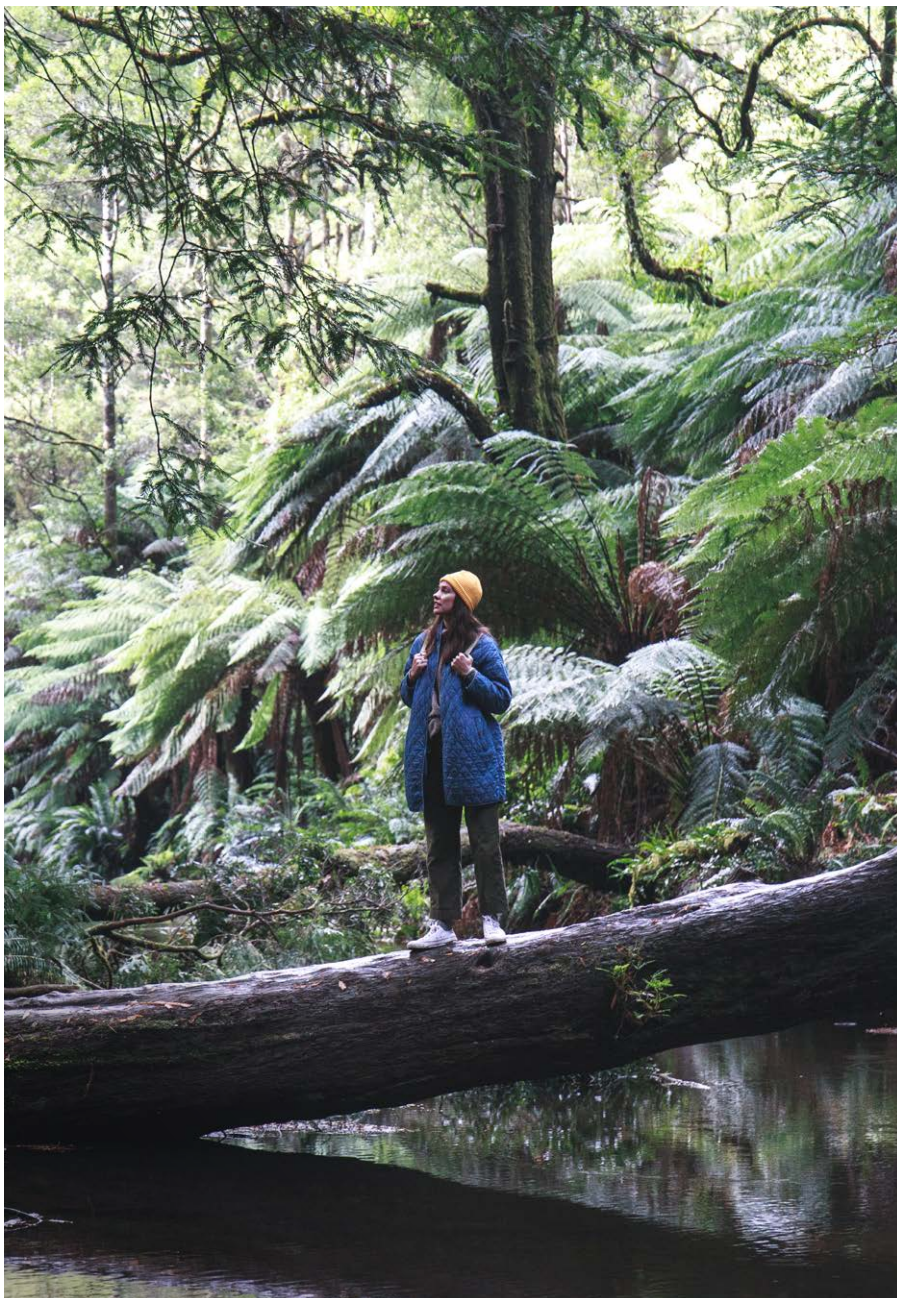


Bank Australia Sustainability Bond

2022 Impact Report



**Bank Australia's purpose is
to inspire and empower our
customers to use their money
to create a world where people
and the planet thrive.**



Introduction

Bank Australia has an Australian Medium Term Note Programme with \$235m of bonds on issue as at 30 June 2022. The proceeds from these bonds are used to help achieve three of the United Nations Sustainable Development Goals:



The proceeds from the sustainability bonds are used to finance or re-finance loans in an eligible asset pool of \$263.4m (as at 30 June 2022) including community housing, Specialist Disability Accommodation, loans to charities and not-for-profits, affordable housing mortgages and mortgages for energy efficient homes with an added environmental offset.

This Sustainability Bond Impact Report describes the impact associated with the pool of eligible assets as at 30 June 2022. The Use of Funds report is included as an appendix.

Bank Australia's Sustainability Bond Framework was developed to align with international Sustainability Bond Guidelines. More information including the Sustainability Bond Framework, second-party opinion and assurance statements, and use of funds reports are available at <https://bankaust.com.au/sustainabilitybond>

Case study

Empowering young mums to live their best lives: Zoe Support, Mildura, Vic.

Becoming a parent at a young age can be difficult at the best of times. In Mildura, one organisation is helping young mums even the odds.

For Emily (name changed), a young mum from Mildura, trying to finish her diploma while balancing the demands of two young children was an uphill battle, and she was all but ready to give up on her studies. With a three-year-old and four-month-old to care for, she had little time for much else. “Life was hard,” she says. “We were struggling to find stable accommodation.”

But then, Emily found out about Mildura-based non-profit, Zoe Support. “Since engaging with Zoe, we’ve found long-term accommodation and I’ve nearly completed my diploma,” she says. “My children enjoy spending time with the other kids at Zoe, too.”

Founded by local sociologist, social worker and researcher Anne Webster, Zoe Support is a one-stop shop that provides essential skills, mentorship, tutelage and on-site childcare for pregnant and parenting young women in the Mildura region. Since it began, the non-profit has empowered approximately 150 young mums to build a range of essential life skills.

The teen birth rate in Mildura, a regional city in north-west Victoria, is 21.6 per 1000 people, which is a third higher than the state average. Those statistics are further exacerbated by the fact that Mildura is a lower socioeconomic area. Employment and personal growth opportunities are scarce, and the traditional government support networks simply can’t do enough to plug the gaps and provide assistance to those who need it most.

With four centres spread over the Mildura region, the organisation helps mothers by providing onsite childcare for their kids while facilitating education in a range of areas – like a community hub and college rolled into one (with its very own bus service to help clients get to and from the centre).



Zoe Support client



“These centres are based in residential properties. The children go to the on-site day care while their mother studies. Each mum has her own desk, computer and internet access, while her child is being looked after by an educator in the same house. It’s about targeting individual needs with the most appropriate wraparound support,” says CEO Merinda Robertson.

Many of Zoe Support’s clients have lived experience of trauma. Some 48% of the young women have experienced family violence, 43% have experienced substance abuse, and 70% were homeless or at risk of homelessness on intake. The organisation also helps connect women with resources in the area to help them find housing, work and any other specialist care they might need.

For Merinda and the team of dedicated staff, changing young women’s lives for the better is all in a day’s work. “I get up in the morning, and I love going to work,” she says. “I was a young mother myself but I have not experienced anything like the trauma some of the Zoe mothers have. I feel privileged to walk beside these young women”.


Bank Australia has provided a commercial loan to Zoe Support to help it support more young mums, an example of our commercial loans to registered not-for-profit entities operating in the education, health care, social inclusion, or special needs sectors.

Bank Australia's eligible asset pool

The eligible asset pool contains commercial and retail loans that contribute to three SDGs. The table below shows how our eligible asset types link to SDGs and targets and describes the impact of loans in the eligible asset pool as at 30 June 2022.

SDG	SDG target	Eligible asset type	Balance as at 30 June 2022	Impact rationale	Impact of loans in the eligible asset pool as at 30 June 2022
	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Commercial loan – charity and not-for-profit loans	\$40.6m	Charities and not-for-profits provide a range of vital services that target social, economic and political inclusion of diverse populations.	11 loans to charities and not-for-profits that provide housing services, education, disability support and social support services for people from non-English speaking backgrounds, and young mothers.
	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Commercial loan – community housing	\$32.1m	Community Housing Providers build and operate social and affordable housing for people who can't access the private rental market.	11 loans to Community Housing Providers in Victoria, New South Wales, Queensland, the Northern Territory and Tasmania to build 302 homes for people who need them.
		Residential mortgages – affordable housing schemes	\$22.4m	Home ownership is increasingly out-of-reach for low- and moderate-income households in Australia; Government-supported affordable housing schemes help get people into home ownership and start building their financial futures.	96 residential mortgages to help people on low and moderate incomes buy their own homes.

Bank Australia's eligible asset pool (continued)

SDG	SDG target	Eligible asset type	Balance as at 30 June 2022	Impact rationale	Impact of loans in the eligible asset pool as at 30 June 2022
	15.1 By 2030, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	Residential mortgages – conservation reserve-backed construction loans and associated ongoing mortgage loan	\$168.2m	<p>Conservation and restoration of ecosystems is essential for addressing the twin challenges of climate change and biodiversity loss.</p> <p>Bank Australia acted on this challenge in 2008 by purchasing the first of its conservation reserve properties, which have since expanded to 2117 hectares.</p> <p>For all construction loans, Bank Australia protects an equivalent amount of land on its conservation reserve to balance out the environmental impact of construction.</p>	<p>223,957m² protected on the conservation reserve to balance out the impact of 504 construction loans in the eligible asset pool.</p> <p>In addition to the land protected on the conservation reserve, these 504 loans are for homes that are of a high environmental standard compared to the whole Australian market.</p>

Case study

Bank Australia conservation reserve

The Bank Australia conservation reserve comprises 2117 hectares of land in Victoria's West Wimmera. When we fund a construction loan, we protect an equivalent amount of land on the reserve to help balance out the impact of construction. Bank Australia owns the reserve, it is managed by our partners Greening Australia and Trust for Nature, in consultation with Traditional Custodians Barengi Gadjin Land Council, our reserve neighbours and local CFAs to ensure the reserve is a thriving and collaborative example of science-based conservation in action.

This year we begun works to align the project's ecological, cultural and community priorities with the inclusion of Salvana into the family of sites.

This included a comprehensive study to better understand the varied history and uses of the land at Salvana, from the perspectives of First Nations peoples, neighbouring farmers, fire responders and ecologists. Consistent with best practice conservation, we began this work by engaging the Barengi Gadjin Land Council to conduct a cultural heritage survey of the land, as we have previously done with other sites.

The broader study gathered baseline data on:

- How species on-site may be influenced by the changing climate, providing an early indication of the steps we can take to steward a more resilient landscape.
- The recent history of fire, as well as an assessment of the natural wetlands and artificial dams on the site, helping us understand some important risk management, cultural and ecological priorities for the coming years.
- Significant biodiversity value with the site providing important habitat and connectivity for a range of native fauna, indicating ecosystems and activities to prioritise in future.
- The type and extent of plant and animal pests on site and the effectiveness of various control activities, which will inform the approaches we take.



On the existing three sites, we continued our efforts to reduce the negative impact of invasive plants and animals, restore biodiverse woodlands and monitor the results from climate-adjusted direct seeding and cultural burns.

As part of our broader fire risk reduction objectives across all sites, we worked closely alongside the Country Fire Authority, Barengi Gadjin Land Council and West Wimmera Shire Council to identify and reduce potential fire risks and improve fire truck access tracks. This work included collaborating with Barengi Gadjin Land Council on naming tracks in Wergaia language, and providing maps and sign posts to enable safer navigation around the sites during an emergency.

Bank Australia acknowledges that the conservation reserve is on the unceded traditional lands of the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagalk peoples and we pay respects to their elders, past and present.

Our Sustainability Bond helps fund residential mortgages for construction loans that meet a high environmental standard given the date and place of construction, and where we protect the equal amount of land in our conservation reserve.

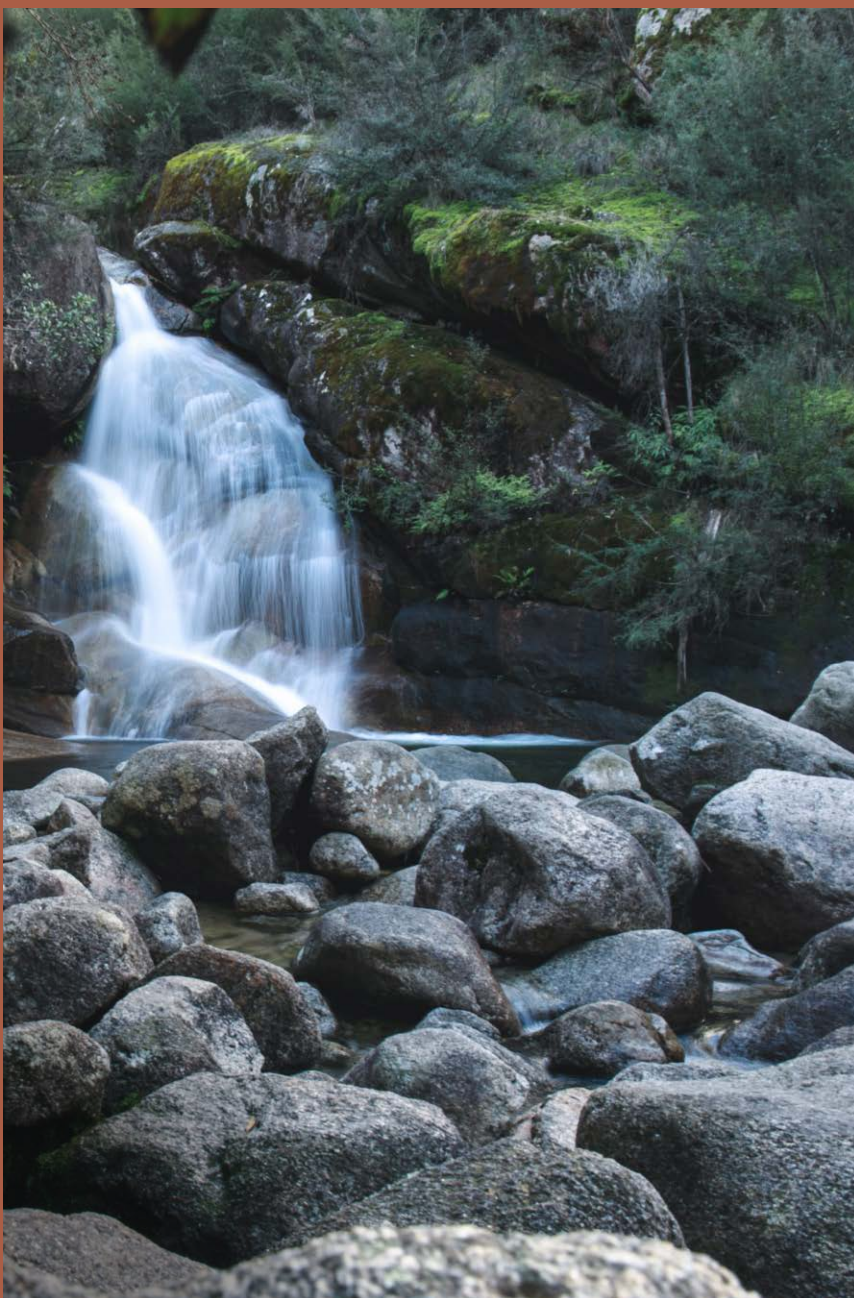
Appendix: Use of Funds Report

100% of the proceeds from the \$235m of Sustainability Bonds issued were allocated to Eligible Assets at issuance and remain fully allocated as at 30 June 2022.

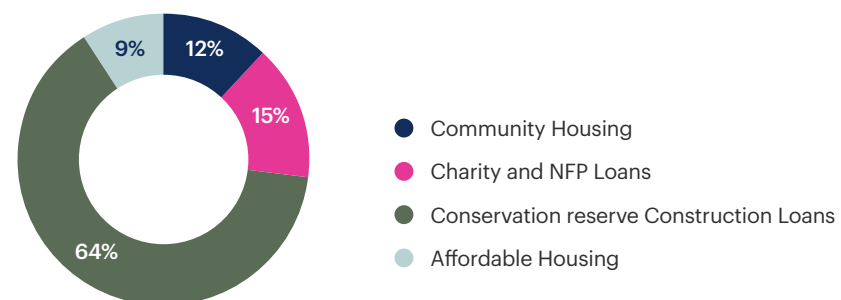
Sustainable Development Goal	Loan Category	Eligible Assets (\$M)	Eligible Assets (%)	Allocation of Bond Proceeds (\$M)
10. Reduced Inequalities	Charity & not-for-profit loans	\$40.6	15%	\$36.3
11. Sustainable Cities and Communities	Community housing Affordable housing	\$54.6	21%	\$48.7
15. Life on Land	Conservation reserve construction loans	\$168.2	64%	\$150.0
Total		\$263.4	100%	\$235.0



Bank Australia
conservation reserve.



Eligible Asset Pool



Value of Sustainability Bond Issue

Date of Bond Issuance	Bond Maturity Date	Face Value
2 December 2019	2 December 2022	\$125,000,000
23 January 2020	23 January 2025	\$10,000,000
30 June 2020	30 June 2023	\$9,950,000
11 September 2020	11 September 2025	\$10,000,000
29 October 2020	29 October 2025	\$20,000,000
22 January 2021	22 January 2026	\$10,000,000
25 March 2021	25 March 2026	\$10,000,000
6 December 2021	6 December 2031	\$40,000,000
Total		\$234,950,000



