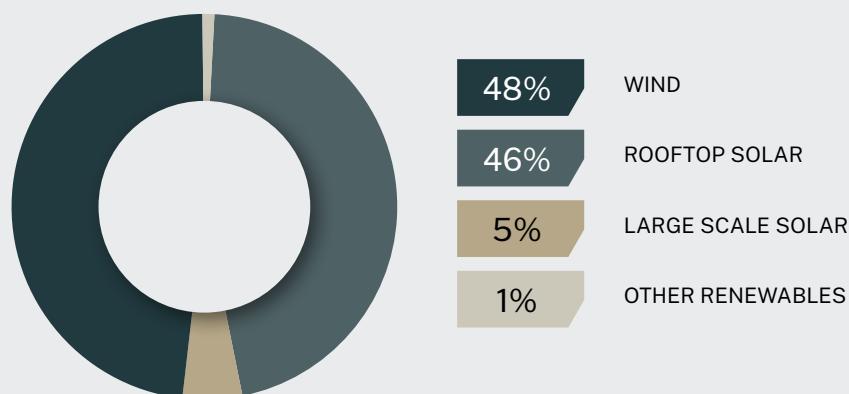


The Western Australian Government has committed to phasing out State-owned coal-fired power generation by 2030 and will invest in wind and storage projects to replace this capacity. Additionally, household rooftop solar is making a major contribution with already over one third of households having installed systems which is projected to increase to around half by 2030.

Supporting the delivery of firming technology is critical in enabling the continued uptake of residential rooftop solar and encouraging investment in large scale renewable energy infrastructure. On sunny autumn or spring days, rooftop solar production is high while overall consumption can be low which results in instability in the grid. The Western Australian Government's **Energy Transformation Strategy** supported by detailed modelling in the **Whole of System Plan** and **SWIS Demand Assessment** highlights the need for significant energy storage to support the State's shift towards a more sustainable energy future.

Battery Energy Storage Systems (BESS) can store excess renewable energy when it is generated and release it as required. It can respond rapidly to changes in demand compared with other generation technologies, which can help to smooth the volatility caused by either intermittent renewable generation sources or other changes to generation or demand in the grid. BESS plays a crucial role in keeping the electricity system stable and aiding the transition to significantly increase renewable electricity in the system.

Renewable energy sources 2022-23



Battery Energy Storage Systems – A key component of the Green Bond Project Pool

The current Western Australian Government BESS projects included within the green bond pool are:

Kwinana Battery Energy Storage System 1 (KBESS1) 100 MW / 200 MWh i



Located at the former fossil-fuel based Kwinana Power Station site, the KBESS1 is the first transmission connected battery energy storage system in the SWIS and achieved commercial operation in September 2023. It has the potential to power approximately 160,000 average Western Australian homes for two hours and created more than 100 local jobs through the construction and commissioning phases.

Kwinana Battery Energy Storage System Stage 2 (KBESS2) 200 MW / 800 MWh i



Adjacent to the recently completed KBESS1 this second battery at 200 MW / 800 MWh has four times the duration. Construction commenced in July 2023 and the efficiency improvement over KBESS1 is through application of new-generation technology for the system's 72 inverter units. The construction phase is expected to create more than 160 jobs with commissioning of KBESS2 targeted for early 2025.

Collie Battery Energy storage system (CBESS) 500 MW / 2000 MWh



Located in the historical town of Collie, 200 km south-east of Perth where State-owned coal-fired power stations will be phased out by 2030, this project will benefit from utilising existing network infrastructure. The CBESS is designed with a capacity of 500 MW / 2000 MWh, making it one of the biggest in the country with a layout of 40,000 m², equivalent to two full sized football ovals or 10 times the size of the KBESS1.

Contracts have been awarded for the delivery of 650 containerised liquid-cooling battery systems and 160 inverters. Construction is expected to commence in early 2024, with commissioning targeted for the end of 2025. This project is a key component of the Western Australian Government's Energy Transformation Strategy and will support its 2030 emissions reduction target.

Collie - Just Transition Plan

The CBESS project will play a key role in facilitating the transition to renewable energy, but also in supporting the Collie economy by creating more than 500 jobs during the peak of construction. The town's transition is aided by the **Collie Just Transition Plan**, which aligns with the internationally renowned Just Transition Framework that focuses on supporting workers, industries and communities in the shift from carbon-intensive industries.



Collie Power Station.
Image courtesy of the Department of the Premier and Cabinet

ENERGY EFFICIENCY

Advanced Metering Infrastructure i



The Advanced Metering Infrastructure (AMI) project is seeking to install over 1.2 million Advanced Meters by 2027 covering over 99% of the South West Interconnected System (SWIS). AMI enables more efficient usage of household rooftop solar thereby supporting its continued expansion among Western Australian households and businesses – projected to increase from an already large penetration of just over one third to half by 2030.

Access to Advanced Meter data not only empowers Western Australians to better manage their energy consumption and reduce their power costs, it also facilitates the adoption of emerging technologies including community batteries, microgrids, embedded networks and electric vehicles. As of October 2023, 628,773 Advanced Meters have been installed on the SWIS, which covers approximately 52% of the network.



Advanced Metering Infrastructure.
Image courtesy of Western Power.

ENERGY EFFICIENCY

LED Streetlights

LED Streetlights.
Image courtesy of Western Power.



The Western Australian Government is aiming by 2029 to replace all standard streetlights with LED lights on local road networks within the South West Interconnected System.

There are over 278,000 streetlights across the network and as of 30 June 2023, 15% of the streetlights have been converted to LED that provide an estimated reduction in energy usage of 64% (approx. 12 GWh annually) and emission reduction of 6,027 tCO₂-e in FY23. Once completed, it is estimated the LED replacement program will reduce GHG emissions by more than 33,000 tCO₂-e per year with the added benefits of significantly reducing community energy costs, removing mercury from the environment and reducing waste.

CLEAN TRANSPORTATION

METRONET



- Yanchep Rail Extension**
14.5 km extension with stations at Alkimos, Eglinton and Yanchep
- Morley-Ellenbrook Line**
21.3 km line with stations at Morley, Noranda, Malaga, Whiteman Park and Ellenbrook
- High Capacity Signalling**
Upgrades to the rail network's signalling and control systems to allow more trains to run more often
- New Midland Station**
The new station, in a new location, to better integrate and connect the area
- New Bayswater Station**
New major station
- Forrestfield-Airport Link**
Completed
- Byford Rail Extension**
Extending the Armadale Line to Byford
- Thornlie-Cockburn Link**
First east-west connection with stations at Nicholson and Ranford roads in Canning Vale
- WA Railcar Program**
246 new C-series railcars manufactured locally
- Karnup Station**
Future station on the Mandurah Line
- Lakelands Station**
Completed

METRONET is the most significant investment in electrified public transport ever undertaken in Western Australia, expanding the existing Perth metropolitan rail network by approximately 40% with 72 km of new passenger lines and 23 new stations. It represents the State's vision to integrate transport with urban planning to support sustainable growth in Perth over the next 50 to 100 years. This includes facilitating higher density housing in close proximity to stations, with provision for social and affordable housing.

Broader environmental and social co-benefits

Sustainability — a key focus for procurement

Sustainability is considered and embedded consistently across the METRONET project of works, supported by a **Sustainability Strategy** which sets environmental and social targets within procurement including Infrastructure Sustainability Council (ISC) and Green Star targets as well as outcomes aligned to the United Nations Sustainable Development Goals.

Related outcomes achieved during the 2022-23 financial year include:

- Achieved the highest sustainability rating of 'Leading' from the ISC for the new **Airport line** that opened in October 2022 - the first line linking Perth Airport to major metropolitan suburbs.
- 99% of construction and demolition waste diverted from landfill associated with works for the four train stations and 8.5 km of rail completed.



Artist's representation of METRONET.
Image courtesy of METRONET.

Broader environmental and social co-benefits (continued)

Aboriginal engagement

A key focus of the METRONET project is the **Gnarla Biddi Aboriginal Engagement Strategy**, a long-term commitment to embed genuine engagement with the Aboriginal community and sets minimum targets to increase Aboriginal participation throughout the planning, design and delivery.

The strategy outlines five streams of engagement which allows for cultural, business, job and land access outcomes for the Aboriginal community running through each stage of the project life-cycle, with minimum targets to meet.

Since construction commenced to 30 June 2023, \$34.3 m in procurement has been awarded to Aboriginal businesses, with Aboriginal employees and contractors accounting for 4.7% of total hours worked.

Reducing public transport cost

In January 2022 a capped fare at two-zones was introduced, replacing the previous nine-zone system that progressively increased fares for longer travel. The outcome being that fares for travel from approximately 10 km to over 100 km are now at the same rate, encouraging increased use of public transport and providing savings of up to 60% for passengers living in outer suburbs to ease cost of living pressure.



Smoking ceremony, Forrestfield-Airport Link.
Image courtesy of METRONET.

CLEAN TRANSPORTATION

Electric Vehicle Initiatives i



Horizon Power's Karratha EV charging station launch. Image courtesy of Horizon Power.



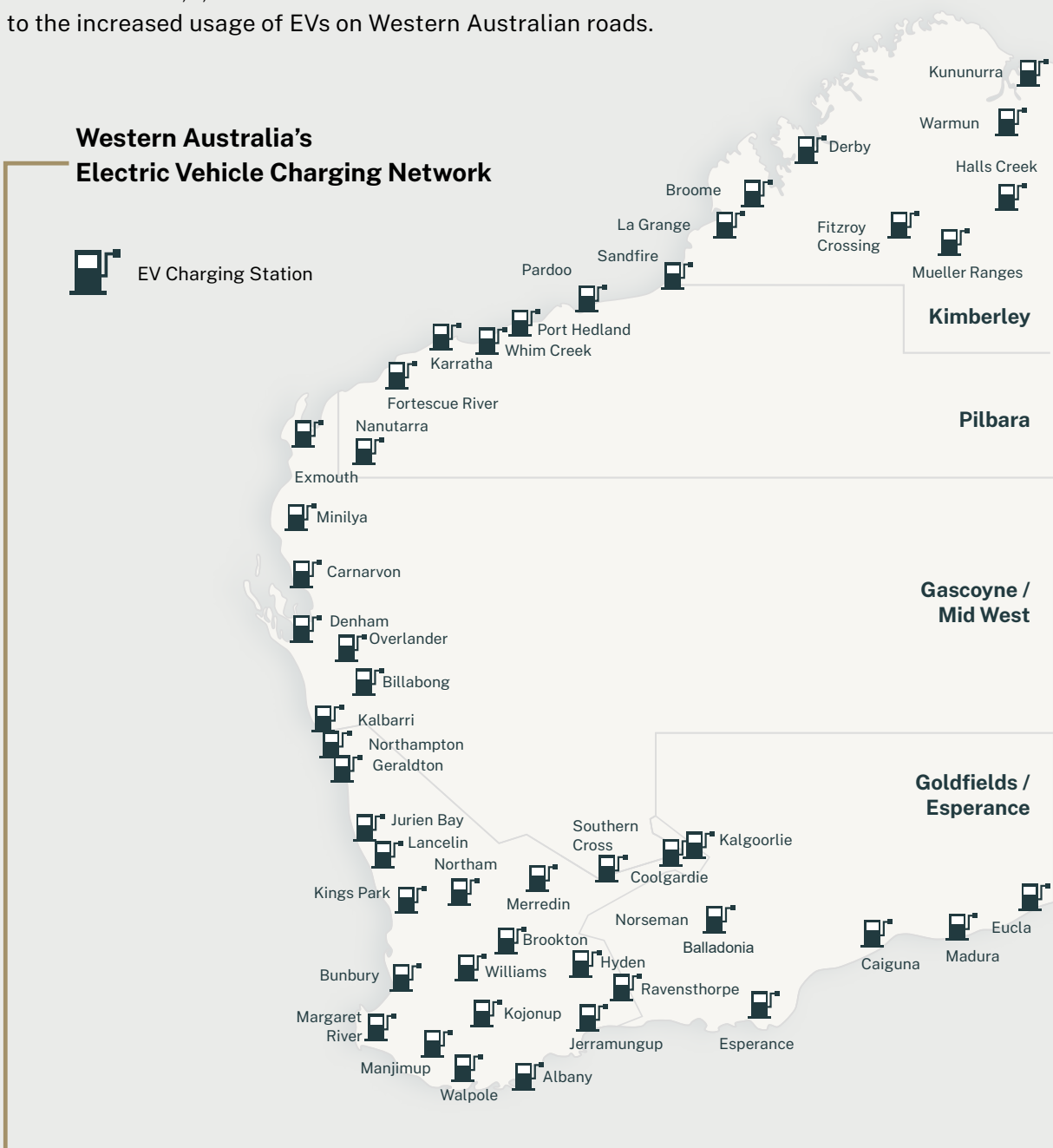
Western Australia's Electric Vehicle (EV) Charging Network will connect more than 7,000 km across all parts of the State and is a key component of the Western Australian Government's **Electric Vehicle Strategy**. The network will include 98 fast-charging stations installed at 49 locations averaging less than 200 km apart, with 150 kW chargers taking as little as 14 minutes to charge a vehicle. The number of EVs on Western Australian roads has increased by more than 70% in the year to September 2023 and is expected to continue to grow. It will facilitate travel north from Perth to Kununurra, along the South-West coast to Esperance and east to Kalgoorlie, becoming one of the world's longest EV charging infrastructure networks.

Since the launch of the first charger in April 2023, 12 stations became operational with 38 charging ports in the 3 months to 30 June 2023. Approximately 73 MWh of energy has been distributed, enabling around 438,630 km of travel with EV usage avoiding an estimated 23.3 tonnes of greenhouse gas emissions.

The entire network is expected to be fully operational by the end of 2024, and will be supported with other complementary initiatives such as further installation of EV charging ports at selected major metropolitan train station carparks and grants to support local governments, not-for-profits and SMEs to install charging infrastructure.

Incentivising EV purchase

The Western Australian Government's **Zero Emission Vehicle Rebate** program launched in May 2022 to incentivise the uptake of electric vehicles is continuing. The program provides \$3,500 rebates for new EV purchases with a value of \$70,000 or less. As of June 2023, 1,578 rebates have been awarded and contributed to the increased usage of EVs on Western Australian roads.



CLEAN TRANSPORTATION

Active Infrastructure



The Western Australian Government is investing in active transport infrastructure to deliver an integrated network of safe, comfortable, high-quality paths for people of all ages and abilities to walk, wheel and ride. The aim is to connect activity centres, such as Perth's Central Business District (CBD), schools, and stations to make active travel a safer, more convenient and widely accepted form of transport, with minimal interruption from other traffic. Specific projects included in the green bond project pool are:

Principal Shared Path (PSP) Expansion Program



Extending and upgrading high-standard walking and riding routes to enable longer, more direct trips, with minimal interruption from other traffic, in high commuter corridors. Through to 2023, the focus has been on completing the PSP network within 15 km of the Perth CBD. Some projects are delivered alongside the METRONET public rail expansion to provide an integrated network of clean transportation.

During the 2021-22 and 2022-23 financial years 27 km of PSP was constructed, including finalisation of an uninterrupted 74 km connection between Perth and Mandurah.

Walking and riding route.

Image courtesy of the Government of Western Australia, Department of Transport.

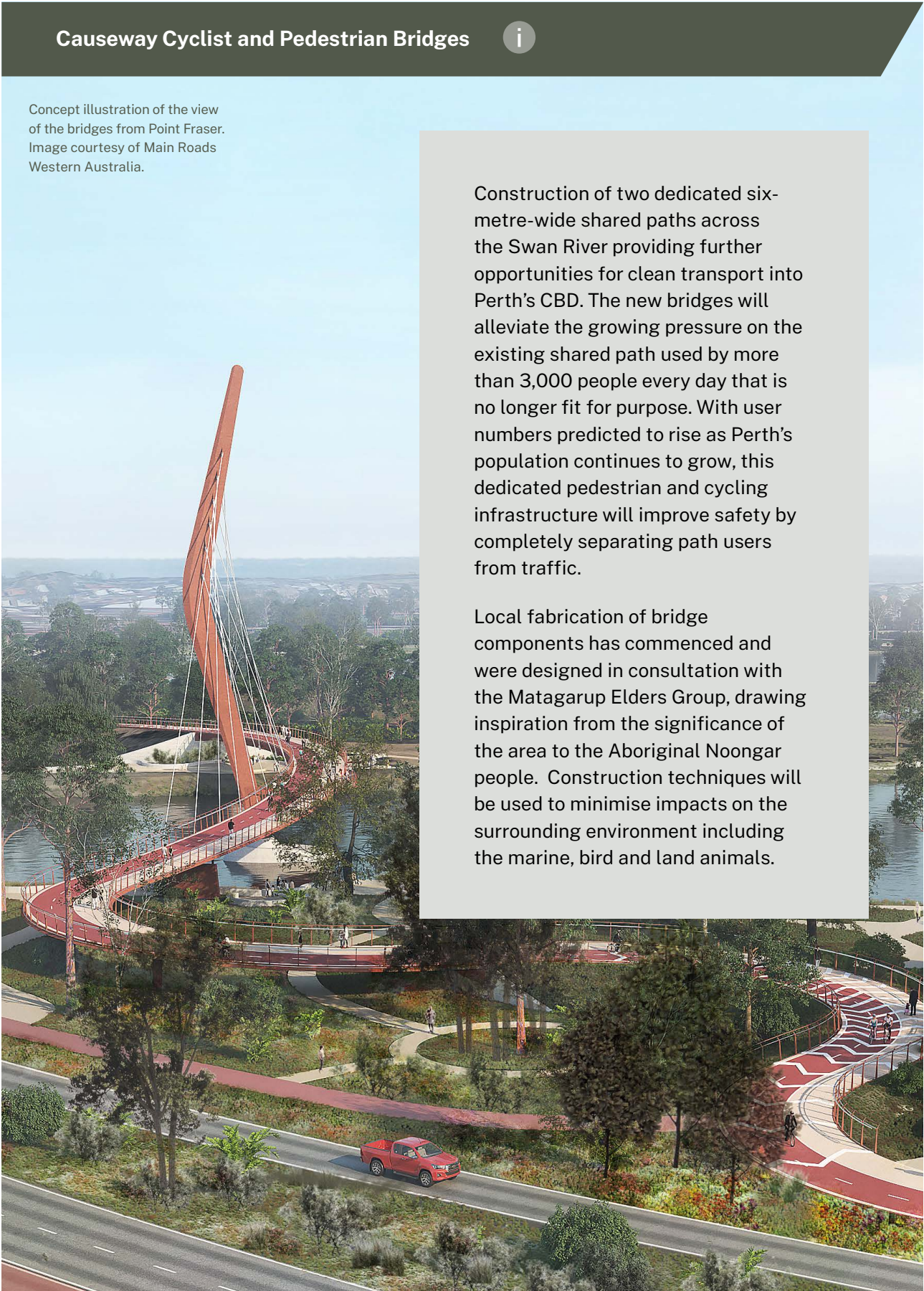
Causeway Cyclist and Pedestrian Bridges



Concept illustration of the view of the bridges from Point Fraser. Image courtesy of Main Roads Western Australia.

Construction of two dedicated six-metre-wide shared paths across the Swan River providing further opportunities for clean transport into Perth's CBD. The new bridges will alleviate the growing pressure on the existing shared path used by more than 3,000 people every day that is no longer fit for purpose. With user numbers predicted to rise as Perth's population continues to grow, this dedicated pedestrian and cycling infrastructure will improve safety by completely separating path users from traffic.

Local fabrication of bridge components has commenced and were designed in consultation with the Matagarup Elders Group, drawing inspiration from the significance of the area to the Aboriginal Noongar people. Construction techniques will be used to minimise impacts on the surrounding environment including the marine, bird and land animals.



SUSTAINABLE WATER

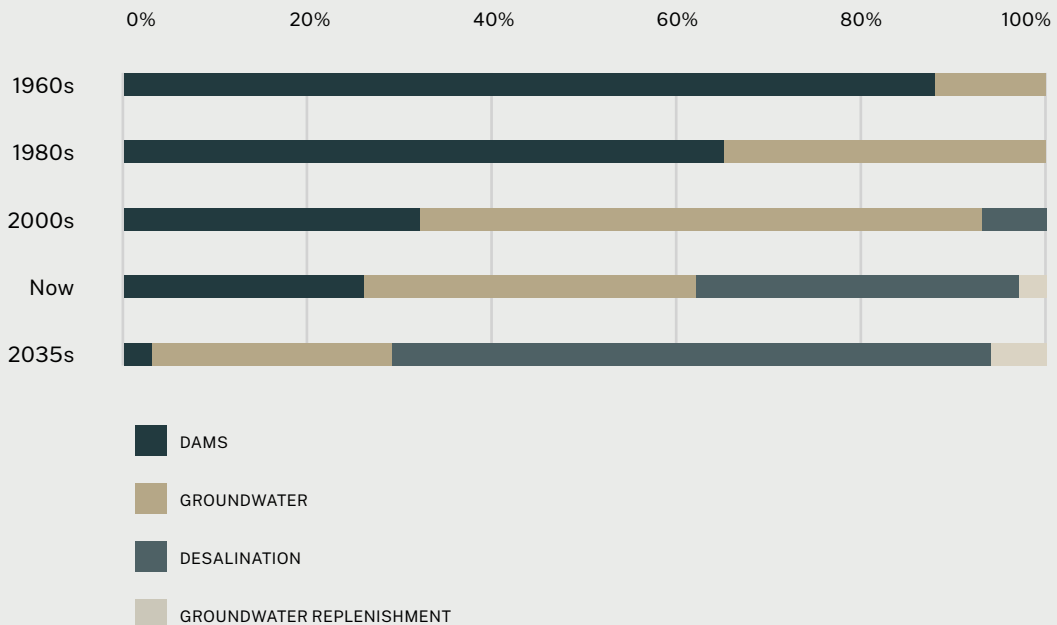
Renewable Energy Powered Desalination Plant



The Western Australian Government was a pioneer in understanding how climate change could impact the security and quality of the State’s water supply, being the first State in Australia to develop large scale demand management and water supply initiatives. This has enabled significant diversification in water supply sources to be achieved over the past 20 years, in particular through seawater desalination plants, as a rapidly drying climate continues to reduce streamflow to metropolitan dams and recharge to groundwater aquifers.

With this trend certain to continue, recent detailed evaluation of the most effective forms of climate-independent water sources identified a need for significant expansion of seawater desalination and groundwater replenishment schemes.

Greater Perth Water Sources



Source: Water Corporation

Alkimos Desalination Plant



Net-zero Scope 1 and 2 greenhouse gas emissions during construction and operation

The next seawater desalination plant will be located in Alkimos, 40 km north of Perth. The first stage of this project will deliver a 50 GL capacity facility by 2028. As part of the Western Australian Government's commitment to achieve net-zero emissions from its direct activities, this new desalination plant will achieve net-zero scope 1 and 2 emissions during all phases of construction and operations.

Given the energy-intensive nature of operating a desalination plant, most emission will fall under scope 2. To address this, the Western Australian Government intends to secure 400 MW of renewable energy from local renewable projects including the secured Flat Rocks wind farm (see Wind farms section) to power this new and the two existing metropolitan desalination plants by 2035.



Alkimos Seawater Desalination Plant concept illustration.
Image courtesy of Water Corporation.

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