



WESTERN AUSTRALIAN TREASURY CORPORATION

# Sustainability Bond Framework

/ FEBRUARY 2025

WESTERN AUSTRALIAN  
TREASURY CORPORATION

Financial Solutions  
for the Benefit of All  
Western Australians

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## **Acknowledgement 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@watc.wa.gov.au](mailto:esg@watc.wa.gov.au).

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*Front Cover: Whale Shark, Ningaloo Reef.  
Image: Tourism Australia.*



# Introduction

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As the State's central financial services provider, Western Australian Treasury Corporation (WATC) plays a key role in financing the Western Australian Government through the issuance of debt securities in domestic and international capital markets.

WATC has developed this Sustainability Bond Framework (Framework) to provide a structure for the issuance of green, social and sustainability (GSS) bonds to assist the Western Australian Government financing initiatives that meet internationally recognised standards. This will support the Western Australian Government's commitment to the Paris Agreement, reaching net-zero greenhouse gas emissions by 2050, and progressing the objectives of the United Nations Sustainable Development Goals.

This edition, released in February 2025, contains minor updates to the original Framework published in April 2023.



*Wind Farm, Merredin.  
Image: Tourism Western Australia.*

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Kununurra Landscape, East Kimberley.  
Image: Tourism Western Australia.

# 1

## Western Australian Government's Sustainability Strategy

In November 2021 the Western Australian Government released its inaugural Environmental, Social and Governance (ESG) Information Pack, **Supporting Continuous Improvement in ESG Outcomes for Western Australia**, which has been updated following the annual release of the State Budgets in May 2022, May 2023 and May 2024. The purpose of the ESG Information Pack and related updates is to inform investors of key policy commitments and actions in progress that are addressing the major environmental and social challenges faced by Western Australia, both now and into the future. The Western Australian Government's ongoing approach to ensuring continuous improvement in ESG outcomes is validated through ESG ratings from reputable third parties. More information on this can be found on our [website](#).

### 1.1 Environmental Initiatives

A key component of the Western Australian Government's response to climate change is the **Western Australian Climate Policy** which sets out the Western Australian Government's plan for a climate resilient community and a prosperous low carbon future. The Climate Policy combines a suite of policies and actions already underway with new commitments, to support the State's vision of a resilient, low carbon future. These include initiatives to support the net-zero transition across the public sector, initiatives for low carbon energy, mining and agriculture, and commitments to guide decarbonisation across the entire economy.

The key themes of the Climate Policy and examples of major policies and programs in place to address climate change are outlined in the table below.

| Western Australian Climate Policy theme                                                                                                        | Major policies and associated programs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Clean manufacturing and future industries</b></p>      | <p>A low carbon future presents significant opportunities for new jobs, manufacturing and export industries, such as renewable hydrogen, future batteries and hydrogen-intensive commodities like green steel. Western Australia has some of the best combined wind and solar resources in the world, which the Western Australian Government is leveraging through its <b><u>Renewable Hydrogen Strategy</u></b> and commitment to develop renewable hydrogen hubs around the State. The Western Australian Government is also working to become a leading exporter of future battery minerals, materials, technologies and expertise through the <b><u>Battery and Critical Mineral Strategy</u></b>.</p>                            |
|  <p><b>Transforming energy generation and use</b></p>         | <p>The <b><u>Energy Transformation Strategy</u></b> is guiding significant change in how electricity is generated, distributed and used in Western Australia to facilitate decarbonisation. Through its ownership of key electricity infrastructure assets, the Western Australian Government is in a unique position to directly influence decarbonisation outcomes. A significant example is the commitment to retire State-owned coal-fired generation assets by 2030. There is also a focus from the Western Australian Government to support implementation of innovative clean energy projects with the potential to achieve significant emissions reductions via grants through the <b><u>Clean Energy Future Fund</u></b>.</p> |
|  <p><b>Storing carbon and caring for our landscapes</b></p> | <p>Protection of native vegetation and supporting Western Australia's unique fauna and internationally-renowned biodiversity is a key focus of the Western Australian Government and supported through the <b><u>Native Vegetation Policy</u></b> and <b><u>Plan for Our Parks</u></b>. These initiatives combine carbon sequestration with direct action to take advantage of Western Australia's enormous land mass. Programs include developing a <b><u>Carbon Farming</u></b> industry and implementing a <b><u>Forest Management Plan</u></b> that focuses on significantly expanding softwood plantations and actioning the <b><u>commitment to end native forest logging</u></b>.</p>                                           |





#### Lower-carbon transport

**METRONET** is the most significant investment in electrified public transport ever undertaken in Western Australia and aims to transform the State's infrastructure to substantially reduce the need for car travel and facilitate sustainable residential development. Together with the **Electric Vehicle Strategy**, which includes a commitment to develop one of the world's longest electric vehicle charging networks, METRONET will support the State's capacity to reduce transport-related emissions.



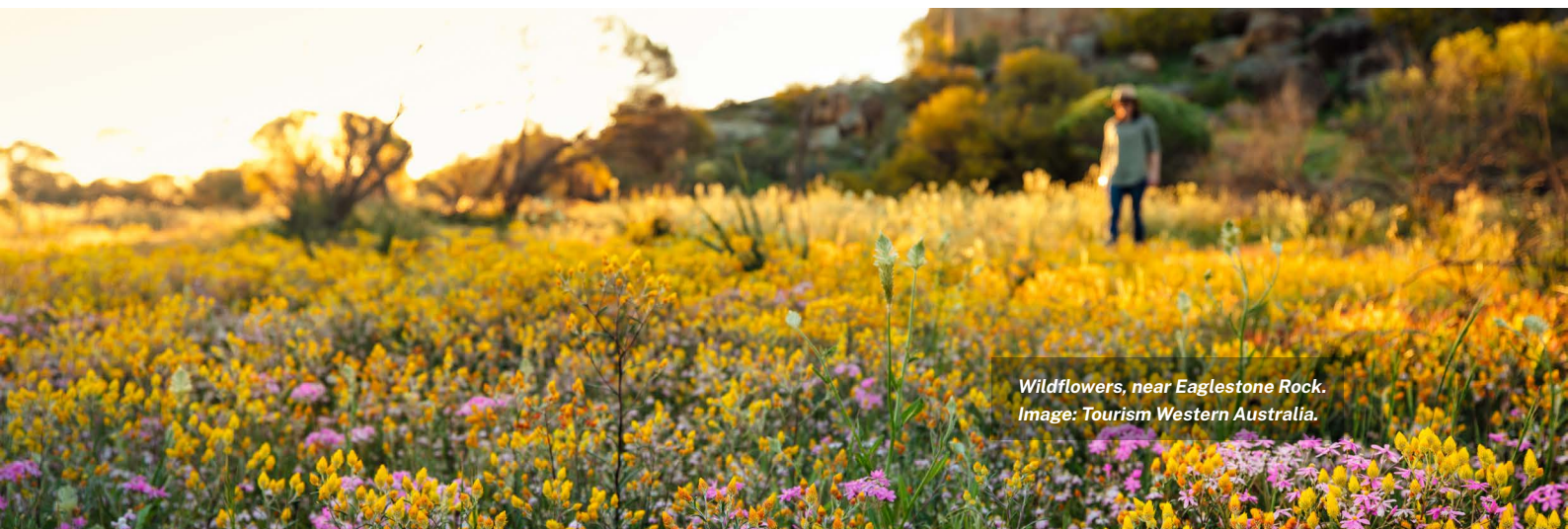
#### Resilient cities and regions

By investing heavily in **water supply diversification** and regional infrastructure, the Western Australian Government continues its pioneering work in understanding how climate change impacts the security and quality of water supply. Setting clear targets for water efficiency with a high focus on community education is a core component of the **Waterwise Perth Action Plan**. Additionally, establishing the **Bushfire Centre of Excellence** recognises the State's ongoing need for proactive preparation to mitigate increasing threats of bushfire associated with climate change.



#### Government leadership

The Western Australian Government acknowledges it plays an important, economy-wide leadership role in ensuring the State maintains progress towards net-zero emissions by 2050. This is reflected in the **Sectoral Emissions Reduction Strategy** and the requirement for all government agencies to develop a net-zero transition plan. An important associated component is the development of the Western Australian Government's Climate Risk Framework. Based on the TCFD framework, the Climate Risk Framework establishes each State Government agency's capacity to disclose the implications of climate change on the Western Australian Government's finances, infrastructure, physical assets and service delivery.



*Wildflowers, near Eaglestone Rock.  
Image: Tourism Western Australia.*





# Decarbonisation and the Mining Industry

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The Western Australian Government acknowledges that the State has a relatively high carbon footprint when measured on a per capita basis. This footprint has gradually increased over the past two decades, due mostly to the rapid expansion of the resources sector to service the global economy. A significant comparative advantage in natural resources and effective partnerships between government and industry has facilitated Western Australia having a Gross State Product per capita that is more than 50% above the national average. It is these same attributes of innovation and effective partnerships with industry that the Western Australian Government is harnessing to maximise the abundant natural (e.g. wind, solar and land mass) and mineral resources, in support of new industries and initiatives with the potential to rapidly reduce the State's carbon footprint through its Climate Policy.

The majority of large mining and energy companies in Western Australia, which contribute about half of the State's emissions, have set targets for net-zero emissions by 2050. The Western Australian Government is partnering with the State's mining, energy and manufacturing industries to reduce emissions and support the goal of the Paris Agreement. This process will be underpinned by the **Sectoral Emissions Reduction Strategy** which is a key component of the Climate Policy to drive Western Australia's decarbonisation across the economy.

The Western Australian Government is leading through industry partnership initiatives including the **Green Steel Challenge**, **Net Zero Emission Mining Challenge**, and the **Carbon Capture Utilisation and Storage: Action Plan**. It is providing **best practice guidance** on sustainable mining life cycle management and rehabilitation via the **Mining Rehabilitation Fund**, a program financed from an annual levy on mining tenement holders.

Western Australia is currently responsible for approximately half of the world's lithium production and is exporting this and other critical minerals essential to a range of clean energy technologies including rechargeable batteries, electric vehicles and wind turbines. Together with the ambition to become a major exporter of green hydrogen, Western Australia has significant potential to assist its trading partners in decarbonising.

*Hamersley Gorge, Karijini National Park. Image: Tourism Western Australia.*



## 1.2 Social Initiatives

The Western Australian Government has a well-established reputation for good governance and progressive social policies. This has facilitated ongoing positive outcomes in health and education, while ensuring those requiring assistance are best supported to reach their potential. Together with a focus on providing increased opportunities for Aboriginal people, greater recognition of cultural heritage, and striving to ensure gender equality, the Western Australian Government is committed to facilitating a culture where the great lifestyle and high standard of living this vast State offers can be enjoyed by all Western Australians.

A selection of important social themes and associated policy initiatives and actions illustrating this commitment are outlined in the table below.

| Social Policy theme                                                                                                                          | Major policies and associated programs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Improving outcomes for Aboriginal people</b></p>     | <p>The Western Australian Government is committed to achieving this objective through the <b><u>Aboriginal Empowerment Strategy</u></b> and <b><u>Closing the Gap Implementation Plan</u></b>. There are numerous initiatives in progress and achievements to date that demonstrate momentum including:</p> <ul style="list-style-type: none"> <li>• progressing <b><u>Native Title Recognition and Settlements</u></b>;</li> <li>• expanding the <b><u>Aboriginal Ranger Program</u></b> to aid the State's biodiversity management;</li> <li>• exceeding targets set for <b><u>government procurement contracts awarded to Aboriginal businesses</u></b>; and</li> <li>• improving housing, water, power and <b><u>municipal services in remote Aboriginal communities</u></b>.</li> </ul> |
|  <p><b>Supporting diversity and equal opportunity</b></p> | <p>Showing leadership through the <b><u>Workforce Diversification and Inclusion Strategy</u></b> for WA Public Sector employment and seeking to <b><u>reduce barriers to digital inclusion</u></b> supported by significant investments to a <b><u>Digital Capability Fund</u></b>.</p> <p>Ensuring vulnerable populations can thrive through initiatives such as the <b><u>Youth Action Plan</u></b> and <b><u>State Disability Strategy</u></b>.</p>                                                                                                                                                                                                                                                                                                                                       |
|  <p><b>Aiding those requiring assistance</b></p>          | <p>The Western Australian Government continues to work to improve the social cohesion of society with programs such as:</p> <ul style="list-style-type: none"> <li>• <b><u>Mental Health and Alcohol and Other Drugs Strategy</u></b>;</li> <li>• Inclusive education and <b><u>education support centres</u></b>;</li> <li>• Expanding Social Housing and addressing <b><u>homelessness</u></b>; and</li> <li>• <b><u>Strategy to Reduce Family and Domestic Violence</u></b>.</li> </ul>                                                                                                                                                                                                                                                                                                   |



#### Developing sustainable communities

Continuing to support a high standard of living for all citizens through **world class public hospital infrastructure** supported by the **State Public Health Plan** and employment focused education initiatives such as **Jobs Ready Skills Training** and the **STEM Skills Strategy**.

Dedicated programs providing more Western Australians with the **opportunity to achieve home ownership** as part of a much broader **WA Housing Strategy**.

## 1.3 Governance and Targets

The Western Australian Government employs a rigorous budget management framework, underpinned by annual budgets including medium-term financial forecasts supported by a comprehensive Mid-year Review and audited final outcomes within three months of period-end. The effectiveness of this fiscal discipline and strong track record of adherence to targets is underpinned by a legislated financial management framework and is regularly referenced as a positive contributor in rating agency assessments.

The Western Australian Government has established a Ministerial Taskforce on Climate Action to oversee implementation of initiatives within the Western Australian Climate Policy and State Electric Vehicle Strategy. The Ministerial Taskforce is supported by the Climate Action and Environment Portfolio Oversight Group (“POG”), chaired by the Department of Water and Environmental Regulation, with membership consisting of senior officers from the Western Australian Government agencies responsible for associated project delivery. The POG also has governance oversight of this Framework.

In June 2022 the **Western Australian Government committed** to reducing Scope 1 and 2 greenhouse gas emissions from its own activities by 80% below 2020 levels by 2030. This builds on a commitment for the State-owned generator Synergy to transition out of coal-fired power generation completely by 2030. Synergy supplies the South-West Interconnected System which provides electricity to over 85% of the State’s population. This will complement reductions in direct emissions from the transport sector expected to be facilitated through the significant expansion of the Perth metropolitan electrified rail network through **METRONET** and associated incentives to increase public transport usage, such as reduced fare prices for outer metropolitan areas.

Approvals for major projects including government initiatives are subject to independent assessment through the **Environmental Protection Authority**, an independent Western Australian Government statutory authority that is not subject to ministerial direction. This includes a requirement for a greenhouse gas emissions management plan aligned to net-zero by 2050, for any projects expected to have emissions above defined thresholds. The Western Australian Government has also set clear targets for improvements in waste management and recycling through the **Waste Avoidance and Resource Recovery Strategy 2030**, and pathways towards a plastic-free State through the **Plan for Plastics**.





## 2

# Sustainability Bond Framework

WATC has developed this Sustainability Bond Framework in accordance with the International Capital Markets Association's (ICMA)'s Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines (together these are referred to as ICMA Principles).

Under this Framework, WATC has the ability to issue green bonds (aligned to projects that assist in delivering a low carbon economy, climate change mitigation and adaptation), social bonds (aligned to projects that aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes), or sustainability bonds (combining aforementioned green and social projects). These projects will be based on the ICMA Principles, while also contributing towards the United Nations Sustainable Development Goals (SDGs).

In line with the ICMA Principles, this Framework has been structured following the four core pillars:

- Use of proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.

## 2.1 Use of Proceeds

WATC intends to allocate an amount equivalent to the net proceeds raised from any GSS bond issuance to finance and/or refinance, in whole or in part, expenditures for a pool of existing or new eligible projects.

Eligible projects include green and social initiatives that are entirely or in part funded by the Western Australian Government through State Government agencies<sup>1</sup>, which meet the eligibility criteria as described under Eligible green projects and Eligible social projects.

Such expenditures within these projects may relate to planning, development, construction, manufacture, purchase, operation, upgrade, management, maintenance, grants, rebates and subsidies as relevant to each particular eligible project.

The allocation of proceeds from a primary bond issuance to eligible projects that have been classified as completed may occur if project completion was within one year of the primary bond issuance date. Any future taps and/or reopening of bond lines may include additional allocation to projects that were allocated proceeds at the primary issuance date of that bond.

## Eligible green projects

Eligible green projects are those that support the transition to a low carbon economy, climate change mitigation and adaptation initiatives. The table below outlines the categories of eligible green projects under the ICMA Green Bond Principles (GBP) including a non-exhaustive list of example projects and expenditures that are consistent with the related criteria for each GBP category as outlined by the ICMA. Eligible green projects are also mapped to the United Nations SDGs.

Should WATC seek Climate Bond Initiative certification for a green bond, the proceeds will comply with the relevant Climate Bond Taxonomy and Climate Bond Standard sector criteria.

| Green Bond Principles category                     | Green project examples                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Key SDGs contribution                                                                                                                                                       |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sustainable water and wastewater management</b> | <ul style="list-style-type: none"> <li>• Sustainable and resilient water infrastructure to provide clean drinking water.</li> <li>• Wastewater treatment, recycling and storage facilities.</li> <li>• Water desalination plants.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |   |
| <b>Renewable energy and energy efficiency</b>      | <ul style="list-style-type: none"> <li>• Solar PV systems, battery storage and LED lighting upgrades.</li> <li>• Large scale renewable energy generation and consumption projects including wind, solar, geothermal, hydro power and green hydrogen.</li> <li>• Power Purchase Agreements that utilise solar, wind or other renewable energy technologies and are longer than five years.</li> <li>• Research and development to drive renewable energy innovation, generation and consumption.</li> <li>• Grid and standalone infrastructure to enable increased generation and use of renewable energy, including smart metering technology.</li> <li>• Waste to energy plants.</li> </ul> |   |

<sup>1</sup> For a co-funded eligible project only expenditure relating to the Western Australian Government's share of funding can be included in the eligible project expenditure pool.



|                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Clean transportation</b>                                                            | <ul style="list-style-type: none"> <li>• Electrified public transport including infrastructure, rolling stock and vehicles such as electrified rail, trams, cable cars and buses with no direct emissions.</li> <li>• Electric and fuel cell vehicles, plus dedicated charging and alternative electric fuel infrastructure.</li> <li>• Public walking and cycling infrastructure.</li> </ul> |                                                                                                                                                                                |
| <b>Circular economy, pollution prevention and control</b>                              | <ul style="list-style-type: none"> <li>• Recycling facilities and services including segregation at source.</li> <li>• Facilities for the re-use of materials.</li> </ul>                                                                                                                                                                                                                     |                                                                                             |
| <b>Climate change adaptation</b>                                                       | <ul style="list-style-type: none"> <li>• Infrastructure and programs that reduce vulnerability to climate related hazards and natural disasters.</li> <li>• Bushfire management.</li> </ul>                                                                                                                                                                                                   |                                                                                                                                                                                |
| <b>Environmentally sustainable management of living natural resources and land use</b> | <ul style="list-style-type: none"> <li>• Food security through research and development of more sustainable agricultural practices and fishery management.</li> <li>• Carbon farming.</li> <li>• Sustainable management of fisheries.</li> </ul>                                                                                                                                              |      |
| <b>Terrestrial aquatic biodiversity conservation</b>                                   | <ul style="list-style-type: none"> <li>• Management of State parks, forests and marine reserves.</li> <li>• Biodiversity protection and restoration.</li> <li>• Land and waterway conservation and restoration.</li> </ul>                                                                                                                                                                    |    |
| <b>Green buildings</b>                                                                 | <ul style="list-style-type: none"> <li>• Renewable energy and energy efficient upgrades to government buildings and social housing.</li> <li>• Energy, water and waste efficient property upgrades.</li> </ul>                                                                                                                                                                                |                                                                                                                                                                              |

## Eligible social projects

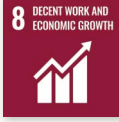
Eligible social projects are those that address social challenges and achieve positive social outcomes, especially, but not exclusively, for a defined target population. Examples of target populations, which eligible social projects address, include under-served and vulnerable groups such as:

- Youth;
- Women;
- Aboriginal people;
- Low-income households;
- People experiencing, or at risk of homelessness;
- People with disability; and
- Regional or remote communities.

The table below outlines the categories of eligible social projects under the ICMA Social Bond Principles (SBP), including a non-exhaustive list of example projects and expenditures that are consistent with the related criteria for each SBP category as outlined by the ICMA. Eligible social projects are also mapped to United Nations SDGs.

| Social Bond Principles category        | Social project examples                                                                                                                                                                                                                                                                                                                                                                                                                | Key SDGs contribution                                                                                                                                                                                                                                             |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Access to essential services</b>    | <ul style="list-style-type: none"> <li>• Access to public healthcare services and facilities including public hospitals and other public healthcare services (such as mental health services).</li> <li>• Public education and vocational training infrastructure and services.</li> <li>• Specialised public education services and facilities including support for students with a disability or vulnerable populations.</li> </ul> |                                                                                         |
| <b>Affordable basic infrastructure</b> | <ul style="list-style-type: none"> <li>• Access to public services such as clean drinking water, sewers, sanitation, transport and energy.</li> </ul>                                                                                                                                                                                                                                                                                  |    |
| <b>Affordable housing</b>              | <ul style="list-style-type: none"> <li>• Development and management of social and affordable housing, including maintenance, upgrades and refurbishments.</li> <li>• Programs to address homelessness.</li> <li>• Providing assistance and lowering the barriers to home ownership.</li> </ul>                                                                                                                                         |                                                                                         |



|                                                  |                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Employment generation</b>                     | <ul style="list-style-type: none"> <li>• Providing employment opportunities through government procurement policies and training programs.</li> <li>• Policies to drive economic diversity as Western Australia transitions away from any dependence on fossil fuels.</li> </ul> |                                                                                                                                                                           |
| <b>Socioeconomic advancement and empowerment</b> | <ul style="list-style-type: none"> <li>• Programs which reduce inequalities and provide environmentally sustainable management of living natural resources and land use.</li> <li>• Traditional Owner land user agreements.</li> </ul>                                           |     |

It should be noted that project alignment with both the green and social project tables does not guarantee inclusion of a project into the pool, given these projects are also subject to WATC's process for project evaluation and selection detailed below.

## Exclusions

In recognition of WATC's commitment to established environmental, social and governance practices, expenditure in relation to the following activities, which knowingly cause or are likely to cause significant negative social or environmental impacts, will be excluded from qualifying as eligible projects. Categories include (but are not limited to) fossil fuels, alcohol, gaming, tobacco and defence.



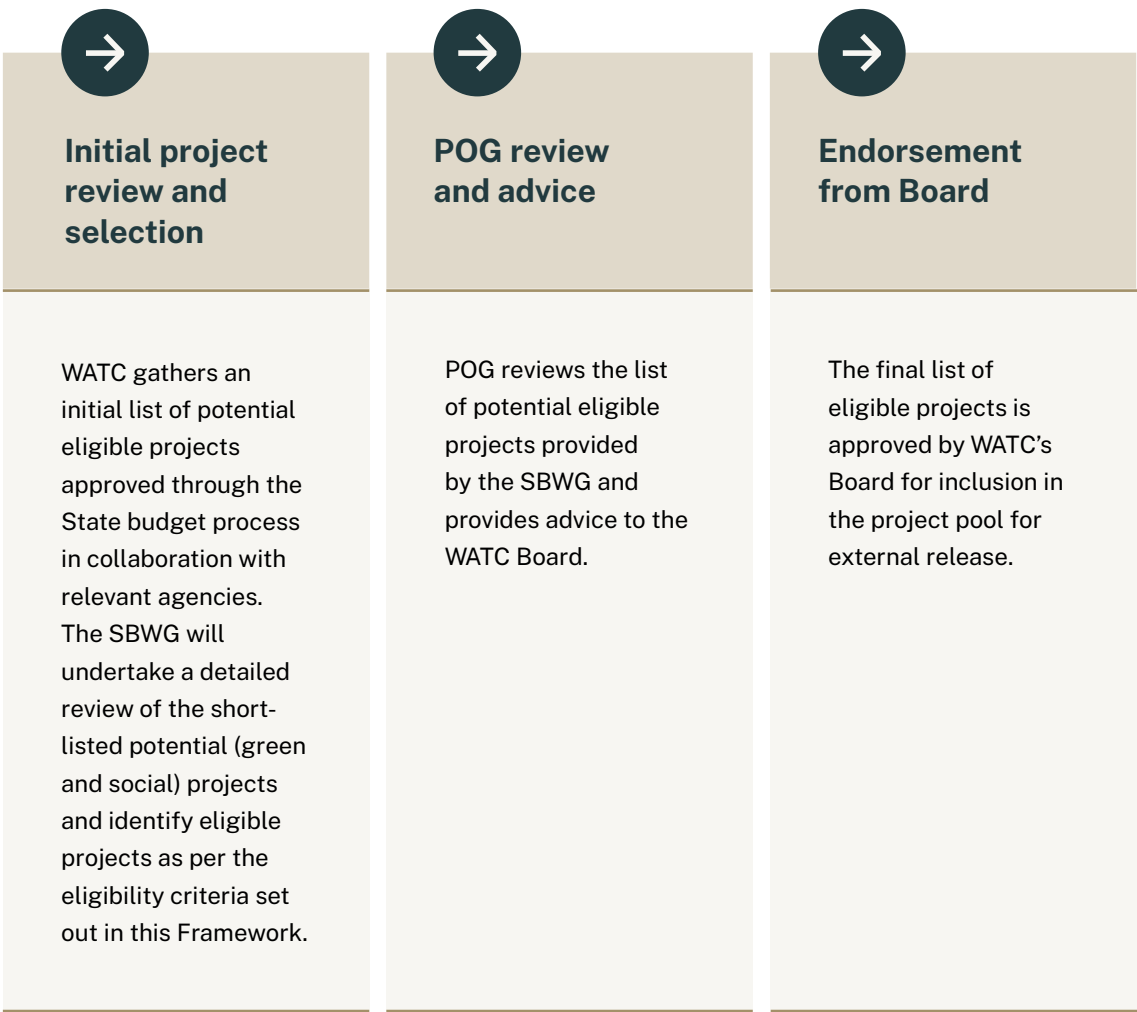
Aboriginal Short Stay Accommodation, Broome  
Image: Department of Communities

## 2.2 Project Evaluation and Selection Process

WATC, in collaboration with the broader Western Australian Government, has established a robust process to review and identify eligible projects, to ensure the proceeds from GSS bonds are allocated to finance or refinance projects that align with the criteria set out in Section 2.1 above.

The Climate Action and Environment Portfolio Oversight Group (POG) will oversee the Project Evaluation and Selection Process for green and social projects, supported by a Sustainability Bond Working Group (SBWG). The POG is Chaired by the Department of Water and Environmental Regulation and consists of senior officers from a broad range of Western Australian Government agencies responsible for implementation of green and social projects consistent with the scope of eligible projects outlined. The SBWG is coordinated by WATC and consists of relevant agency representatives involved directly in project delivery and the Department of Treasury.

The POG, which meets on a quarterly basis, will review potential inclusions to the pool of eligible projects proposed by the SBWG and ensure alignment with this Framework. Eligible projects endorsed by the POG for inclusion in the project pool will be subject to final approval by WATC’s Board which is chaired by the Head of the Department of Treasury. The Project Evaluation and Selection Process is summarised below:



## Management of environmental and social risks

The Western Australian Government employs a rigorous process in determining priorities for infrastructure financing which includes assessment of environmental and social risks and how these will be managed. Key components to ensure effective governance include:

- Assessment of future infrastructure priorities through **Infrastructure Western Australia** (IWA). IWA's role is to provide advice and assistance to the Western Australian Government through development of the State Infrastructure Strategy to support effective infrastructure investment decision-making to enable better outcomes for the people, environment and economy of Western Australia.
- Development of business cases for project proposals required to meet guidelines established by the Department of Treasury such as those stipulated in the **Strategic Asset Management Framework**.
- Public accountability through the Government Financial Responsibility Act (2000) and Financial Management Act (2006).
- Assessment of all major financing decisions by the **Expenditure Review Committee** who makes final recommendations to Cabinet to approve expenditures through the Western Australian State Budget.

A range of Western Australian Government agencies will manage and deliver projects and programs that qualify as eligible projects under this Framework, following their approval through the State Budget. They are all subject to whole of government controls to ensure their process for monitoring expenditures include identifying, managing and reporting any political, legal, climate, environmental or social risks arising in project execution.

## 2.3 Management of Proceeds

In accordance with the Project Evaluation and Selection Process described above, an amount at least equivalent to the GSS bond's net proceeds will be allocated to eligible projects within two financial years of the issuance date.

State Government agencies responsible for project delivery gather information via agency systems, and report quarterly expenditure through the Western Australian Government's centralised Strategic Information Management System (SIMS) that is monitored by the Department of Treasury. This ensures a robust tracking process for expenditures on eligible projects under this Framework. Expenditures recorded in the various agency systems and SIMS are then subject to an external audit, as part of the standard end of financial year reporting process for each State Government agency.

Where full distribution of the net proceeds of any GSS bond issued under this Framework is not achieved within two financial years of the issuance date, WATC will ensure that the equivalent funds are invested in temporary investments which are:

- cash, or cash equivalent instruments such as short-term money market instruments; and
- projects or assets that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy.



## 2.4 Reporting

To ensure full transparency, WATC intends to publish an annual Sustainability Bond Framework Report covering all GSS bonds issued under this Framework, which will include the Use of Proceeds allocation and impact data set out below.

The report will be published within one year of issuance, and annually thereafter, until maturity of the bonds. Reporting will be made publicly available through the [WATC website](#).

The Use of Proceeds section will include:

- Amount of net proceeds raised;
- Balance of unallocated net proceeds at relevant reporting date, if any; and
- Total amount of net proceeds allocated per eligible project and ICMA category.

The impact data may include:

- Project description, including qualitative information on the expected impact of the projects; and
- Where relevant, quantitative data on the impact generated from the eligible projects (at least one indicator per ICMA Use of Proceeds category).

Examples of potential indicators and metrics include but are not limited to:

| Green / Social Bond category                                                                                           | Potential impact metrics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Clean transportation</b></p> | <p><b>Core environmental indicators</b></p> <ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tCO<sub>2</sub>-e p.a.</li> <li>• Passenger trips or passenger kilometres.</li> <li>• Total in kilometres of new or improved train lines/dedicated bus, BRT, LRT corridors bicycle lanes.</li> <li>• Number of EV charging stations.</li> </ul> <p><b>Social co-benefits</b></p> <ul style="list-style-type: none"> <li>• Annual savings for people benefiting from capped fares for outer-metropolitan travel.</li> </ul> |
|  <p><b>Renewable energy</b></p>     | <p><b>Core environmental indicators</b></p> <ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tCO<sub>2</sub>-e p.a.</li> <li>• Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy).</li> </ul> <p><b>Social co-benefits</b></p> <ul style="list-style-type: none"> <li>• Increased % of rural areas/households with access to clean, affordable energy.</li> </ul>                                                                                                                     |
|  <p><b>Energy efficiency</b></p>    | <p><b>Core environmental indicators</b></p> <ul style="list-style-type: none"> <li>• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings).</li> <li>• Annual GHG emissions reduced/avoided in tCO<sub>2</sub>-e p.a.</li> </ul> <p><b>Social co-benefits</b></p> <ul style="list-style-type: none"> <li>• Number of people benefitting from energy efficiency infrastructure.</li> </ul>                                                                                                                                     |



#### Sustainable water and wastewater management

##### Core environmental indicators

- Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m<sup>3</sup>/a and p.e./a and as %.
- Annual absolute amount of biosolids that are reused (in wet tonnes p.a. and in %).

##### Social co-benefits

- Number of new household water connections.



#### Affordable housing

##### Output indicators

- Number of dwellings built or refurbished.
- Number of individuals/ families benefiting from subsidised housing or housing loans.

##### Outcome indicators

- Reduction in number of people experiencing poor housing and homelessness.
- Increase in Aboriginal people's ownership of housing.



*The Basin, Rottnest Island.  
Image: Tourism Western Australia*





# 3

Quokka, Rottnest Island.  
Image: Tourism Western Australia

## Review

### 3.1 External Review

WATC has obtained a Second Party Opinion on this Framework that confirms its alignment to the ICMA Principles which is available on the [WATC website](#).

Within one year of issuance and annually thereafter until full allocation of any GSS bond, WATC intends to obtain an independent assurance that proceeds have been allocated in accordance with this Framework.

WATC retains the right to change or amend this Framework over time, subject to WATC Board approval, to maintain market best practice as the global sustainable finance market continues to evolve. Any major amendment to this Framework will be supported by an updated Second Party Opinion.

### 3.2 Feedback

WATC strives for continuous improvement and welcomes any feedback or questions from investors and other stakeholders on the Framework.

For all enquiries or to provide feedback please contact [esg@watc.wa.gov.au](mailto:esg@watc.wa.gov.au).



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