

Australian Government

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

Between June 2024 and June 2025, the Australian Office of Financial Management (AOFM) issued Green Treasury Bonds on behalf of the Commonwealth of Australia, raising total proceeds amounting to AUD 8.985 billion.¹ The proceeds were used to finance and refinance green projects and programmes to accelerate Australia’s transition to a net zero economy and enhance biodiversity and conservation efforts.

In December 2025, the Australian Treasury (“the Treasury”) engaged Sustainalytics to review the projects financed with proceeds from the Green Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether the Treasury complied with the reporting commitments in the Australian Government Green Bond Framework (the “Framework”).² Sustainalytics provided a Second-Party Opinion on the Framework in December 2023.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and the Treasury’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicators (KPI) for each use of proceeds category defined in the Framework.⁴

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs⁵

Use of Proceeds Category	Eligibility Criteria ⁶	Key Performance Indicators ⁷
Renewable energy	<ul style="list-style-type: none"> • Low -cost financing to upgrade Australia’s electricity grid to integrate increasing renewable energy generation (Rewiring the Nation) • Finance to drive investments that add value and develop capability in renewables 	<ul style="list-style-type: none"> • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)

¹ The AOFM has established a single Green Treasury Bond line, raising approximately AUD 9 billion by end of FY 2024–25. The subsequent issuance into the same line in FY 2025–26 has increased the total outstanding to AUD 10 billion as at 15 January 2026.

² Australian Office of Financial Management, “Australian Government Green Bond Framework”, (2023) at: https://www.aofm.gov.au/sites/default/files/2024-03-18/Green%20Bond%20Framework_WEB_2024_0.pdf

³ Sustainalytics, “Second-Party Opinion, Australian Government Green Bond Framework”, (2023), at: <https://www.aofm.gov.au/sites/default/files/2023-12-05/Australian%20Government%20Green%20Bond%20Framework%20Second-Party%20Opinion%202023%20December.pdf>

⁴ Sustainalytics notes that the impact indicators presented in the Framework are indicative and illustrative. They are not intended to constitute an exhaustive or prescriptive set of required indicators. In line with the Framework’s disclosure, the selection and application of impact indicators may vary depending on the specific circumstances of each Eligible Green Expenditures.

⁵ This table is based on the Australian Government’s Green Bond Framework, with reference to Table 3.1 (Indicative Eligible Green Expenditure) and Table 6.1 (Indicative Impact Indicators). The same can be referred at, AOFM, “Australian Government Green Bond Framework”, (2023), at: https://www.aofm.gov.au/sites/default/files/2024-03-18/Green%20Bond%20Framework_WEB_2024_0.pdf

⁶ This column corresponds to the ‘Indicative Eligible Green Expenditures’ section under Table 3.1 Australian Government Green Goals and ICMA Green Categories of the Framework.

⁷ This column corresponds to the ‘Indicative Impact Indicators’ sections under Table 6.1 Indicative Impact Indicators by ICMA Green Category of the Framework.

	<ul style="list-style-type: none"> and low-emission technologies (Clean Energy Finance Corporation) Support green hydrogen industrial hubs (Regional hydrogen hubs) Deploy community batteries across Australia (Community batteries) 	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in tonnes of CO₂e Number of communities with access to battery storage
Energy efficiency	<ul style="list-style-type: none"> Low interest loans for energy saving home upgrades (Household Energy Upgrades Fund)-interest loans for energy 	<ul style="list-style-type: none"> Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)
Clean transportation	<ul style="list-style-type: none"> Construction of core electric transport infrastructure (Lower Emission Transport Projects) Electric vehicle charging infrastructure (Driving the Nation) 	<ul style="list-style-type: none"> Passengers or passenger-kilometres of rail line for electric transport
Green buildings	<ul style="list-style-type: none"> Support the construction of low-carbon buildings (CEFC – green buildings) 	<ul style="list-style-type: none"> Number of new buildings that comply with green building standards
Climate change adaptation	<ul style="list-style-type: none"> Support developing countries' mitigation and adaptation plans (Supporting the Indo-Pacific to tackle climate change) Invest in rural water use, management and efficiency (Sustainable Rural Water Use and Infrastructure Program) Support carbon sequestration on agricultural land 	<ul style="list-style-type: none"> Number of bilateral development projects financed for environmental protection, biodiversity conservation and climate protection
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> Address natural resource management problems such as vegetation loss, soil degradation, introduced pest weeds and animals, water quality changes and flows and fire regime changes (Urban Rivers and Catchment Program) 	<ul style="list-style-type: none"> Area of land under regenerative land processes (ha)
Biodiversity conservation (terrestrial and aquatic)	<ul style="list-style-type: none"> Support the recovery of Australia's unique plants, animals and ecological communities (Saving Koalas Fund) Invest to protect the health and resilience of the Great Barrier Reef (Reef 2050) Support the protection and conservation of areas important for biodiversity 	<ul style="list-style-type: none"> Area of coral reef maintained (ha) Area of land protected or conserved (ha)
Sustainable water and wastewater management	<ul style="list-style-type: none"> Recover environmental water for the Murray-Darling Basin (Murray-Darling Basin Plan) 	<ul style="list-style-type: none"> Environmental water returned to Murray-Darling river system (GL)
Circular economy	<ul style="list-style-type: none"> Support high quality collection and sorting, recycling and markets for recycled materials Improve design, repair, re-use, substitution and refurbishment 	<ul style="list-style-type: none"> Level of waste generated per person (% change) Proportion of waste recovered

Pollution prevention and control	<ul style="list-style-type: none"> Infrastructure upgrades to minimise light and noise pollution 	N/A
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Issuer’s Responsibility

The Treasury is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the Treasury’s Green Treasury Bonds. The work undertaken as part of this engagement included collection of documentation from the Treasury and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by the Treasury. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by the Treasury.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁸ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. The Treasury has disclosed to Sustainalytics that the proceeds from the Green Treasury Bonds were fully allocated as at December 2025.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	The Treasury reported on at least one KPI per use of proceeds category.	None

⁸ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting

Table 3: Project details and annual allocation of Green Treasury Bonds proceeds

Use of Proceeds Category	Project Name	Project Description	Annual Allocation to Eligible Projects (AUD million)		
			2022-2023	2023-2024	2024-2025
Renewable Energy	The Clean Energy Finance Corporation's (CEFC) Renewable Energy Investments	CEFC capital supports renewable energy developments alongside energy storage, grid-balancing technologies, and selected early-stage projects.	154.9	267.2	168.8
	Rewiring the Nation	This government programme aims to modernize Australia's electricity grid and deliver new and upgraded transmission infrastructure to support clean energy access and affordability.	–	5	820
	Snowy Hydro Ltd	Snowy Hydro Limited is a large-scale pumped hydro project that will add 2,200 MW of dispatchable capacity and approximately 350,000 MWh of energy storage to the National Electricity Market.	–	–	81.2
	Regional Hydrogen Hubs	The Australian Government is investing over AUD 500 million to support the development of regional hydrogen hubs, including design and development studies across Australia.	15.5	20	13.6
	Community Batteries	The Community Batteries for Household Solar program will install more than 420 community batteries to store excess solar energy and support up to 100,000 households during peak demand periods.	4	9.7	7.7
	Advancing Renewables Program (ARP)	Financing under the Australian Renewable Energy Agency's ARP is limited to eligible renewable energy R&D projects, capped at 10% of net proceeds and aligned with the Framework's renewable energy criteria.	178.5	127.1	72.4
Energy Efficiency	Household Energy Upgrades Fund	The CEFC Household Energy Upgrades Fund is a AUD 1 billion fund supporting homeowners in adopting cleaner and more energy-efficient technologies to reduce energy costs and emissions.	–	5	87.4
	Social Housing Energy Performance Initiative	The Social Housing Energy Performance Initiative is a AUD 1.1 billion programme delivering energy performance upgrades to over 100,000 social housing properties by June 2029.	–	–	33.9

Clean Transportation	Electric passenger rail projects in the Infrastructure Investment Program	The Australian Government's Infrastructure Investment Program commits AUD 96.5 billion to nation-building projects that support productivity, resilience, sustainability, and liveability.	1548.3	1817.6	1646.2
	Driving the Nation Fund	The Driving the Nation Fund supports Australia's transition to electric vehicles by expanding EV charging and hydrogen refuelling infrastructure and supporting fleet investments.	11.6	25.7	20.3
	Electric Bus Charging Infrastructure	The project supports the rollout of an electric bus network in Perth by upgrading depots and installing solar panels, batteries, and EV charging infrastructure.	–	–	18.9
Climate Change Adaptation	International Climate Finance ⁹	Through the Department of Foreign Affairs and Trade (DFAT), the Australian Government provides climate-related development assistance in the Indo-Pacific to support adaptation and mitigation efforts in developing countries.	125.4	107.5	108.3
Environmentally sustainable management of living natural resources and land use	Urban Rivers and Catchments Program	Projects funded under the programme support the conservation of native species and improve access to waterways that contribute to environmental health and community wellbeing.	–	1.6	24.5
Biodiversity conservation (terrestrial and aquatic)	Saving Koalas Fund	The Saving Koalas Fund provides AUD 76.9 million to support the recovery and long-term conservation of koala populations and their habitats.	5.2	19.6	7.6
	Reef 2050	The Reef 2050 Long-Term Sustainability Plan sets the strategic framework for protecting and managing the Great Barrier Reef through to 2050.	52.1	36.1	69.7
Sustainable water and wastewater management	Murray–Darling Basin Plan	The Environmental Water Holdings Special Account funds the management of Commonwealth water entitlements to protect and restore rivers, wetlands, and floodplains in the Murray–Darling Basin. The Water for the Environment Special Account supports the recovery of environmental water in the Murray–Darling Basin to improve water	391.7	479.9	378.1

⁹ The Good Practice Note on Integrating Climate Change as part of the Indo-Pacific development assistance programme outlines DFAT's expectations for implementing partners when designing and executing investments throughout the investment lifecycle, including consideration of climate vulnerability and risk assessment for financed projects. Department of Foreign Affairs and Trade, Australian Government, "Good Practice Note on Integrating Climate Change into Development Assistance for Implementing Partners", at: <https://www.dfat.gov.au/international-relations/goodpractice-note-integrating-climate-change-development-assistance-implementing-partners>

		availability and delivery for environmental outcomes.			
Circular Economy (waste management)	Recycling Modernization Fund	The Recycling Modernisation Fund expands Australia's capacity to process and remanufacture waste materials, supporting waste export regulations and the transition to a circular economy and is expected by the Treasury to be aligned with the CBI criteria for waste management.	-	-	17.8
Total Annual Allocation of Proceeds			2,487.2	2,922	3,576.2
Total Allocation of Proceeds for FY 2024–25 (AUD million)			8985.4		
Net Proceeds Raised¹⁰ till FY 2024–25 (AUD million)			8985.4		
Total Unallocated Proceeds (AUD million)			0		

¹⁰ AOFM has raised AUD 6,968.9 million in Green Treasury Bond proceeds in FY 2023–24 and an additional AUD 2,016.5 million in FY 2024–25, bringing total proceeds to AUD 8,985.4 million (AUD 8.985 billion).

Appendix 2: Impact Reporting

Table 4: Projected or Recorded Impacts of Projects Financed by the Proceeds

Use of Proceeds Category	Project Name	Projected or Recorded Environmental Impacts
Renewable Energy	The Clean Energy Finance Corporation's (CEFC) Renewable Energy Investments	<ul style="list-style-type: none"> Projected Emission Avoided (for more than 25 years from date of project operation): 400 ktCO₂e/annum Projected Annual Renewable Energy Generation (for more than 25 years from date of project operation): 4,100 GWh p.a. Projected Energy Storage Capacity (for 20 years): 2,088 MW / 5,357 MWh
	Rewiring the Nation	<ul style="list-style-type: none"> Projected Increase in Network Capacity (from date of project completion): 7.45 GW
	Snowy Hydro Ltd	<ul style="list-style-type: none"> Projected Energy Storage Capacity (from date of project completion): 2,200 MW / 350,000 MWh
	Regional Hydrogen Hubs	<ul style="list-style-type: none"> Projected Hydrogen Produced (annually from date of project completion): 115.2 ktH₂/year
	Community Batteries	<ul style="list-style-type: none"> Recorded Energy Storage Capacity (2024–25): 5.1 MW / 12.0 MWh Recorded Number of community batteries deployed (2024–25): 31
	Advancing Renewables Program	<ul style="list-style-type: none"> Number of Renewable Energy Projects Financed (2024–25): 88
Energy Efficiency	Household Energy Upgrades Fund	<ul style="list-style-type: none"> Projected Emissions Avoided for 10 to 20 years: 50 ktCO₂e/annum Recorded Energy Efficient Technologies Financed (2024–25): 3,843 Recorded Number of Concessional Loans Financed (2024–25): 1,508
	Social Housing Energy Performance Initiative	<ul style="list-style-type: none"> Recorded Number of Dwellings with Energy Performance Improvements (for the financial year 2023–24 and 2024–25): Over 20,000 Projected Number of Dwellings with Energy Performance Upgrades (for the financial year 2023–24 to 2028–29): Over 100,000¹¹
Clean Transportation	Electric rail infrastructure in the Infrastructure Investment Program	<ul style="list-style-type: none"> Recorded Rail Built or Upgraded (2018–25): 72.0 km Projected Rail Built or Upgraded: 103.4 km¹²
	Driving the Nation Fund	<ul style="list-style-type: none"> Recorded EV Charging Sites Delivered (for the financial year 2024–25): 17

¹¹ Projected Number of Dwellings with Energy Performance Upgrades includes the over 20,000 Recorded Number of Dwellings with Energy Performance Improvements

¹² Projected Rail Built or Upgraded includes the 72.0 km of Recorded Rail Built or Upgraded.

		<ul style="list-style-type: none"> Recorded EV Charging Plugs Approved for Rebate (between January to April 2025): 244
	Electric Bus Charging Infrastructure	<ul style="list-style-type: none"> Recorded Number of Electric Bus Chargers Installed (2024 – 25): 16 Recorded Emissions Avoided (2024 – 25): 0.44 ktCO₂e/annum
Climate Change Adaptation	International Climate Finance	<ul style="list-style-type: none"> Recorded Number of Regional Investments (2024 – 25): 11 Recorded Number of Bilateral Investments (2024 – 25): 6 Recorded Number of Multilateral Investments (2024 – 25): 4
Environmentally sustainable management of living natural resources and land use	Urban Rivers and Catchments Program	<ul style="list-style-type: none"> Projected Number of EPBC-listed Species Benefited (from 2025 to June 2028): 76 Projected Number of EPBC-listed Threatened Ecological Communities Benefited (from 2025 to June 2028): 19 Projected Number of Ramsar-listed Wetlands Benefited (from 2025 to June 2028): 9
Biodiversity conservation (terrestrial and aquatic)	Saving Koalas Fund	<ul style="list-style-type: none"> Recorded Number of Grants Made to Community Organizations (between 2022 to 2025): 59 Recorded Additions and Improvements To and Management of Land Used as Koala Habitat (between 2022 to 2025): 5,564 ha Recorded Number of Koala Population Surveys Conducted (between 2022 to 2025): 820
	Reef 2050	<ul style="list-style-type: none"> Recorded Reduction of Anthropogenic Dissolved Inorganic Nitrogen Load Leaving Great Barrier Reef Catchments (as at June 2022) 28.4% Recorded Reduction of Anthropogenic Fine Sediment Load Leaving Great Barrier Reef Catchments (as at June 2022): 16% Recorded Reduction of Anthropogenic Particulate Nitrogen Load Leaving Great Barrier Reef Catchments (as at June 2022): 15.4% Recorded Reduction of Anthropogenic Particulate Phosphorus Load Leaving Great Barrier Reef Catchments (as at June 2022): 18.5% Recorded Pesticide Risk Condition - Aquatic Species Unlikely to experience Harmful Effects From Pesticides (2022): 95% Recorded Proportion of Grazing Lands with Greater Than 70% Ground Cover in the Late Dry Season (2022): 92%
Sustainable water and wastewater management	Murray–Darling Basin Plan	<ul style="list-style-type: none"> Recorded Surface Water Registered to Commonwealth (for the financial year 2024–25): 11.3 GL/year Recorded Surface Water registered for environmental use (for the financial year 2024–25): 26.9 GL/year Recorded Proportion of Surface Water Allocation (in Commonwealth accounts) Forfeited (for the financial year 2024–25): less than 5%

Circular Economy (waste management)	Recycling Modernisation Fund	<ul style="list-style-type: none">Recorded Number of Waste Management Projects Completed (for the financial year 2024–25): 22Projected Additional Waste Processing Capacity: 105,200 t/annum
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