

# Sustainability Supplement

**2021**

WESTPAC BANKING CORPORATION  
ABN 33 007 457 141

Simpler, stronger bank

 **estpac** GROUP

## Welcome to our 2021 Sustainability Supplement

Through our sustainability materiality assessment process, we identify the issues and opportunities that matter most to our stakeholders.

This year, as we continue to further integrate our financial and non-financial disclosures, as well as progress on our Fix, Simplify and Perform strategic priorities, commentary on our most material topics can be found in our Annual Report.

This Sustainability Supplement complements the Annual Report by providing further information on our approach to sustainability, our sustainability materiality assessment, our performance progress against our 2023 Sustainability Strategy priorities, and more detail on our climate change and human rights disclosures.

In addition to this Sustainability Supplement, please also refer to:

### 2021 Sustainability Datasheet

— Performance Metrics and Glossary.

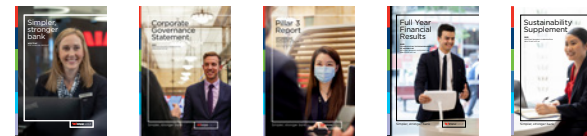
### 2021 Sustainability Appendix

- Principles for Responsible Banking (PRBs) Reporting and Self-Assessment Template
- Global Reporting Initiative (GRI) 2016 Standards Index
- Sustainability Accounting Standards Board (SASB)
- United Nations Guiding Principles Reporting Framework Index
- Reconciliation Action Plan Scorecard
- Glossary.

These, together with further information about our approach to sustainability, oversight frameworks, policies, positions, and performance ratings and benchmarks, can be found online at [westpac.com.au/sustainability](https://westpac.com.au/sustainability)

### Westpac Group's 2021 Reporting Suite

Westpac Group's Reporting Suite for 2021 (Reporting Suite) brings together the Group's financial, non-financial, risk and sustainability performance for the year. As well as the Sustainability Supplement, it includes our Annual Report, Financial Results Announcement, Investor Discussion Pack, Pillar 3 Report and our Corporate Governance Statement. Access the full Reporting Suite online at [westpac.com.au/2021annualreport](https://westpac.com.au/2021annualreport).



#### Key information

	Annual Report	Corporate Governance Statement	Pillar 3 Report	FY21 Results Announcement	Sustainability Supplement
Operational performance	●			●	
Strategy	●			●	●
Risk	●	●	●	●	●
Governance	●	●	●		●
Climate action	●				●
Sustainability	●			●	●
People and community	●				●
Financial performance	●			●	
Shareholder information	●			●	

The Reporting Suite provides supporting information towards Recommendation 7.4 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition).

This report aligns with the Global Reporting Initiative (GRI) Standards 2016 (Comprehensive). We engaged an independent external assurance organisation, PricewaterhouseCoopers, to provide the Directors of Westpac with limited assurance that the 2021 Sustainability Supplement, Appendix and Datasheet have been prepared in accordance with GRI Standards, including assurance on selected subject matter within these reports. PwC's assurance report can be found on [page 39](#).

#### Navigating this report

**External links** to read more or refer to another report for more information are indicated bold and underlined.

All data is for the 12 months ended 30 September 2021, comparisons are against results for the 12 months ended 30 September 2020, and all dollar amounts are in Australian dollars, unless otherwise indicated.

**In a challenging and significant year for the bank and for our customers, employees and communities – and at a time of increased stakeholder focus on environmental, social and governance performance, this Sustainability Supplement provides additional information on our approach and progress.**

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## Building a sustainable future

This year we've seen a step change in focus on environmental, social and governance (ESG) performance – by customers, investors, regulators and the broader community.

As well as climate change, increasingly stakeholders want to know what organisations are doing to address matters such as human rights, customer vulnerability and biodiversity.

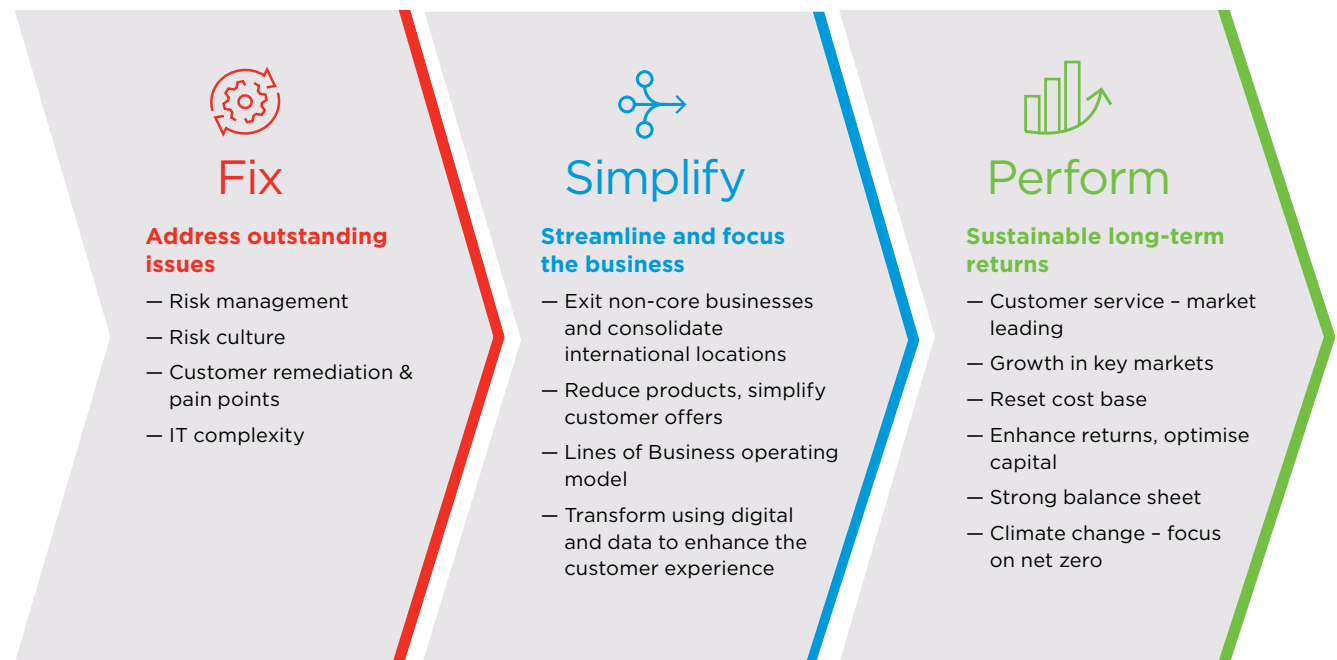
“Operating sustainably has long been a part of Westpac’s culture and aligns with our purpose to help Australians and New Zealanders succeed.”

John McFarlane, Chairman

### Creating long-term value

For us, being sustainable is about how we create value for our stakeholders over the long-term.

Last year we reset our purpose and strategy, recognising the need to address our shortcomings, reshape the business to concentrate on our core businesses and markets, while lifting service and creating a stronger performance ethic.



Our 2021 Annual Report provides further commentary on progress on our Fix, Simplify and Perform strategic priorities, including strengthening our management of risk and culture. It also covers commentary on our most material themes including customer experience, financial performance, governance, conduct and culture, and information security.



“We are stepping up our actions on climate change. Reflecting the increased urgency for all our stakeholders, we have elevated our management of climate change to a key priority. This has been backed with Board-approved initiatives that will strengthen our actions, accelerate our understanding, and clarify our plans to support the transition to a net zero emissions economy by 2050.”

Peter King, CEO

#### Taking action on climate change

- Help customers and communities respond to climate change
- Target of \$15 billion in new lending to climate change solutions<sup>1</sup> by 2030<sup>2</sup>
- Aim to reduce our exposure to thermal coal mining to zero by 2030
- New oil and gas (extraction, production and refining) customers, to whom we provide lending, to have publicly disclosed business goals aligned to the Paris Agreement and support existing customers to develop Paris-aligned strategies
- Source equivalent of 100% of Westpac’s electricity consumption through renewable energy sources by 2025.

#### Our Sustainability Strategy

This year we introduced our refreshed Sustainability Strategy. Underpinned by our sustainability materiality assessment of the current and emerging issues that matter most to our business and stakeholders, the Strategy sets out our ambitions to 2023 around three key areas:

- Helping when it matters most – helping at a personal, local level by supporting customers and businesses through times of change and hardship, supporting financial wellbeing
- Backing a stronger Australia – contributing to the success of the nation by backing people, jobs and ideas shaping the future
- Collaborating for impact – sharing knowledge and learning from partners to help solve global challenges where finance can play a role, including respecting human rights and supporting the transition to a climate resilient future.

This is our first year reporting on progress towards these ambitions – see [page 11](#).

#### Towards net zero

Significant reports on ESG-related matters this year including the International Energy Agency (IEA)’s Net Zero by 2050 and Intergovernmental Panel on Climate Change (IPCC)’s Sixth Assessment have reinforced that human-induced climate change is already affecting many weather and climate extremes, the need for urgent action and the economic opportunity to invest in clean energy.

We were the first Australian bank to release a climate change position statement in 2008 and to commit to the goals of the Paris Agreement in 2015. Reflecting the increased urgency for action, this year we elevated management of climate change to a strategic priority for the company.

This is our fourth year of disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and on [page 22](#) we outline the actions that we have taken this year to progress on our Climate Change Position Statement and 2023 Action Plan (Climate Action Plan). This includes the detailed work underway to develop Paris-aligned financing strategies and portfolio targets for sectors representing the majority of our financed emissions and how best to support our customers and suppliers as the economy transitions. This work is a necessary step in determining how we can manage our business in alignment with the Paris Agreement and the need to transition to a net zero economy by 2050.

#### Embedding ESG performance

As well as financial performance, to operate sustainably we need to continue to improve the way we manage our ESG performance and associated risks by deepening integration of these areas into the business. Our focus includes developing new training, tools and resources to help our people identify ESG opportunities and risks, initiatives to support customers in areas such as climate change transition and in managing biodiversity and social risks, and products and services for customers innovating in this area.

To oversee progress of our ESG agenda, a Group ESG and Reputation Committee has been established, replacing the previous Sustainability Council. The new committee is chaired by the CEO and meets at least four times a year.

<sup>1</sup> ‘Climate change solutions’ definition can be found in [2021 Sustainability Appendix – Glossary](#).

<sup>2</sup> Over time period 2020 to 2030.

### Celebrating the 1<sup>st</sup> 500+ Westpac Scholars in the 1<sup>st</sup> five years

Westpac Scholars Trust<sup>1</sup> awards 100 scholarships every year to current and emerging leaders working in areas important to the country's future – technology and innovation, Australia-Asia ties, and social change.

### Advancing human rights

Our human rights approach is guided by the UN Guiding Principles on Business and Human Rights and by reviewing our most salient issues annually. This year's review highlighted the need to continue supporting customers and employees through the impacts of COVID-19, as well as focusing on rights of Aboriginal and Torres Strait Islander peoples, privacy, workplace diversity and discrimination, human rights grievance mechanisms, and modern slavery.

In 2019, following the AUSTRAC matter, we invited a range of experts in human rights, child safety, online safety and law enforcement to guide us in developing our Safer Children, Safer Communities program. With human rights due diligence and access to remedy among our core human rights principles, we have committed to take collective action that seeks to reduce and prevent harm and contribute to child safety and protection in Australia and the Asia Pacific region. Our Safer Children, Safer Communities program, now in its second year of delivery, is an important step forward. Information on the progress of our grants programs, international partnerships and cross-industry data sharing initiative can be found on [page 19](#).

We will soon be publishing our fifth Reconciliation Action Plan, which outlines specific commitments towards equitable economic participation and reducing barriers for Aboriginal and Torres Strait Islander customers, communities and employees. Reflecting on lessons learnt over prior years, listening, sharing and collaborating have been central themes as we set out our next areas of focus.

The COVID-19 situation has been particularly difficult for the social sector. Through grant programs and capability building, the focus of Westpac Foundation<sup>2</sup> over this period has been supporting social enterprises and community organisations creating jobs and training opportunities for people overcoming barriers to mainstream employment.

### Progressing the sustainability agenda

While 2021 has been a disruptive year on many fronts – public health, economic, social and environmental – we have seen strong willingness for people and organisations to work together to understand complex issues and find solutions. One example is the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking (PRB). With almost 250 banks representing over 40% of global banking assets now signatories, the first collective impact report shows 30% of signatories are setting targets with a strong focus on climate change and financial inclusion, with more to do in areas like biodiversity, equality and human rights.

As the world evolves, we are constantly challenging ourselves on how we can do better. While we have a lot to do, we're proud of our progress and hope you enjoy reading more about our performance in this year's Sustainability Supplement.

<sup>1</sup> Westpac Scholars Trust (ABN 35 600 251 071) is administered by Westpac Scholars Limited (ABN 72 168 847 041) as trustee for the Westpac Scholars Trust. Westpac Scholars Trust is a private charitable trust and neither the Trust nor the Trustee are part of Westpac Group. Westpac provides administrative support, skilled volunteering and funding for operational costs of Westpac Scholars Trust.

<sup>2</sup> Westpac Foundation is administered by Westpac Community Limited (ABN 34 086 862 795) as trustee for Westpac Community Trust (ABN 53 265 036 982), a Public Ancillary Fund, endorsed by the ATO as a Deductible Gift Recipient. None of Westpac Foundation, Westpac Community Trust Limited nor the Westpac Community Trust are part of Westpac Group. Westpac provides administrative support, skilled volunteering, donations and funding for operational costs of Westpac Foundation.

# Sustainability materiality assessment

## Our material topics

Through our data-driven sustainability materiality assessment process and ongoing stakeholder engagement, we identify the opportunities and challenges relating to our business that matter most to our stakeholders.

As we seek to further integrate our financial and non-financial disclosures, commentary on these topics is now largely covered in our 2021 Annual Report, with further detail for some areas including climate change and human rights covered in this Sustainability Supplement.

For simplicity, this year we combined some of our previous material topics as follows:

- Governance and risk management and Conduct and culture combined under **Governance, conduct and culture**
- Customer vulnerability and hardship, Customer satisfaction and experience, Digital product and service transformation and Customer safety and access combined under **Customer experience**
- Workforce wellbeing and Talent retention combined under **Our people**.

MATERIAL TOPIC

WHAT THIS COVERS

FOR FURTHER INFORMATION



**Customer experience**

Customers expect a digital banking experience that is easy, simple and efficient. At the same time, customer needs are becoming more complex, and our ability to support customers in times of hardship and anticipate when they are vulnerable allows us to help when it matters most.

Annual Report: Strategic Report  
Sustainability Datasheet



**Governance, conduct and culture**

We are continuously working to strengthen our management of risk, risk culture and governance, as well as improving our processes to deliver better customer and employee outcomes in a responsible way.

Annual Report: Strategic Report  
Sustainability Datasheet



**Our people**

Maintaining a safe, flexible and supportive workplace helps us attract, retain and develop our people.

Annual Report: Strategic Report  
Sustainability Datasheet



**Changing regulatory landscape**

Supervision and regulation in the financial services sector is always evolving as the industry changes. Adapting to change and complying with our regulatory obligations remains an essential risk management priority for the bank.

Annual Report:  
— Directors' Report: Significant developments  
— Risk and Risk Management: Risk Factors

## Our material topics (continued)

We closely monitor emerging reporting developments and best practices, including the Task Force on Nature-related Financial Disclosures (TFND). *Biodiversity* and *Circular economy* are emerging topics identified through this year’s materiality assessment and we anticipate they will continue to become more prominent for our stakeholders and Westpac into the future. During FY22, we will be further investing in our capability, as we develop our response and take action on these emerging issues.

The following frameworks and standards guide our reporting, with our alignment to GRI subject to external assurance. For more detailed mapping to these frameworks and standards, please see our 2021 Sustainability Appendix.



**MATERIAL TOPIC**

**WHAT THIS COVERS**

**FOR FURTHER INFORMATION**



**Financial performance**

Delivering sound financial performance and a strong balance sheet underpins our ability to support customers, the economy and the Group’s long-term success.

Annual Report: Strategic Report



**Climate change**

As a major financial institution, we have an important role in managing the impact of the bank’s activities on climate change, and the risks and opportunities to our business as a result of climate change.

Annual Report: Strategic Report  
Sustainability Supplement: Climate Change  
Sustainability Datasheet



**Human rights**

We seek to respect and positively impact human rights in our value chain through our role as a financial services provider, lender, purchaser of goods and services, employer and supporter of our communities.

Annual Report: Strategic Report  
Sustainability Supplement: Human Rights



**Information security**

Maintaining confidentiality and the security of our systems and data is paramount in retaining the trust and confidence of our stakeholders.

Annual Report: Strategic Report  
Website



**Community empowerment**

As an integral service provider in the communities in which we operate, we seek to support those in need including in times of emergency and recovery. We also support initiatives that address complex societal and economic issues.

Annual Report: Strategic Report  
Westpac Foundation Impact Report  
Westpac Scholars Impact Report  
Safer Children, Safer Communities Impact Report  
Sustainability Supplement: Our sustainability strategy  
Sustainability Datasheet



## Stakeholder engagement

We seek to maintain an open dialogue with our broad range of stakeholders, enabling us to understand and respond to their evolving expectations and concerns. We use these insights to understand the issues that most materially impact our ability to create long-term value for our stakeholders.

STAKEHOLDER GROUP	HOW WE ENGAGE	PREVALENT ISSUES	OUR RESPONSE INCLUDES
<b>Customers</b>	<ul style="list-style-type: none"> <li>– Net Promoter Score (NPS) verbatims</li> <li>– Customer feedback and complaints</li> <li>– Customer Council</li> <li>– Social media</li> <li>– Focus groups.</li> </ul>	<ul style="list-style-type: none"> <li>– COVID-19 and natural disaster support</li> <li>– Customer financial hardship</li> <li>– Customer service</li> <li>– Accessibility to services</li> <li>– Climate change and biodiversity</li> <li>– Data privacy, scams and fraud.</li> </ul>	<ul style="list-style-type: none"> <li>– Our Annual Report addresses these issues, including our continuous support for customers experiencing hardship due to events such as COVID-19 or natural disasters</li> <li>– Continuing to enhance our support for customers experiencing vulnerability due to circumstances such as financial hardship, family violence, elder abuse and scams is part of our 2023 <b>Sustainability Strategy</b></li> <li>– Our 2023 <b>Climate</b> and <b>Human Rights</b> Action Plans outline our response to these important societal issues</li> <li>– Our Access and Inclusion Plan 2021-2024 has a continued focus on providing customers and community with independent and equal access to our products and services.</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>– Half Year and Full Year results presentations</li> <li>– Investor roadshows, presentations and market updates</li> <li>– 1:1 investor meetings</li> <li>– Annual General Meeting questions</li> <li>– Proxy reports</li> <li>– Investor surveys and round tables.</li> </ul>	<ul style="list-style-type: none"> <li>– Financial performance</li> <li>– Dividend decisions</li> <li>– ESG issues</li> <li>– Conduct and culture</li> <li>– Risk management.</li> </ul>	<ul style="list-style-type: none"> <li>– Our Fix, Simplify and Perform priorities, including our Customer Outcomes and Risk Excellence (CORE) program to strengthen our management of risk and risk culture, are helping us to become a simpler and stronger bank</li> <li>– Our <b>positions and perspectives</b> help our stakeholders understand how we are responding to key ESG issues.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>– Organisational Health Index</li> <li>– Internal social media (Yammer)</li> <li>– Monthly pulse surveys and quarterly all employee surveys</li> <li>– CEO check-in, including Q&amp;As</li> <li>– Group Executive Townhalls</li> <li>– AskMe panel.</li> </ul>	<ul style="list-style-type: none"> <li>– Risk awareness and accountability</li> <li>– Flexible working arrangements</li> <li>– Supporting employee wellbeing</li> <li>– Continuous improvement, talent retention and competitive remuneration</li> <li>– Business restructuring</li> <li>– Making things simpler</li> <li>– COVID-19 policy.</li> </ul>	<ul style="list-style-type: none"> <li>– Through our Fix, Simplify and Perform priorities we are helping to frame what we do and provide clarity for our employees</li> <li>– Our employees are entitled to paid leave to get a COVID-19 vaccine and we have set up onsite workplace vaccination hubs for our employees in some locations</li> <li>– Our <b>All In Flex</b> approach aims to ensure that all roles across Westpac are able to be performed flexibly</li> <li>– Our 2023 <b>Human Rights Action Plan</b> outlines how we seek to respect human rights in our role as an employer.</li> </ul>

STAKEHOLDER GROUP	HOW WE ENGAGE	PREVALENT ISSUES	OUR RESPONSE INCLUDES
<b>Non-governmental organisations (NGOs)</b>	<ul style="list-style-type: none"> <li>– 1:1 meetings</li> <li>– Ongoing written correspondence</li> <li>– NGO participation in industry meetings.</li> </ul>	<ul style="list-style-type: none"> <li>– Financing to fossil fuels, net zero</li> <li>– Human rights, including our actions to assist in child safeguarding, responses to modern slavery and Indigenous rights including the principle of free, prior and informed consent.</li> </ul>	<ul style="list-style-type: none"> <li>– Our 2023 <b>Climate</b> and <b>Human Rights</b> Action Plans outline our response to these important societal issues.</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>– Meetings</li> <li>– Regulatory reporting</li> <li>– Policy and trend analysis</li> <li>– Industry forums</li> <li>– Submissions</li> <li>– Reform proposals.</li> </ul>	<ul style="list-style-type: none"> <li>– COVID-19</li> <li>– Climate change</li> <li>– Conduct and culture</li> <li>– ASIC’s focus on ‘greenwashing’.</li> </ul>	<ul style="list-style-type: none"> <li>– APRA approved our detailed Integrated Plan, which outlines commitments to strengthen all aspects of Westpac’s risk governance across both financial and non-financial risk</li> <li>– Participating in APRA’s Climate Vulnerability Assessment with four other major Australian banks.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>– Supplier forums</li> <li>– Surveys</li> <li>– Meetings</li> <li>– Assessment against our Responsible Sourcing Code of Conduct.</li> </ul>	<ul style="list-style-type: none"> <li>– Modern Slavery risks and compliance requirements</li> <li>– COVID-19 impacts on supply chains and business continuity.</li> </ul>	<ul style="list-style-type: none"> <li>– Our <b>FY20 Modern Slavery Statement</b> describes actions we have taken to address modern slavery risk in our operations and supply chains during that period</li> <li>– <b>Our Responsible Sourcing Program</b> guides our purchasing decisions and intends to drive sustainable outcomes for our suppliers, customers and communities.</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>– Social media</li> <li>– Traditional media</li> <li>– Ongoing dialogue with community partners</li> <li>– Stakeholder Advisory Council</li> <li>– Westpac Indigenous Advisory Committee</li> <li>– Safer Children, Safer Communities Roundtable.</li> </ul>	<ul style="list-style-type: none"> <li>– Climate change</li> <li>– Customer vulnerability</li> <li>– Support for women in business and the community</li> <li>– Biodiversity</li> <li>– Jobs</li> <li>– Child safety and protection.</li> </ul>	<ul style="list-style-type: none"> <li>– Through our <b>Safer Children, Safer Communities</b> program, we are committed to helping to: reduce the impact of financial crime; protect children; create safer communities; and contribute to long-term change within Westpac Group, across business and in society.</li> </ul>

**STAKEHOLDER ADVISORY COUNCIL**

The Stakeholder Advisory Council is a forum comprising a range of external stakeholders who provide advice and insights to our executives and sustainability leaders on Westpac’s approach to sustainability. It is an important mechanism that helps inform our approach on the issues that matter most to our stakeholders, both in the short and longer term. The Council is made up of nine members and one observer, and is co-chaired by Westpac CEO, Peter King, and Executive Director of The Ethics Centre, Simon Longstaff.

Topics examined by the Council this year included our 2021 sustainability materiality assessment, our approaches to customer vulnerability, climate change, human rights and artificial intelligence, support for women in business and the community including the principles of safe work environments, Westpac’s refreshed Social Impact Framework and engaging on the priorities for our next Reconciliation Action Plan.

# Our Sustainability Strategy

In December 2020, we updated our Sustainability Strategy outlining our sustainability priorities for the next three years. These priorities are centred around how we can best serve our customers, communities and nation, and contribute to solving global challenges.

Helping Australians succeed

Please see our **Westpac New Zealand website** to learn about how we're helping our customers and communities in New Zealand.

## OUR PURPOSE

## SUSTAINABILITY PRIORITIES

## PERSPECTIVE WHAT

## HOW



Helping when it matters most

### LOCAL

Help individuals and businesses build strong financial futures and navigate times of change, providing extra support for customers experiencing hardship.

*This is about helping at a personal, local level.*

- Supporting customers and businesses through times of change and hardship
- Supporting financial wellbeing.



Backing a stronger Australia

### NATIONAL

Help support the social, economic and environmental wellbeing of our nation to build a stronger Australia.

*This is about contributing to the success of our nation.*

- Backing people, jobs and ideas shaping Australia's future
- Helping Australians respond to climate change.



Collaborating for impact

### GLOBAL

Finance has a central role to play in addressing the biggest challenges facing our world. We want to play our part – by learning from our partners, sharing our experiences and collaborating to find solutions.

*This is about collaborating to help solve global problems.*

- Respecting human rights and amplifying Indigenous voices
- Supporting the transition to a climate resilient future.

The following pages include a summary of 2021 progress towards our sustainability priorities.



## Helping when it matters most

### LOCAL

Helping individuals and businesses build strong financial futures and navigate times of change, providing extra support for customers experiencing hardship.

## Ambition: Supporting customers and businesses through times of change and hardship

TARGET OUTCOMES BY 2023	FY21 PROGRESS
<p><b>Providing emergency and longer-term financial support to help people and businesses recover and adapt to changes in their circumstances</b></p>	<p>This year our continued priority has been supporting individuals and businesses through the uncertainties of COVID-19, as well as customers in parts of Eastern Australia affected by significant floods in March.</p> <ul style="list-style-type: none"> <li>– 81,000+ approved applications for financial assistance from customers experiencing financial hardship</li> <li>– \$9.8 million in emergency grants to more than 3,200 customers, 709 natural disaster relief packages</li> <li>– 58,000+ visits to the Disaster Hub, which provides guidance on preparing homes and accessing disaster support.</li> </ul>
<p><b>Supporting vulnerable customers in difficult personal and financial circumstances (including those affected by domestic and family abuse, financial abuse, frauds and scams) to manage, recover and find appropriate solutions</b></p>	<p>We continue to strengthen the way we support customers experiencing vulnerability and offer specialised assistance tailored to assist in meeting customers' individual needs. We now have an extra care 'flag' in our systems to help our people identify and record customer needs (with their consent) and have introduced new measures to stop abusive transactions and help address problem gambling. Scams and fraud remain ongoing issues.</p> <ul style="list-style-type: none"> <li>– 33,400+ cases received assistance through specialist vulnerability teams</li> <li>– 30,000+ consumer debit and credit cards using the gambling block.</li> </ul>

### SCAMS ON THE RISE

Throughout 2021 we have seen an increase in both the volume and sophistication of scams. As scammers become more skilled, individuals and businesses may transfer large amounts of funds before realising what has occurred.

In one example, our Scams Assist team contacted a customer after our technology identified suspicious account activity and was able to intervene and prevent \$46,000 being lost by the customer to scammers.

To further protect our customers we developed digital credit and debit cards with a dynamic three-digit CVV, which provides added security for online transactions. We also introduced a new security wellbeing check that supports customers to employ safer settings for online banking. Through our security systems and controls we averted \$16 million in potential additional fraud in our digital channels.

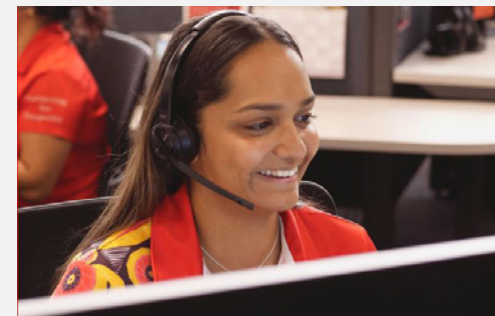
Our customer education tools include Safe and Secure Guide, Scam Safety Score Quiz, as well as Scam Awareness and Prevention Seminars also available online.





## Ambition: Supporting financial wellbeing

TARGET OUTCOMES BY 2023	FY21 PROGRESS
<p><b>Supporting the financial wellbeing of customers and communities through products, services and resources to help them in life moments big and small</b></p>	<p>To help reduce pain points and deliver better customer experiences we continue to introduce new and improved product and service offerings. This includes new digital banking features as well as tools and resources to assist customers through significant life moments such as buying their first home, getting married or the loss of a loved one.</p> <ul style="list-style-type: none"> <li>– We delivered programs and content to over 1.2 million Australians through our financial education platforms, including Davidson Institute</li> <li>– 90,000+ customers accessed our Recovery Hub, which helps Australians build literacy and resilience following financial setback through online resources, guides and tools</li> <li>– Launched our new Westpac app for iOS<sup>1</sup> and released a beta version for Android, with:                         <ul style="list-style-type: none"> <li>– Smart Search to help customers more easily navigate the app and initiate payments</li> <li>– Look Who’s Charging to more easily identify transactions</li> <li>– Drag &amp; Drop Transfers to support fast and easy transfers between eligible accounts</li> </ul> </li> <li>– 8,600+ people accessed our Spend Snapshot tool, which allows individuals to compare their income and spending and better understand where their money is going</li> <li>– Delivered financial capability-related communications to 56,600 members in our Ruby Connection community for women, with 9.7 million impressions across events, website and social channels.</li> </ul> <p>Our next focus areas include expanding our product offerings to further support our customers, as well as exploring an outcome survey to measure to what extent customers felt supported during important life moments.</p>
<p><b>Improved banking accessibility for 20,000 Indigenous and remote Australians</b></p>	<p>First piloted in 2018, Yuri Ingkarninithi, our Indigenous Connection contact centre, has now been expanded to cover all Westpac Group brand customers in Australia. This year, it has supported:</p> <ul style="list-style-type: none"> <li>– 8,200+ Indigenous and remote Australian customers towards our target of 20,000 customers by 2023.</li> </ul>



<sup>1</sup> For eligible customers.





**TARGET OUTCOMES BY 2023**

**FY21 PROGRESS**

**Supporting young people to build confidence and knowledge in preparation for their future financial decisions**

To assist young people navigating the uncertainties of the past year, particularly given the challenges of employment stability and housing affordability, our focus has been on providing tools to help with savings and building financial capability. This includes:

- Crediting over \$46 million in Spend&Save bonus interest to approximately 268,000 18 to 29 year-olds since July 2020 to help them reach their savings goals, with 43,000 recipients putting these savings toward their first home or property
- Continued to work in partnership with *Year 13* to help empower school leavers with knowledge to make better financial decisions for their future.

Further work to develop specific products tailored to support young Australians is part of our 2023 ambition.

**BACKING SMALL BUSINESS RECOVERY**

To help small businesses impacted by the pandemic to recover and grow, we expanded our low interest rate offer on loans of up to \$5 million – including an option to defer repayments to assist with time to rebuild cash flow – under the Federal Government’s SME Recovery Loan Scheme.



**TOMORROW'S PLANS START TODAY**

Westpac Business Loan



**SUSTAINABLE DEVELOPMENT GOALS**



End poverty in all its forms everywhere.  
**Targets 1.4 and 1.5**



Decent work and economic growth.  
**Target 8.10**



Reduced inequalities.  
**Targets 10.2 and 10.4**





## Backing a stronger Australia

### NATIONAL

Helping support the social, economic and environmental wellbeing of our nation to build a stronger Australia.

## Ambition: Backing people, jobs and ideas shaping Australia's future

TARGET OUTCOMES BY 2023	FY21 PROGRESS
<p><b>Supporting diverse Australian businesses and social enterprises, including Indigenous entrepreneurs and communities seeking to build their own businesses</b></p>	<p>Despite some large contracts coming to an end and COVID-19 restrictions impacting some activities, our Procurement function continues to focus on current and new diverse supplier spend opportunities. In FY21 we:</p> <ul style="list-style-type: none"> <li>– Spent \$11.6 million with diverse suppliers, including \$1.6 million with Indigenous-owned businesses. Committed to purchase Carbon Credits from savannah fire management projects in Arnhem Land, which will be reflected in our Tier 2 Indigenous spend in FY22</li> <li>– Provided access to capital for Indigenous businesses through our partnership with First Australians Capital.</li> </ul>
<p><b>Creating employment and educational opportunities for people who have the drive to shape Australia, including our Westpac Scholars</b></p>	<p>In partnership with some of the nation's leading universities, Westpac Scholars Trust<sup>1</sup> awards 100 scholarships a year and reached a milestone this year in awarding its 500th scholarship. The program aims to create sustainable, long-term value by investing in current and emerging leaders working in areas important to the country's future – technology and innovation, Australia-Asia ties, and social change.</p> <ul style="list-style-type: none"> <li>– Westpac Scholars Trust awarded \$4.3 million in educational scholarships to the next 100 Westpac Scholars, bringing the total amount awarded in the first five years to \$31 million, including university co-funding.</li> </ul> <div style="background-color: #e6e6ff; padding: 10px; margin-top: 10px;"> <p><b>LIFTING THE MISCARRIAGE SILENCE</b></p> <p>After three years of lobbying, 2020 Westpac Scholar Samantha Payne and the Pink Elephants Network team were elated when amendments to the Fair Work Act passed as legislation through parliament this year. The new legislation means couples who lose a baby during early pregnancy through miscarriage are now entitled to two days of paid leave.</p> <p>Westpac has now introduced five days paid leave for employees who experience early pregnancy loss.</p> <p> @WestpacScholars</p> </div> <div style="text-align: right; margin-top: 10px;">  </div>
<p><b>Supporting our corporate and institutional customers move to more sustainable business models through sustainable finance structures that connect their financing requirements and sustainability priorities</b></p>	<p>We continue to see strong interest from customers looking for sustainable finance structures. Transactions this year include:</p> <ul style="list-style-type: none"> <li>– In an Australian first, Westpac played a lead role in the coordination of a sustainability-linked loan tied to reconciliation outcomes. The \$300 million loan for NSW Land Registry Services includes metrics such as development of a Reconciliation Action Plan, as well as greenhouse gas emissions reduction and gender diversity</li> <li>– Wesfarmers launched the first Australian dollar denominated sustainability-linked bond (SLB) in June this year, raising \$1 billion in a transaction over-subscribed by approximately 2.5 times. Westpac was joint lead manager and joint sustainability coordinator of the transaction.</li> </ul>

<sup>1</sup> Westpac Scholars Trust (ABN 35 600 251 071) is administered by Westpac Scholars Limited (ABN 72 168 847 041) as trustee for the Westpac Scholars Trust. Westpac Scholars Trust is a private charitable trust and neither the Trust nor the Trustee are part of Westpac Group. Westpac provides administrative support, skilled volunteering and funding for operational costs of Westpac Scholars Trust.



“The pandemic has been difficult for everyone, so it’s especially important for us to continue supporting local organisations who play a critical role in our communities helping those who may already be facing barriers to mainstream employment.”

Amy Lyden, Acting Westpac Foundation CEO

TARGET OUTCOMES BY 2023	FY21 PROGRESS
<p><b>Job creation opportunities for vulnerable and under-employed people across our value chain</b></p>	<p>For over 15 years Westpac Foundation<sup>1</sup> has been supporting social enterprises that aim to create jobs and training opportunities for people overcoming barriers to mainstream employment. Westpac Foundation currently supports 20 work integration social enterprises (WISE) through multi-year funding and capacity building programs.</p> <ul style="list-style-type: none"> <li>– Westpac Foundation<sup>1</sup> awarded \$1.95 million in job creation grants and \$1 million in community grants to 100 local organisations helping Australians become job-ready through education, training and employment opportunities within their communities</li> <li>– Since 2015 Westpac Foundation<sup>1</sup> supported social enterprises have created 4,704 jobs<sup>2</sup> for people experiencing barriers to mainstream employment, towards its goal of 10,000 jobs by 2030.</li> </ul> <div data-bbox="828 630 1478 1173" style="border: 1px solid #ccc; padding: 10px; margin-top: 10px;"> <p><b>THE POWER OF SOCIAL ENTERPRISE</b></p> <p>“Gordon has helped us get in the mindset of commercial business growth instead of thinking about ourselves as a charity,” says Pat Ryan, CEO of Dismantle about Westpac employee skilled volunteer Gordon Jeffrey.</p> <p>Dismantle runs a range of social enterprises and activities in Perth, WA, that support at-risk young people by helping to dismantle their disadvantage and creating employment pathways.</p> <p>With his years of business banking experience, Gordon has mentored the Dismantle team to help them build a three-year business plan to help them secure an additional \$300,000 in Westpac Foundation grant funding, as well as navigating cash flow during COVID-19.</p> <p> Westpac Foundation</p> </div> <div data-bbox="1500 646 2139 1165" style="margin-top: 10px;"> </div>

1 Westpac Foundation is administered by Westpac Community Limited (ABN 34 086 862 795) as trustee for Westpac Community Trust (ABN 53 265 036 982). The Westpac Community Trust is a Public Ancillary Fund, endorsed by the ATO as a Deductible Gift Recipient. None of Westpac Foundation, Westpac Community Trust Limited nor the Westpac Community Trust are part of Westpac Group. Westpac provides administrative support, skilled volunteering, donations and funding for operational costs of Westpac Foundation.

2 Jobs created through the Westpac Foundation job creation grants to social enterprises are as at 30 June 2021.



## Ambition: Helping Australians respond to climate change

TARGET OUTCOMES BY 2023	FY21 PROGRESS
<b>Supporting solutions and technology that accelerate the transition to a low carbon economy</b>	— \$1.9 billion of new lending to climate change solutions towards target of \$3.5 billion by 2023 and \$15 billion by 2030.
<b>Reducing our direct environmental footprint</b>	— We reduced Scope 1 & 2 emissions by 58% against a 2016 base year and 43% against 2020 <sup>1</sup> . We achieved this reduction by sourcing the equivalent of 45% of our energy consumption through renewable sources. We also continue to maintain carbon neutrality certification for our Australian and New Zealand operations under Climate Active and Toitū Carbonzero, respectively. This year, we refreshed our carbon offset strategy, increasing our investment and improving the quality of the carbon credits retired, with an associated uplift in underlying project quality. 100% Australian carbon credits from savanna fire management projects in Arnhem Land, which employed Traditional Owners and Aboriginal rangers to undertake traditional fire management, were sourced and surrendered for our FY21 Climate Active carbon neutral claim certification. This work aims to reduce emissions while protecting biodiversity and culturally significant sites from destructive wildfires.

For more detail, please see the [Climate Change section on page 22](#).

### AREAS FOR FURTHER DEVELOPMENT TOWARDS 2023 TARGETS:

- Help customers access products and services that support upgrades to homes to reduce energy consumption and to improve resilience to natural disasters
- Dedicate aspects of our community investment, through partnerships and support, to employment opportunities in areas and regions potentially impacted by the transition to a low carbon economy.

### SUSTAINABLE DEVELOPMENT GOALS



Quality education.  
**Targets 4.4 and 4.5**



Decent work and economic growth.  
**Targets 8.3 and 8.5**



Industry, innovation and infrastructure.  
**Targets 9.3, 9.4 and 9.5**



Responsible consumption and production.  
**Target 12.2**



Climate action.  
**Targets 13.1 and 13.3**

<sup>1</sup> 2021 is the first year Westpac is reporting market-based emissions to account for renewable energy investment. The base year of our Scope 1 & 2 and Scope 3 Supply Chain GHG reduction targets is calculated applying the location-based accounting method. Historic location-based data is used as a proxy for a market-based method as electricity supplier emission factors or residual emissions factors for some international operations are not available.



## Collaborating for impact

### GLOBAL

Finance has a central role to play in addressing the biggest challenges facing our world. We want to play our part – by learning from our partners, sharing our experiences and collaborating to find solutions.

## Ambition: Respecting human rights and amplifying Indigenous voices

TARGET OUTCOMES BY 2023	FY21 PROGRESS
<p><b>Sharing insights as we deliver on the commitments under our 2023 Human Rights Action Plan and work towards the elimination of modern slavery across our business operations and supply chain</b></p>	<p>Throughout the year, we continued to focus on how we might seek to respect, and opportunities to positively impact, human rights, including modern slavery, across our value chain.</p> <ul style="list-style-type: none"> <li>– Launched our Access and Inclusion Plan 2021-2024</li> <li>– Published our <b>FY20 Modern Slavery Statement</b> in response to the <i>Australian Modern Slavery Act 2018</i> (Cth) and the <i>United Kingdom's Modern Slavery Act 2015</i> (UK)</li> <li>– Continued to implement a Vulnerable Customer Mental Health Framework, providing extra support and escalation pathways for our people who support customers at increased risk of vulnerability due to the financial and societal impacts of COVID-19</li> <li>– Refreshed our Inclusion and Diversity plan, including a focus on women in leadership, cultural diversity and Indigenous representation.</li> </ul> <p><b>For more detail, please see the Human Rights section on page 34.</b></p>
<p><b>Safeguarding children from online child exploitation through our Safer Children, Safer Communities program, including investing up to \$10 million per year for three years in child protection initiatives</b></p>	<p>See Safer Children, Safer Communities case study on <a href="#">page 19</a>.</p>
<p><b>Supporting the empowerment of Aboriginal and Torres Strait Islander people through self-determination, amplifying their voices and building cultural competency amongst our people and partners to progress reconciliation</b></p>	<p>With this year's National Reconciliation Week theme of <i>More Than a Word: Reconciliation Takes Action</i>, we launched our new <i>Serving our Indigenous customers with respect and empathy</i> training to enhance cultural competency and greater understanding. Throughout the year, we held Deadly Talks with guest speakers on a range of Indigenous affairs topics including <i>Understanding the Uluru Statement from the Heart</i>. As we develop our next Reconciliation Action Plan, our vision is an Australia where Aboriginal and Torres Strait Islander peoples have equitable economic participation and financial wellbeing, with specific focus on the areas of valuing culture, meaningful careers, better banking experiences and backing Indigenous business.</p> <ul style="list-style-type: none"> <li>– 950+ Westpac employees have completed a Jawun skilled volunteering secondment with an Indigenous community organisation since 2001.</li> </ul>





### SAFER CHILDREN, SAFER COMMUNITIES

Developed as part of Westpac's AUSTRAC Response Plan, the Safer Children, Safer Communities work program is now in its second year of helping to create meaningful impact on child safety and protection in Australia and the Asia Pacific region. This year we provided \$12.1 million in funding to the overall work program to raise awareness of child exploitation and support child protection initiatives as part of our commitment to invest up to \$10 million per year for three years.

Of this, \$9.2 million was committed over three years to 26 organisations in Australia through our grants program.

2020 grant recipient, Playgroup Queensland, is using the funding of \$300,000 per year over three years to expand its 'Sing&Grow' program to reach children and families that are survivors of sexual abuse. The evidence-based music therapy program enhances the protective factor of a secure relationship between children and a safe parent or caregiver. To date, 37 group programs have been delivered across 11 metro and five regional locations.

This year, we also introduced research grants valued at \$150,000 over up to two years, with one of the first recipients The University of South Australia's research team led by Dr Vincenza Tudini and Dr Lesley-Anne Ey. Their research will use conversation analysis techniques to identify recurrent language and interactional behaviours that enable online predators to gain unacquainted children's trust during opening chat sequences.

Other initiatives include:

- Support for a three-year impact campaign in association with 'The Children in the Pictures' documentary. The campaign aims to increase public awareness, empower parents and caregivers, remove barriers to identify perpetrators, and help the Australian media to report on this crime appropriately
- Finalised a \$25 million grant to the International Centre for Missing and Exploited Children (ICMEC), following scoping and discovery work in 2020, to develop a series of cross-industry data sharing projects to better detect, monitor, report and seek to prevent Australian payments platforms from being used to process payments that are related to Child Sexual Exploitation (CSE) and associated with financial crime
- Continued our partnership with International Justice Mission (IJM) who supported 33 police operations, 141 victim rescues and 36 suspect arrests in the Philippines<sup>1</sup>
- Supported Save the Children's 'Protect Children - Philippines' project to deliver training sessions to 687 young people and parents on issues relating to online exploitation<sup>2</sup>
- Strengthening Westpac's financial crime program and integrating child safeguarding more deeply into our processes, with a view to sharing our practices with other Australian businesses.



Stock image.

<sup>1</sup> During the period 1 Oct 2020 - 30 September 2021.

<sup>2</sup> During the period January - June 2021.



**SUSTAINABLE INVESTMENT**

Through our wealth management business, BT, we continue to make solutions available to our members and investors to manage ESG impact in their investments, including super.

For investments we manage internally, we have completed deep-dives into our approach to modern slavery across the portfolio and, reflecting BT's support for the transition to a net zero emissions economy by 2050, we have updated our expectations of companies and proxy voting principles.

In line with industry trends we are seeing growth in investments that prioritise sustainability across our investment platform, including BT Panorama. Flows to these funds increased 162% between June 2020 and June 2021<sup>1</sup>.

**BT Super and BT Super for Life again recognised for industry leading sustainable behaviour and genuine commitment to responsible investment principles**



**Ambition: Supporting the transition to a climate resilient future**

TARGET OUTCOMES BY 2023	FY21 PROGRESS
<p><b>Sharing insights as we work with customers in the most emissions intensive and climate-vulnerable sectors to develop financing strategies that can support their response to climate change impacts</b></p>	<p>During the year, we continued work to execute our Climate Action Plan. Developments include:</p> <ul style="list-style-type: none"> <li>— Advancing work to understand how best to support our agribusiness customers in Australia and New Zealand to manage climate risk</li> <li>— Building our understanding of physical risk in our Australian and New Zealand agribusiness and residential mortgages portfolios</li> <li>— Progressing our work to develop Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions, with a focus in the oil and gas extraction, metals and mining sectors</li> </ul>
<p><b>Aligning our financing activity with efforts to support the goals of the Paris Agreement</b></p>	<ul style="list-style-type: none"> <li>— Completing analysis of our financed emissions across our Australian institutional, business and residential mortgages lending portfolios<sup>2</sup>.</li> </ul>
<p><b>Participating in international, national and industry-based initiatives to progress collective action on climate change, including sharing methodologies and investing in research, in support of the goals of the Paris Agreement</b></p>	<p>Addressing climate change requires collective action and collaboration. We continue to support initiatives and policies to achieve the goals of the Paris Agreement, by participating in a range of industry forums including the United Nations Environment Programme Finance Initiative (UNEP-FI) Principles for Responsible Banking (PRB) and the Australian Sustainable Finance Initiative.</p>

For more detail, please see the Climate Change section on page 22.

**SUSTAINABLE DEVELOPMENT GOALS**

<p><b>7</b> AFFORDABLE AND CLEAN ENERGY Affordable and clean energy. <b>Target 7a</b></p>	<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH Decent work and economic growth. <b>Targets 8.7 and 8.8</b></p>	<p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE Industry, innovation and infrastructure. <b>Target 9.4</b></p>	<p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES Sustainable cities and communities. <b>Target 11b</b></p>	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION Responsible consumption and production. <b>Target 12.2</b></p>	<p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS Peace, justice and strong institutions. <b>Targets 16.2 and 16.7</b></p>	<p><b>17</b> PARTNERSHIPS FOR THE GOALS Partnerships for the goals. <b>Targets 17.16 and 17.17</b></p>
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1 Platform fund information is based on available data as at 29 July 2021. Note not all investment options included in this figure were available on the platform menus for the entire 2020 to 2021 period.  
2 The analysis included on-balance sheet lending and lines of credit for Australian institutional and business lending and Australian residential mortgages. Refer to the Westpac 2021 Financed Emissions Methodology on our website for more information.

## 3 year non-financial summary

These are key metrics tied to our material topics. Definitions can be found in the [2021 Sustainability Appendix - Glossary](#)<sup>1</sup>, with a more detailed account of the constituent components and scope of these performance metrics available online in the [2021 Sustainability Datasheet](#).

	2021	2020	2019
<b>Customers</b>			
Total customers (millions)	13.9 <sup>2</sup>	14.1	14.2
Digitally active customers (millions)	6.1	5.9	5.8
Branches	997	1,105	1,145
Branches with 24/7 capability (%)	33	36	35
ATMs	1,868	2,036	2,847
Smart ATMs (%)	70	69	54
Change in customer complaints from prior year (%) - Australia	33	145	94
Change in customer complaints from prior year (%) - New Zealand	(9)	6	2
Number of approved applications for financial assistance from customers experiencing financial hardship	81,062	75,367	52,025
Number of cases escalated through our specialist vulnerability teams	33,429	NR	NR
<b>Employees</b>			
Total employees (full-time equivalent)	40,143	36,849	33,288
Voluntary attrition (%)	11	8	11
New starter retention (%)	83.3	85.8	84.5
Organisation Health Index (OHI)	74	70	NR
Lost Time Injury Frequency Rate (LTIFR)	0.3	0.4	0.4
Total Reportable Injury Frequency Rate (TRIFR)	1.9	2.1	3.1
Whistleblower reporting - number of new concerns	186	184	278
Average hours of training per employee - Group	26.7	22.7	19.1
Aboriginal and Torres Strait Islanders new-to-bank hires - Aust (%)	2.5	2.4	6.6
Women in leadership (%)	50	50	50
Women as percentage of the total workforce (%)	55	57	58

	2021	2020	2019
<b>Environment</b>			
Emissions accounting approach	Market-based	Location-based	Location-based
Total Scope 1 and 2 emissions (tonnes CO <sub>2</sub> -e)	61,832	107,634	121,168
Total Scope 3 supply chain emissions (tonnes CO <sub>2</sub> -e)	71,738	91,616	87,262
Carbon neutrality	Maintained	Maintained	Maintained
<b>Sustainable lending</b>			
Climate change solutions attributable financing - Aust and NZ (\$ millions)	10,862	10,059	9,263
Proportion of electricity generation financing in renewables including hydro - Aust and NZ (%)	79	75	75
Electricity generation portfolio emissions intensity (tonnes CO <sub>2</sub> -e/MWh)	0.26	0.25	0.26
Electricity generation - total attributable financing (\$ millions)	4,419	4,284	3,874
Finance assessed under the Equator Principles (\$ millions)	816	126	454
<b>Social Impact</b>			
Community investment excluding commercial sponsorship (\$ millions)	144	145	130
Community investment as a percentage of pre-tax profits - Group (%)	1.69	3.59	1.33
Customers provided with natural disaster relief packages	709	3,403	529
Financial education (participants)	1,246,198	1,009,232	619,995
<b>Supply chain</b>			
Spend with diverse suppliers (\$ millions)	11.6	18.1	19.2
Spend with Indigenous Australian suppliers - Aust (\$ millions)	1.6	4.9	3.6

<sup>1</sup> Refer to page 40.

<sup>2</sup> Decrease is due to the sale of some businesses. NR = Not Reported



# Climate change

We recognise that climate change is one of the most significant issues that will impact the long-term prosperity of the global economy and our way of life. We have a long history of action on climate change, including becoming the first Australian bank to release a climate change position statement in 2008.

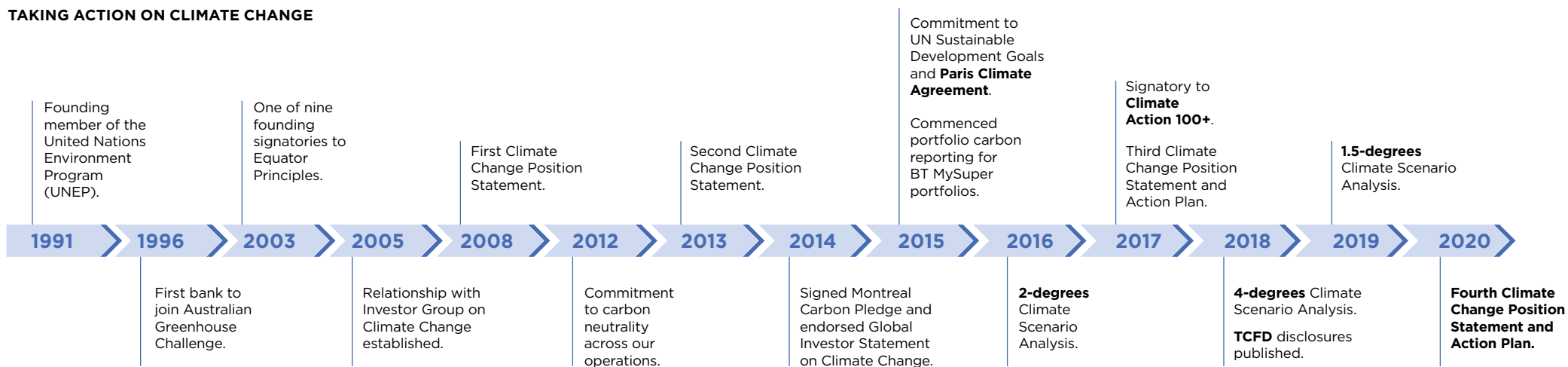
This section builds on our climate-related disclosures over previous years with a focus on how we continue to integrate the management of climate change impacts into our business and performance. This is our fourth year of disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

As a financial institution, we believe the most constructive role we can play is to work with customers and communities to respond to the challenge of climate change.

This approach is guided by five core principles:

- A transition to a net zero emissions economy is required by 2050
- Economic growth and emissions reductions are complementary goals
- Addressing climate change creates opportunities
- Climate-related risk is a financial risk
- Collective action, transparency and disclosure matter.

## TAKING ACTION ON CLIMATE CHANGE





During the year the importance of climate change to our business and stakeholders continued to grow. Notable developments included:

- Increased focus from our customers on sustainable finance opportunities and strong demand for ‘green’ product in capital markets
- The release of reports by the IEA on the net zero by 2050 roadmap for the global energy sector<sup>1</sup> and the IPCC’s sixth Assessment Report on climate change physical science<sup>2</sup>
- Continued focus by regulators on climate-related financial risks, including commencement by APRA of a Climate Vulnerability Assessment (CVA) of major Australian banks including Westpac, and developing its Prudential Practice Guide<sup>3</sup> on climate change financial risks
- A focus on net zero portfolio ambitions by both investors and banks through initiatives such as the Net Zero Asset Managers Initiative and United Nations Environment Programme Finance Initiative (UNEP FI)’s Net Zero Banking Alliance
- Continued focus on litigation risk with respect to management and boards’ responsibilities relating to action on climate change
- The introduction into New Zealand Parliament of legislation<sup>4</sup> which, if passed, would mandate climate-related disclosures for certain large entities, including large registered banks, likely by 2023.

Continuing to enhance our approach, this year we:

- Elevated climate change response to a company-wide strategic priority to drive the actions detailed in our Climate Change Position Statement and 2023 Action Plan (Climate Action Plan)
- Elevated oversight of our Climate Action Plan, see ‘Governance and oversight’ section
- Continued our focus to increase skills, capability and resources to support execution of our Climate Action Plan
- Continued our assessments of climate risk and opportunity across key lending portfolios in Australia and New Zealand
- Reaffirmed support for the Paris agreement, and the need to transition to a net zero emissions economy by 2050 by our wealth management business, BT<sup>5</sup>.

While we are making progress on our climate actions, we recognise that there is much more work to do. In our future work on Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions, we will seek to include consideration of important recent science and policy developments. For more information see the ‘Looking ahead’ section.



<sup>1</sup> International Energy Agency’s Net Zero by 2050, A Roadmap for the Global Energy Sector report.

<sup>2</sup> Intergovernmental Panel on Climate Change Sixth Assessment Report, Climate Change 2021: The Physical Science Basis.

<sup>3</sup> Australian Prudential Regulation Authority’s Prudential Practice Guide Draft CPG 229 Climate Change Financial Risks.

<sup>4</sup> New Zealand Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill.




<sup>5</sup> Investments made where a Westpac Group entity is acting as a trustee (for example RSE Licensee, Responsible Entity), the governance and strategies for climate change risk, and environmental, social and governance risk more broadly, is the responsibility of the relevant board and management of these entities.





## Our climate strategy

2021 marked the first year of our latest [Climate Action Plan](#). Our strategy was informed by scenario and financed emissions analysis, as well as engagement with customers, investors, industry bodies, non-governmental organisations and community representatives. It focuses on the three areas where we believe climate change will most impact our customers, business and stakeholders. Key areas of progress included:

 <p><b>Helping customers and communities respond to climate change</b></p>	<p>\$1.9bn new lending to climate change solutions<sup>1</sup></p>	<p>33 transactions to support Westpac Institutional Bank (WIB) customers with sustainable finance solutions<sup>2</sup></p>	<p>Largest bank lender to greenfield renewable energy projects in Australia for the past five years<sup>3</sup></p>	<p>Advancing work to understand how best to support our agribusiness customers in Australia and New Zealand to manage climate risk</p>	<p>Uplifting the capability of our bankers through dedicated ESG education</p>	<p>Continued to manage thermal coal and electricity generation emissions intensity exposures in line with our Climate Action Plan sector criteria</p>	<p>Continued developing our Paris-aligned financing strategies and portfolio targets for sectors representing the majority of our financed emissions including in the oil and gas, metals and mining sectors - see Sector Criteria section for more details</p>	<p>In recognition of the significant transformation required for the transition to Net Zero by 2050, BT has expanded its expectations of the companies it invests in on behalf of its customers and its proxy voting principles to enhance support for alignment with a net zero emissions pathway<sup>4</sup></p>			
 <p><b>Improving the climate performance of our operations</b></p>	<p>Reduced Scope 1 &amp; 2 emissions by 58% against a 2016 base year and 43% against 2020<sup>5</sup></p>		<p>Reduced Scope 3 supply chain emissions by 20% against a 2016 base year and 22% against 2020</p>	<p>Sourced the equivalent of 45% of our global electricity consumption through renewable sources in 2021</p>	<p>Maintained carbon neutrality for our Australian and New Zealand operations under the Climate Active Carbon Neutral Standard for Organisations and Toitū carbonzero programme</p>	<p>Updated the Responsible Sourcing Program with stronger management and monitoring processes to further address certain ESG risks, including climate change, in our supply chain</p>					
 <p><b>Supporting initiatives and policies to achieve the goals of the Paris Agreement</b></p>	<p>UNEP FI Principles for Responsible Banking</p>	<p>Australian Sustainable Finance Initiative</p>	<p>Australian Business Roundtable for Disaster Resilience and Safer Communities</p>	<p>Corporate Sustainability and Climate Change Working Groups of the Australian Banking Association</p>	<p>Climate Change Working Group of the NZ Bankers' Association</p>	<p>RE100</p>	<p>Investor Group on Climate Change</p>	<p>Climate Action 100+</p>	<p>Principles for Responsible Investment</p>	<p>Climate Leaders Coalition, New Zealand</p>	<p>Toitū Tahua - Centre for Sustainable Finance, New Zealand</p>

1 'Climate change solutions' definition can be found in 2021 Sustainability Appendix - Glossary available online.

2 Sustainable finance solutions refers to green, social, sustainability or sustainability-linked loans and bonds.

3 IJGlobal and Westpac Research data.

4 Applies for internally developed and managed investments, where BT holds voting rights. For a list of funds this applies to as well as more information on BT's approach to engagement and proxy voting refer to the BT Sustainable Investment Policy available at [BT.com.au/sustainableinvestment](https://www.btpac.com.au/sustainableinvestment)

5 2021 is the first year Westpac is reporting market-based emissions to account for renewable energy investment. The base year of our Scope 1 & 2 and Scope 3 Supply Chain GHG reduction targets is calculated applying the location-based accounting method. Historic location-based data is used as a proxy for a market-based method as electricity supplier emission factors or residual emission factors for some international operations are not available.



## SUSTAINABLE FINANCE

Climate change remains a central focus for the Sustainable Finance team and their engagement with customers.

This year we partnered with ISPT to assist them in structuring their first sustainability linked loan (SLL), for the ISPT Core Fund, a property fund with diverse assets across Australia. This was, and remains, the largest single SLL in Australia, at \$2.8 billion. As part of this process, we, along with the other Sustainability Coordinators, worked with ISPT to develop a framework to issue and manage sustainable debt products across ISPT's funds and operations. Within six months, we supported ISPT in applying this sustainable debt framework to issue their second SLL, this time for their retail fund, ISPT Retail Australia Property Trust, making ISPT the largest SLL issuer in Australia with \$3.3 billion in SLLs. Both SLLs incentivise ISPT to meet targets around greenhouse gas emissions intensity, water consumption, waste reduction and labour certification.

During the year Westpac also issued its own EUR1bn green Tier 2 bond, tapping into strong demand for green investment products among European investors. Proceeds from the transaction are expected to be used to finance or refinance projects such as renewable energy (solar and wind), green buildings, and low carbon rail transport.



## IMPROVING OPERATIONAL CLIMATE PERFORMANCE

We reduced our Scope 1 & 2 emissions by 58% against a 2016 base year and 43% against 2020<sup>1</sup>. We have achieved this reduction by sourcing the equivalent of 45% of our energy consumption through renewable sources. This included the surrender by or on behalf of Westpac of 60,168 renewable energy certificates (LGCs) obtained through our Power Purchase Agreement with the Bomen Solar Farm, which reached commercial operation in mid-2020, and onsite solar PV systems. Importantly, the Bomen Solar Farm community fund has delivered a range of co-benefits to the community, including funding for education and training programs at a local high school, a tree-planting program with the local council and a contribution to the local bushfire brigade to meet the cost of an extension to its fire station.

We also continue to maintain carbon neutrality certification for our Australian and New Zealand operations Climate Active and Toitū Carbonzero, respectively. This year, we refreshed our carbon offset strategy, increasing our investment and improving the quality of the carbon credits retired, with an associated uplift in underlying project quality. 100% Australian carbon credits from savanna fire management projects in Arnhem Land, which employed Traditional Owners and Aboriginal rangers to undertake traditional fire management, were sourced and surrendered for our FY21 Climate Active carbon neutral claim certification. This work aims to reduce emissions while protecting biodiversity and culturally significant sites from destructive wildfires.

<sup>1</sup> 2021 is the first year Westpac is reporting market-based emissions to account for renewable energy investment. The base year of our Scope 1 & 2 and Scope 3 Supply Chain GHG reduction targets is calculated applying the location-based accounting method. Historic location-based data is used as a proxy for a market-based method as electricity supplier emission factors or residual emission factors for some international operations are not available.



## Governance and oversight

The following Board and management arrangements are in place to oversee Westpac’s climate change agenda.


<b>BOARD</b> 	<b>EXECUTIVE TEAM</b> 	<b>ESG &amp; REPUTATION COMMITTEE</b> 
<ul style="list-style-type: none"> <li>– Oversight of the Group’s approach to and management of climate change</li> <li>– Our Climate Action Plan is approved by the Board every three years</li> <li>– Updates on progress are provided twice per year</li> <li>– The Board Risk Committee (BRC) considers and approves Westpac’s Sustainability Risk Management Framework (SRMF), which includes climate change risk, at least every two years. The General Manager Enterprise Risk has accountability for the SRMF.</li> </ul>	<ul style="list-style-type: none"> <li>– Implementation and management of the Climate Action Plan is led by Group Executives.</li> </ul>	<ul style="list-style-type: none"> <li>– Oversees the Group’s Climate Action Plan and wider agenda on ESG</li> <li>– Meets at least four times a year. The CEO has overall responsibility for our Group approach and management of climate change.</li> </ul> <div style="text-align: right;">  <p>Chaired by Group CEO</p> </div>

The **Climate Change Financial Risk Committee (CCFRC)** is a management sub-committee of the Group Credit Risk Committee and focuses on work to identify and manage climate-related financial risks, including the potential impact on credit exposures from climate change-related transition and physical risks. The Committee meets at least three times a year.



Chaired by Group Chief Credit Officer

The **WIB ESG Risk Committee** considers WIB customer transactions requiring enhanced ESG due diligence, including for climate change risk.



Co-chaired by Managing Director, Corporate & Institutional Banking and the WIB Chief Risk Officer

**Divisional risk committees** consider the climate change dimensions of business activities as required.

The overall **environmental performance of the Group’s operations is managed by Group Property**, overseen by the General Manager – Corporate Services. This includes setting and tracking strategies and initiatives to reduce the Group’s direct environmental footprint, with a focus on targets around energy and emissions.

### CLIMATE CHANGE FINANCIAL RISK COMMITTEE

This year, we continued to refine the **Climate Change Financial Risk Committee (CCFRC)** Terms of Reference to improve oversight of climate-related financial risks.

Key focus areas for the CCFRC during the year included:

- Consumer Bank’s approach to climate-related physical risk in the Australian residential mortgage portfolio
- The development of Westpac’s updated approach to the oil and gas sector
- Work to assess climate-related physical risk in our Australian agribusiness portfolio
- Progress on Westpac’s response to APRA’s Climate Vulnerability Assessment
- Updates on market developments with respect to climate change considering the expectations of: regulators, government entities, global policy bodies, investors and customers
- WNZL’s climate-related financial risk management plans.

### During the year, the Board:

- Attended a training workshop led by industry experts on climate change risks, investor expectations and Directors’ duties
- Reviewed our Climate Action Plan progress as part of its six-monthly sustainability strategy update
- Endorsed additional resources to support our Climate Action Plan.



## Managing climate-related risks

Climate change risks are managed in accordance with the Group's Risk Management Framework, which is supported by the SRMF, Group ESG Credit Risk Policy and Board Risk Appetite Statement (RAS) and aligned with the Three Lines of Defence model. We seek to understand the potential for climate-related transition, physical and litigation risks to impact our business, including their possible impact on credit risk, regulatory and reporting obligations, and our reputation.

Climate change is included in the Group Risk Taxonomy under the Credit Risk Class, and Reputational and Sustainability Risk Class. The Group regularly reviews its approach to managing climate change risks, including frameworks, policies, risk taxonomy and RAS measures to assist in ensuring the criteria set out in the Group's Climate Action Plan are integrated.

The Climate Action Plan sets out specific climate-related lending criteria which are applied at the portfolio and customer level where appropriate. If climate-related risks associated with a transaction are not within appetite then the application of conditions to sufficiently manage the risks will be considered, or the transaction may be declined. Climate-related risks may be escalated to relevant divisional and Group risk committees in accordance with the SRMF.

In WIB, deal teams escalate customer transactions to a dedicated ESG risk team where there is exposure to higher risk or sensitive sectors, goods and services or projects. Risk mitigants are applied as appropriate and where residual risks remain high, transactions are escalated to the WIB ESG Risk Committee. During the year, 13 customer transactions were escalated to this Committee where climate change was assessed as being a material issue.

### APRA CLIMATE VULNERABILITY ASSESSMENT

This year, APRA commenced engagement with Westpac and four other major Australian banks on its Climate Vulnerability Assessment. The assessment examines risks that banks may face due to climate change under prescribed scenarios, considering physical and transition risks up to 2050. The scope includes banks' residential, business and institutional exposures, including an assessment of counterparties and climate related data quality. APRA is expected to publish findings in 2022. Westpac will continue to review its climate risk management approach with insights from this exercise.

### Sector focus

#### Building our understanding of physical climate risks to help customers

##### Residential Mortgages

Our experience of working with customers and communities through times of natural disaster over many years, has shown that the more prepared and resilient a community is, the quicker it is able to recover. During the year we helped over 709 customers respond to natural disasters.

As a major lender to the housing sector, we have an important role to play in helping our customers to prepare for and respond to climate change. We continued to update our approach to assessing the potential impact of extreme weather events under climate change scenarios on our Australian mortgage portfolio<sup>1</sup>.

This half year, we updated the physical climate risk analysis of our residential portfolio to include new climate change and extreme weather perils of surface water flooding and cyclone<sup>2</sup>. The risk models for riverine flooding, coastal inundation and forest fire were also refined, resulting in closer alignment to published research on insurance losses in Australia. The analysis:

- Uses a generalised model of how extreme weather and climate change may affect direct physical risks to a 'representative property', which is an archetype of a modern Australian home using current building codes, under RCP2.6 and RCP8.5 scenarios<sup>3</sup>

- Considers riverine or surface water flooding, coastal inundation, forest fires, extreme wind including cyclones, and soil subsidence
- Computes physical risk for each year from 1990 to 2100, allowing us to assess the potential impacts of current and future extreme weather and climate change
- Models the current portfolio with no growth or movement, and did not consider the impact of adaptation measures or management actions to mitigate risks
- Identifies locations that may be at higher risk<sup>4</sup> and assessed the Group's current exposure to these locations.

The analysis suggests that while climate change may drive an ongoing increase in annual average losses over time, Westpac's exposure in the Australian mortgage portfolio to locations identified as likely to be exposed to higher physical risks under an RCP8.5 scenario is around 2.7% of the current portfolio, increasing to around 3.8% by 2050<sup>5</sup>. Under an RCP2.6 scenario, the exposure of the current portfolio is around 2.6% and 3.3% by 2050. See the Metrics and Targets section for more details.

<sup>1</sup> Excludes Equity Access.

<sup>2</sup> The baseline established uses wind speed design for each 'Representative Property' that follows current national building codes (Building Code of Australia and the Australian standard AS/NZS1170.2.2011(R2016)), and therefore assumes that properties within current cyclone zones are designed for the wind speeds historically recorded for that region.

<sup>3</sup> Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) RCP2.6 represents a lower warming scenario and IPCC RCP 8.5 represents a higher warming scenario.

<sup>4</sup> 'Higher risk' were locations where insurance may become more expensive or unavailable.

<sup>5</sup> Compared to the 2021 Interim Financial Results, there has been a change in portfolio exposure to locations identified as likely to be exposed to higher physical risks under a RCP8.5 scenario, which is primarily due to refinements in the modelling analysis and an additional two natural perils that were analysed.



The updated analysis is being used to improve our understanding of how to help individual customers respond to climate change impacts and in the potential for climate change to impact on loan serviceability and property values.

We understand the importance of both climate mitigation and adaptation efforts, including government and community planning measures, and the benefits of climate-resilient building characteristics to reduce property damage and impacts on customers, communities and shareholders. We continue to advocate for more research and investment into helping communities adapt and become resilient to climate-related impacts. We will also continue to refine and improve our analysis to take into consideration advancements in climate scenario modelling.

To continue our work in helping homeowners, we will seek to:

- Increase customer awareness of climate resilience and develop tools to highlight energy efficiency benefits
- Provide access to products and services that can help customers to reduce energy consumption, and improve resilience of their homes.

### Agribusiness

The agribusiness sector has an important role in providing food and other essential goods, driving economic growth, reducing poverty and supporting livelihoods and communities. We aim to continue supporting farming and agribusiness customers.

This year, we commenced scenario analysis to further understand the physical risks and opportunities of climate change to the sector. In the first phase of this work, we are:

- Studying how agricultural production may be affected for grain, cattle and sheep, and dairy farming due to changes in rainfall and temperature across a range of warming scenarios<sup>1</sup> up to 2050
- Analysing the upside of potential adaptation measures for each of the commodities. These measures include crop breeding, digital optimisation of agriculture or increased shading and cooling for livestock.

In subsequent phases of work, we will seek to understand the potential impacts to our portfolio and to share our insights with customers to assist them in responding to climate change risks and opportunities.

### WNZL CLIMATE RISK AND OPPORTUNITIES

In 2020, Westpac New Zealand Limited (WNZL) became New Zealand's first bank to disclose its climate-related risks in line with TCFD recommendations<sup>2</sup>. In its disclosure, WNZL considered the impact of climate-related risks on New Zealand, its customers and the bank. WNZL intends to publish the next annual Climate Risk Report alongside WNZL's full year financial disclosures. This includes updates in the following areas:

#### Management of physical risk:

- In 2020, WNZL undertook an assessment of risk associated with sea level rise and the impacts on its mortgage-secured lending. The analysis found that 2.3% of WNZL residential mortgage lending is secured by properties deemed at heightened risk from sea level rise. The availability and cost of insurance and ability of government policy to adapt were identified as key climate-related risks
- In September 2021, WNZL commissioned an Agriculture Sector Climate Risk Assessment. This work is ongoing. Lending to the agricultural sector represents WNZL's largest exposure to a single industry.

#### Management of transition risk:

- The New Zealand Climate Change Commission concluded that New Zealand's transition to net zero by 2050 is achievable and affordable. WNZL participated in the consultation process<sup>3</sup>, noting that the necessary transition will pose challenges to some industries and communities
- WNZL seeks to deepen its understanding of transition risk across key industry sectors, in particular agriculture, with reference to the planned transition of Aotearoa New Zealand to net zero by 2050.

WNZL has engaged external consultants to help understand its financed emissions. This will support WNZL's response to transition risks in its lending portfolio as well as responding to emerging regulatory expectations.

<sup>1</sup> Scenarios considered are IPCC RCP2.6, RCP4.5 and RCP8.5.

<sup>2</sup> See [Westpac NZ Climate risk Report](#) November 2020 for more details.

<sup>3</sup> See [WNZL Submission to the Climate Change Commission](#), March 2021 for more details.





**Building our understanding of transition climate risks**

**Westpac financed emissions profile**

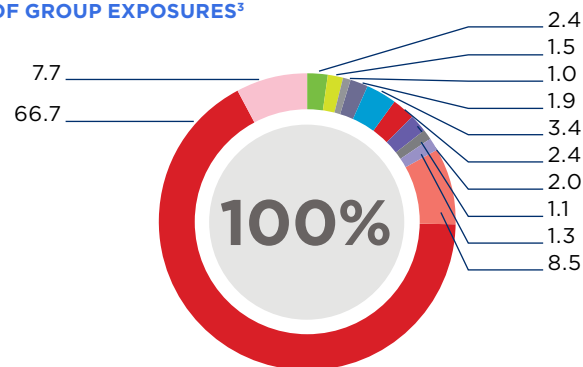
We undertook analysis to estimate emissions attributable to customer loans in our Australian business, institutional and residential mortgage portfolios ('financed emissions').

The analysis estimates that:

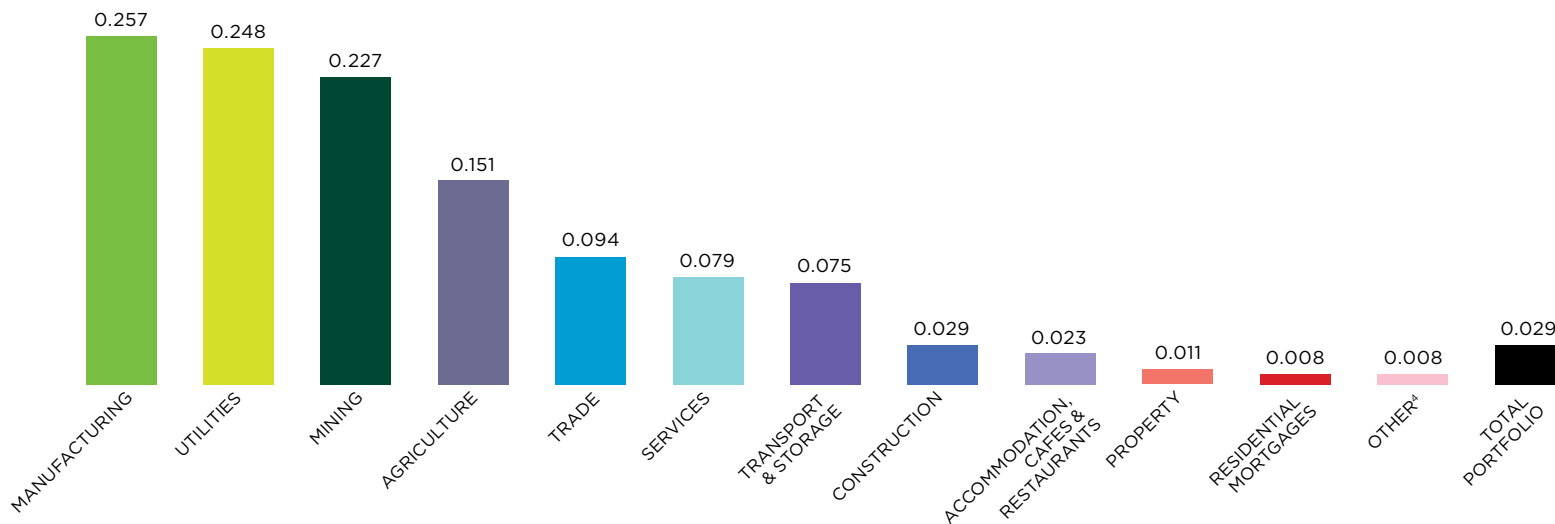
- Manufacturing, utilities and mining are the sectors<sup>2</sup> with the highest emissions intensity per dollar lent. We have continued to develop climate-related lending criteria in these sectors, see Sector criteria updates for details
- A majority of our lending is to relatively low-emissions intensity sectors (like property and residential mortgages), with limited lending exposure to high-emissions intensity sectors.

This year's analysis of our financed emissions profile builds on previous work in 2019, which informed the priorities in our current Climate Action Plan. This updated analysis will guide the development of Paris-aligned sector financing strategies and portfolio targets in 2022, particularly for sectors representing the majority of our financed emissions.

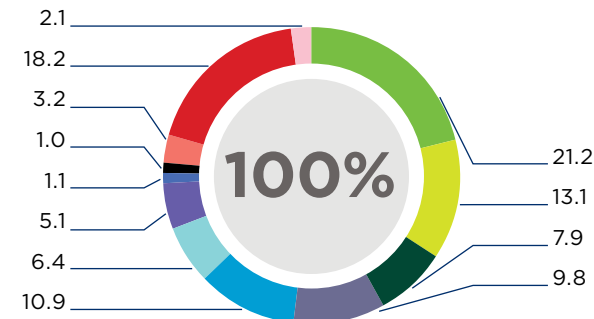
**% OF GROUP EXPOSURES<sup>3</sup>**



**GROUP AUSTRALIAN EMISSIONS INTENSITY (KGCO<sub>2</sub>-e) PER \$ LENT**



**% OF GROUP FINANCED EMISSIONS**



1 Refer to the Westpac 2021 Financed Emissions Methodology on our website for more information.

2 Manufacturing includes primary metal production and petroleum refining. Utilities includes electricity generation. Mining includes coal, oil and gas extraction.

3 The Group exposures of total committed exposure (TCE) for institutional and business lending and residential mortgage balances used in the finance emissions estimate as at 31 August 2021. Refer to the Westpac 2021 Financed Emissions Methodology for the portfolio exposure scope included in the assessment.

4 Other sector includes Business auto finance, finance and insurance, property services and business services.



**Sector criteria updates**

In addition to assessing new and existing customers using Westpac’s Group ESG Credit Risk Policy, during the year we continued work on our sector-based approaches for sectors that represent the majority of our financed emissions:

**LOOKING AHEAD**

In 2022, we will seek to continue developing Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions, and provide annual updates on progress.

We will also support existing customers as they develop their Paris-aligned business strategies, decarbonisation and capital allocation plans including considerations of actions that may support Scope 3 emissions reductions<sup>7</sup>.

We will work with customers and industry experts. Our analysis will include consideration of:

- APRA’s Climate Vulnerability Assessment
- The IEA International Energy Agency’s Net Zero by 2050, A Roadmap for the Global Energy Sector report
- The IPCC Sixth Assessment Report, Climate Change 2021: The Physical Science Basis
- The UNEP FI Net Zero Banking Alliance framework
- Post 2021 UN Climate Change Conference, COP26, policy settings and outlook
- The impact on the bank and customers, including in hard-to-abate sectors.

**Electricity generation**

**Key criteria**

In considering financing decisions in the electricity generation sector, we will:

- Take into account the intersecting requirements of emissions reduction, affordability, energy security and reliability, and the feasibility of emerging low emissions technologies (e.g. carbon capture and storage);
- Consider the impact of the transition on vulnerable households, regional communities and trade-exposed industries; and
- Ensure our financing supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our electricity generation portfolio in line with the following targets:
  - 0.23t CO<sub>2</sub>-e/MWh by 2025; and
  - 0.18t CO<sub>2</sub>-e/MWh by 2030.

**Outcomes**

- Remained largest bank lender to greenfield renewable energy projects in Australia for past 5 years
- Emissions intensity of our electricity generation portfolio is 0.26tCO<sub>2</sub>-e/MWh compared to the National Electricity Market intensity of 0.69 tCO<sub>2</sub>-e/MWh
- Supporting customers transition to cleaner energy production and, this year, the share of renewables has increased to 79% of our total lending to the electricity sector.

**Thermal coal mining**

We continue to support our existing thermal coal mining customers<sup>1</sup>, managing our portfolio in line with a commitment to reduce our exposure to zero by 2030. In the interim, we will:

- Not establish relationships with new thermal coal mining customers;
- Limit support for thermal coal mines or projects to existing basins; and
- Maintain strict quality criteria<sup>2</sup>.

– Exposure to thermal coal mining customers in WIB is \$0.2bn

– Maintained strict quality criteria for lending to existing customers.

**Oil and gas**

Following engagement with our customers, we refined our approach, with a focus on WIB’s oil and gas exploration, production and refining customers.

We will:

- Expect any new oil and gas exploration, production and refining customers, to whom we provide lending, to have publicly disclosed Paris-aligned business goals;
- Support existing customers as they develop their Paris-aligned business strategies, including decarbonisation and capital allocation plans; and
- Continue to develop our approach and understanding of climate-related risks and opportunities in the oil and gas sector (including downstream segments) through engagement with our customers<sup>3</sup>.

– New criteria (above), established in 2021

– Completed an initial study of how global oil and gas demand might perform when carbon emissions are constrained in line with ‘well-below’ 2-degree and 1.5-degree transition pathways<sup>4</sup>

– Engaged with customers to discuss their plans and their alignment to the TCFD recommendations and Paris Agreement

– In 2021, to support our customers transitioning to a decarbonised economy, we provided funding in the oil and gas sector to invest in 266MW of new renewable energy.

**Metallurgical coal mining  
Diversified mining<sup>5</sup>  
Primary metal production<sup>6</sup>**

We will:

- Expect all new customers, to whom we provide lending, to have publicly disclosed Paris-aligned business goals; and
- Support existing customers as they develop their Paris-aligned business strategies, including decarbonisation and capital allocation plans.

– New criteria (above), established in 2021.

1 Including subsidiaries of existing customers, with thermal coal customers defined as those generating more than 25% of revenues from thermal coal, or in the case of a stand-alone mine, more than 35% of volumes from thermal coal. All other coal customers or mines are deemed as metallurgical.

2 Average calorific value on a Gross As Received basis must be at least 5,700 kCal/kg for existing mines; and at least 6,300 kCal/kg Gross As Received for new mines.

3 Initial focus on WIB customers.

4 The ‘well below’ 2-degree scenario used the International Energy Agency’s Sustainable Development Scenario (SDS-2019) and the 1.5-degree scenario used the Asia-Pacific Integrated Model Shared Socio-Economic Pathways (AIM/CGE 2.0 SSP1-19) model.

5 A diversified mining company’s principle activity is mining, typically producing more than three commodities (excluding by-products) from more than five mines, across multiple jurisdictions globally.

6 A primary metal production company’s principle activity is the production of steel, aluminium and copper from metal ores.

7 Initial focus on large WIB customers where Scope 3 emissions from the use or processing of customers’ products are significant relative to operational emissions.



## Metrics and targets

### Westpac scenario analysis and credit metrics

#### Transition risk

Scenario analysis<sup>1</sup> conducted on the Australian economy in 2019 highlighted five sectors at higher risk<sup>2</sup> under a rapid decarbonisation 1.5-degrees transition scenario. Our exposure to these sectors in our current Australian business and institutional portfolio<sup>3</sup> and other credit metrics are provided below.

SECTOR	% OF AUSTRALIAN BUSINESS AND INSTITUTIONAL PORTFOLIO	CREDIT QUALITY (BY % TOTAL COMMITTED EXPOSURE) <sup>4</sup>			TENOR (<5 YEARS BY % EXPOSURE)
		STRONG	GOOD/SATISFACTORY	WEAK <sup>5</sup>	
Petroleum and coke products	0.3%	71.8%	9.3%	18.9%	91.9%
Coal mining	0.2%	33.5%	46.7%	19.9%	99.3%
Oil and gas extraction	0.8%	88.8%	11.1%	0.1%	70.1%
Gas distribution	0.5%	92.9%	6.9%	0.3%	99.9%
Air transport	0.5%	66.3%	23.7%	10.0%	62.8%

#### Physical risk

Using data updated this year, our scenario analysis assesses locations identified as likely to be exposed to higher physical risks<sup>6</sup> by 2050 under the IPCC's RCP2.6 and RCP8.5 scenarios<sup>7</sup>. Our portfolio exposure to these higher risk locations and other credit metrics are provided below.

SCENARIOS	% MORTGAGE PORTFOLIO	DYNAMIC LVR WEIGHTED AVERAGE <sup>8</sup>	>90% DLVR <sup>8</sup>	90+ DAY DELINQUENCIES (%)
RCP2.6	3.3%	51.9%	2.5%	1.4%
RCP8.5	3.8%	52.4%	2.6%	1.3%

Further data from our scenario analysis can be found in the Sustainable Lending and Investment section of our [2021 Sustainability Datasheet](#).

1 Using transition scenarios developed in 2019. For further details see pages 118-120 of our 2019 Annual Report.

2 Sectors whose medium (2030) and long-term (2050) performance under a scenario deviated by more than one standard deviation below average GDP growth, were classified as 'higher risk'.

3 Excludes retail, sovereign and bank exposures.

4 For further information on the credit risk rating system, please see our 2021 Annual Report.

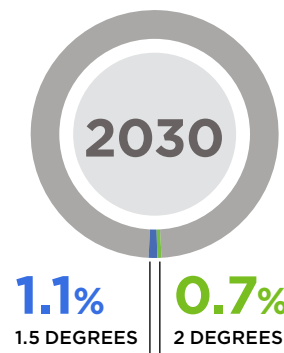
5 'Weak' includes weak, default and non-performing credit risk rating categories.

6 'Higher risk' were locations where insurance may become more expensive or unavailable.

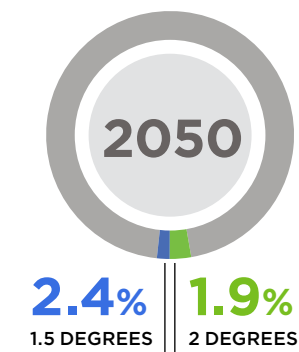
7 The calculation of percentage mortgage portfolio exposed to higher risk locations is based on scenario analysis assessing locations on the portfolio as at 31 May 2021 (approximately 91% of portfolio). The mortgage balances of this portfolio is as at 30 September 2021.

8 Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source CoreLogic. Weighted average LVR calculation considers size of outstanding balances. Further information on Westpac's mortgage portfolio is in our Investor Discussion Pack.

### TRANSITION RISKS TO 2030 AND 2050 IN OUR AUSTRALIAN BUSINESS AND INSTITUTIONAL LENDING PORTFOLIO



Around 1.1% of our current lending portfolio is exposed to sectors which by 2030 may face relatively higher growth constraints under a 1.5-degree scenario. Under a 2-degree scenario this is 0.7%



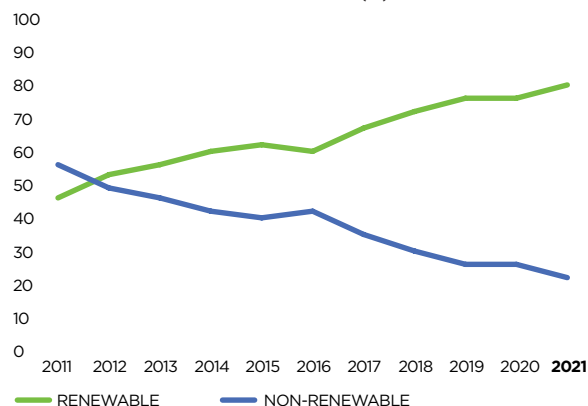
Around 2.4% of our current lending portfolio is exposed to sectors which by 2050 may face relatively higher growth constraints under a 1.5-degree scenario. Under a 2-degree scenario this is 1.9%



**Performance data**

Our key metrics demonstrate our progress, and commitment to support the transition to a Paris-aligned low carbon economy. Further metrics can be found in our **2021 Sustainability Datasheet**.

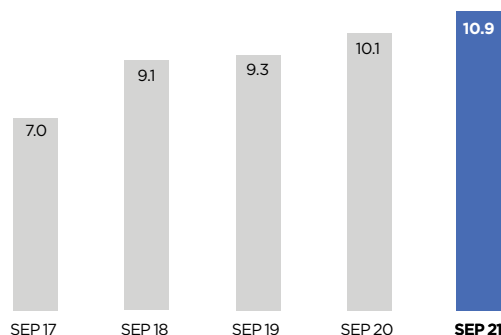
**LENDING TO ELECTRICITY GENERATION AUSTRALIA AND NEW ZEALAND (%)**



The share of renewables in our lending to the electricity sector has increased to 79%.

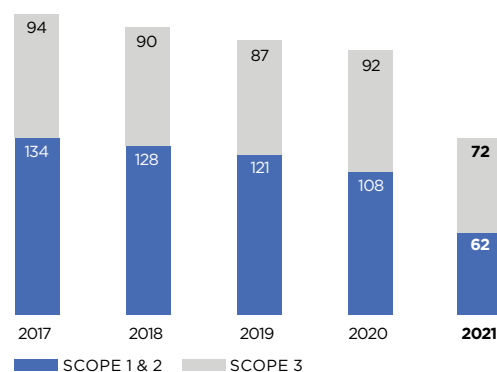
1 Australia only. NEM benchmark is sourced from the Australian Energy Market Operator.  
 2 Data as at 30 June 2021. 2021 is the first year Westpac is reporting market-based emissions to account for renewable energy investment. The base year of our Scope 1 & 2 and Scope 3 Supply Chain GHG reduction targets is calculated applying the location-based accounting method. Historic location-based data is used as a proxy for a market-based method as electricity supplier emission factors or residual emission factors for some international operations are not available.  
 3 Other mining includes iron ore, metal ore, construction material, exploration and services.  
 4 Thermal coal mining is 43% of coal mining exposure (WIB only).

**CLIMATE CHANGE SOLUTIONS (\$bn)**



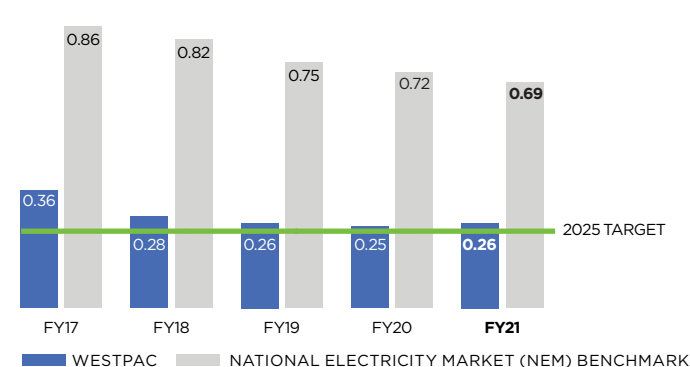
Increased lending to climate change solutions, taking total committed exposure to \$10.9 billion. \$1.9 billion of new lending to climate change solutions towards target of \$3.5 billion by 2023 and \$15 billion by 2030.

**OPERATIONAL EMISSIONS (SCOPE 1, 2, & 3)<sup>2</sup> (ktCO<sub>2</sub>-e)**



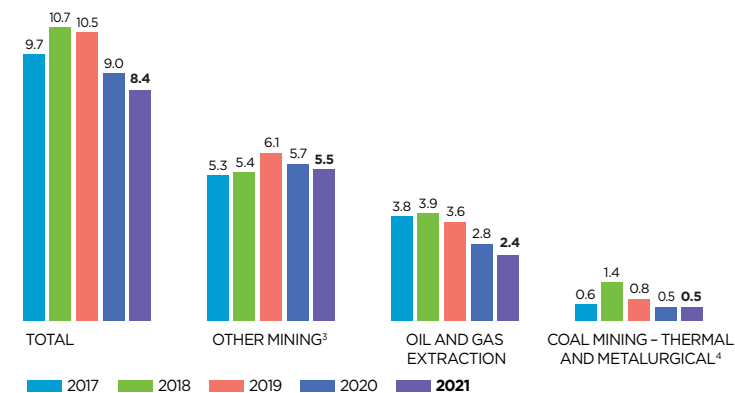
Reducing our operational emissions since 2016 base year and on track to meet our reduction targets of 85% by 2025 for Scope 1 & 2 emissions, and 35% by 2030 for Scope 3 supply chain emissions.

**ELECTRICITY PORTFOLIO EMISSIONS INTENSITY<sup>1</sup> (tCO<sub>2</sub>-e/MWh)**



The emissions intensity of our lending to the Australian electricity generation sector remains well below the national benchmark.

**MINING EXPOSURE (\$bn)**



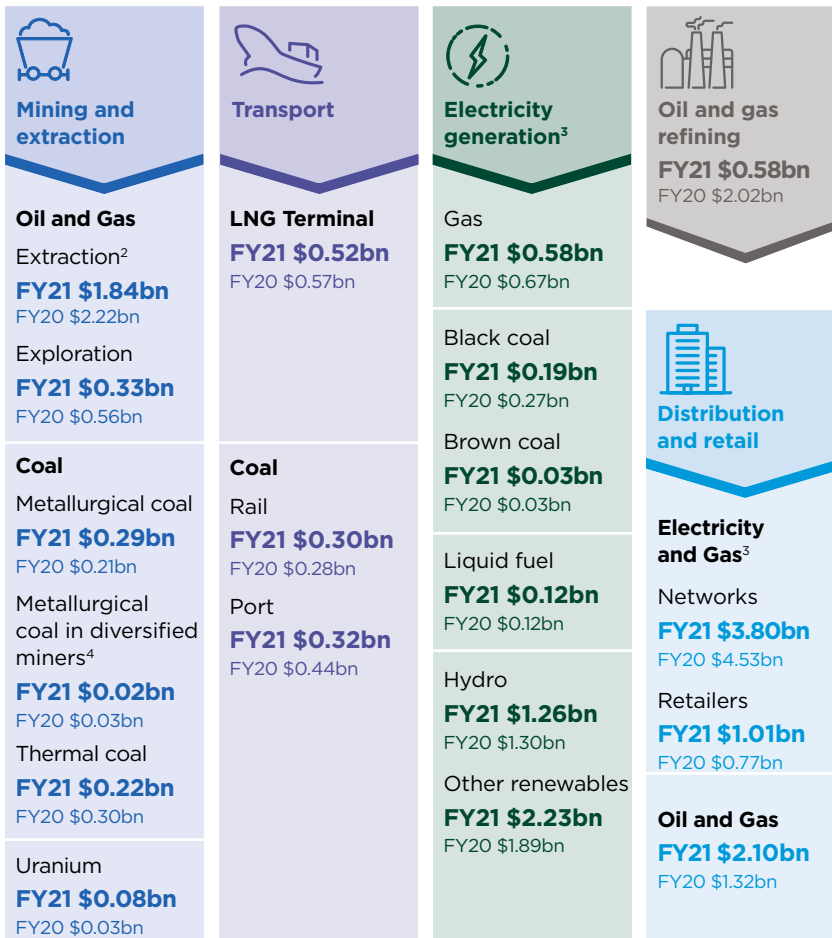
Our exposure to the mining sector remains low at 0.75% of total lending, with coal mining representing 0.05% of Group TCE and oil and gas extraction 0.21% of Group TCE.



**Energy sector value chain**

Our lending to the energy sector value chain<sup>1</sup> can be broken down into the following categories. We recognise the energy sector's critical role in the transition to a Paris-aligned low carbon economy and our role in supporting this change. Customers and transactions are assessed using our Group ESG Credit Risk Policy, which includes our Climate Action Plan commitments.

While exposures to energy sector value chain categories can fluctuate over time, overall we saw a decrease in our exposures to non-renewable energy sectors and an increase in exposures to renewable energy over the year.



<sup>1</sup> All figures are Total Committed Exposures (TCE) as at 30 September 2021 for WIB only.

<sup>2</sup> For oil and gas extraction customers with LNG terminal operations, the exposures to LNG terminals are reported in the Transport category.

<sup>3</sup> Australia and New Zealand only. Customers with operations across several sectors are attributed across those activities based on business segment contribution.

<sup>4</sup> Coal exposures within diversified miners are apportioned by the percentage EBITDA contribution of coal in their latest annual financial statements. Thermal coal exposures within diversified miners are immaterial.





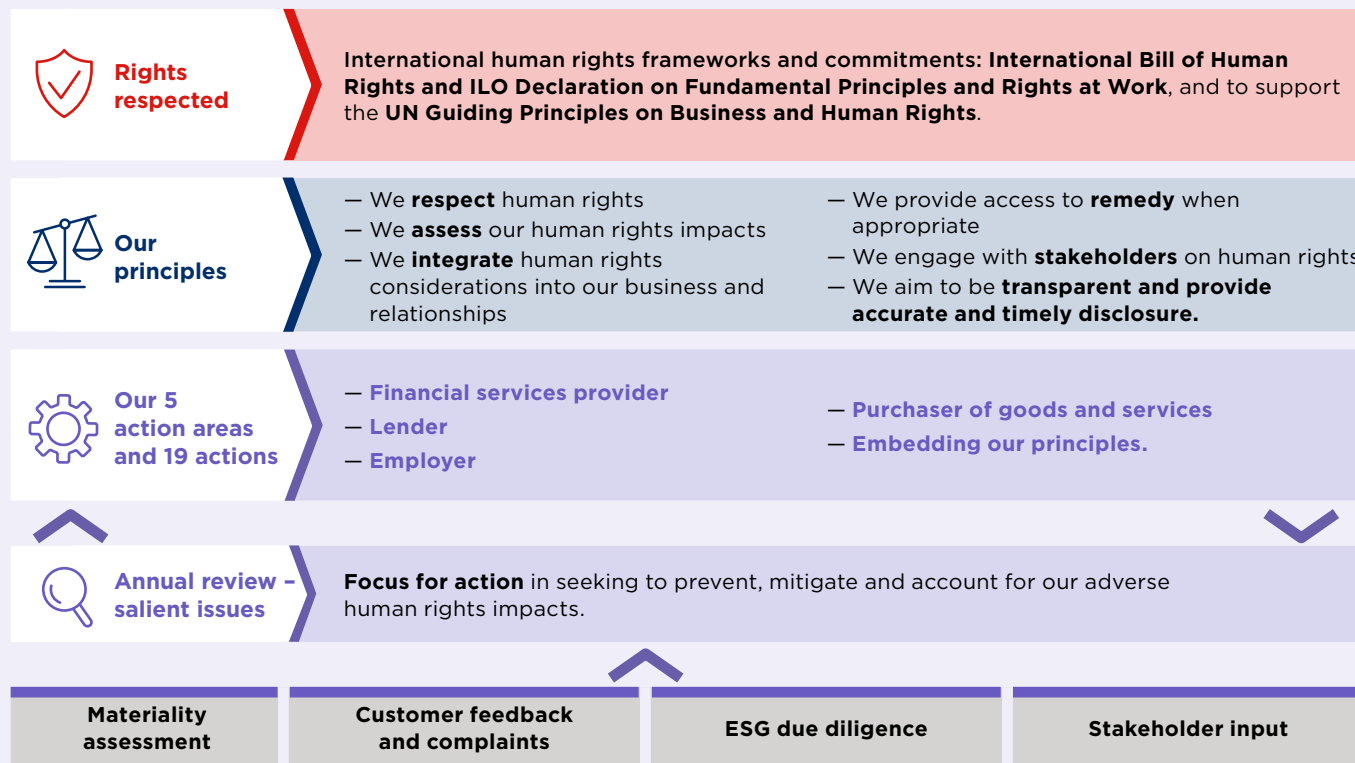
# Human rights

## Our commitment to human rights

As a major financial institution, we understand that through our activities we may impact on human rights, whether in our different roles as a financial services provider, lender, purchaser of goods and services, employer, or supporter of our communities.

We recognise that we have both a responsibility to respect human rights, and opportunities to positively impact human rights, across our value chain.

Our third Human Rights Position Statement and 2023 Action Plan (Human Rights Action Plan) sets out the principles that guide our approach.



A number of social and human rights risks were of particular focus for our business and stakeholders this year including:

- Continuing focus on management of modern slavery risks, and disclosure of those risks
- Rights of Aboriginal and Torres Strait Islander peoples
- Effective human rights grievance mechanisms
- Workplace diversity and discrimination
- How we are managing the impacts of COVID-19 on customers and our people.

These themes are highlighted in our annual assessment of salient human rights issues. These issues, and highlights of our progress, are outlined below.





## Governance, oversight and risk management

The following Board and management arrangements are in place to oversee Westpac's management of human rights risks.



### WORKING GROUPS AND COMMITTEES

- Various committees oversee different focus areas, including the Westpac Indigenous Advisory Committee, Safer Children, Safer Communities Roundtable and Sustainability Risk Working Group
- Divisional risk committees consider human rights dimensions of business activities.

Social and human rights risks are managed in accordance with the Group's risk management framework which is supported by the Sustainability Risk Management Framework, Group ESG Credit Policy and both Group and Divisional Risk Appetite Statements.

## Our salient human rights issues and focus for action

Our Human Rights Action Plan commits to 19 actions to more deeply embed respect for human rights into our business and our business relationships in line with the UN Guiding Principles on Business and Human Rights.

One of these actions is to review our salient human rights issues every year.<sup>1</sup> This process helps us in seeking to prevent, mitigate and account for our adverse human rights impacts. It also informs our future focus. Our ability to perform human rights due diligence this year was supported by our focus on uplift of ESG risk management generally - including through training and tools.

Our salient human rights issues and specific management actions taken during the year are outlined on the following pages.

<sup>1</sup> Salient human rights issues are those human rights at risk of the most severe negative impact through our activities and business relationships. Our salient human rights issues this year are informed by stakeholder input including:

- Our sustainability materiality assessment including primary data from customers and employees
- Issues raised through our grievance channels, including trends in customer complaints and issues raised with our specialist customer teams
- Material human rights issues reviewed as part of our Environmental, Social and Governance due diligence on business and institutional customers.



ROLE	SALIENT HUMAN RIGHTS IDENTIFIED FOR WESTPAC	HIGHLIGHTS AND PROGRESS IN ADDRESSING THESE RIGHTS
<b>Financial services provider</b>	<ul style="list-style-type: none"> <li>– Customer vulnerability and hardship, customer safety and access</li> <li>– Groups at particular risk including women, young people, and people living with disability. Aboriginal and Torres Strait Islanders continue to be significantly represented in severely or fully financially excluded groups</li> <li>– Rights and wellbeing of children and young people may be impacted through customers exploiting our financial platforms for criminal purposes</li> <li>– Privacy risk is inherent in the majority of the functions of the bank and customers may consider privacy a fundamental human right.</li> </ul>	<ul style="list-style-type: none"> <li>– Supported customers identified as being at increased risk of vulnerability. 33,400+ cases received assistance through specialist vulnerability teams</li> <li>– Took action to assist in preventing misuse of our products and services - including launching capability to auto-detect and block abusive language and enable customers to report abusive messages</li> <li>– Introduced a new blocking mechanism on our online and mobile banking platforms that will allow customers to restrict their spend with gambling merchants. 30,000 consumer debit and credit cards are using the block</li> <li>– Launched our <b>Access and Inclusion Plan 2021-2024</b> with a continued focus on providing customers and community with independent and equal access to our products and services. Sought to meet needs of customers living with disability through education campaigns and accessibility built into digital platforms</li> <li>– Supported needs of Aboriginal and Torres Strait Islander customers by seeking to maintain consistent delivery of remote services and financial education. In certain remote regions we took action to support communities with access to banking services, such as phone and online banking set up, card replacement and financial education</li> <li>– Took action to help reduce the likelihood of harm to children and young people. We:               <ul style="list-style-type: none"> <li>– Provided \$12.1 million in funding to the overall Safer Children, Safer Communities work program<sup>1</sup>, of which \$9.2 million was committed over three years to 26 organisations in Australia through our grants program</li> <li>– Undertook a due diligence exercise to assess the existing and emerging risks to children and young people who access our products and services, both in physical and online environments</li> <li>– Announced the Safer Children, Safer Communities Grants program for a second year</li> <li>– Finalised a \$25 million grant to fund innovative cross-industry data sharing projects that builds on scoping and discovery work conducted in FY20 (see Case Study: Cross industry collaboration to help address sexual exploitation of children and Safer Children, Safer Communities)</li> </ul> </li> <li>– Strengthened our processes, system/control design and skill capabilities to further protect personal information and customers' privacy. Uplifted processes to further protect against privacy risks, including in respect of vulnerable customers and biometrics. Enhanced safeguards against unauthorised access, use and disclosure to prevent and mitigate privacy breaches. Refreshed mandatory training on privacy for all staff.</li> </ul>
<b>Lender</b>	<ul style="list-style-type: none"> <li>– Rights of Indigenous communities, and the issue of free, prior and informed consent</li> <li>– Modern slavery - including forced labour and child labour.</li> </ul>	<ul style="list-style-type: none"> <li>– Progressed implementation of the refreshed ESG Credit Risk Policy with a dedicated program of work on uplift of ESG risk management. Developed training to support our institutional bankers, business bankers and risk officers</li> <li>– Conducted training with natural resources teams on the issue of Indigenous consent</li> <li>– Conducted further due diligence with respect to forced labour, a type of modern slavery, arising out of a specific higher risk region.</li> </ul>

<sup>1</sup> As part of our commitment to invest up to \$10 million per year for three years.



ROLE	SALIENT HUMAN RIGHTS IDENTIFIED FOR WESTPAC	HIGHLIGHTS AND PROGRESS IN ADDRESSING THESE RIGHTS
<b>Employer</b>	<ul style="list-style-type: none"> <li>– COVID-19 impacts on employees. Work related mental ill-health and workforce wellbeing</li> <li>– Exclusion and discrimination in employment, diversity of employees and equal employment opportunity.</li> </ul>	<ul style="list-style-type: none"> <li>– Developed a mental health plan to support our people with guidance and support in responding to the pandemic and associated impacts, including adapting to new ways of working</li> <li>– Recognising the health, safety and wellbeing risks faced by team members in specialist vulnerability teams, developed and implemented a Mental Health Framework. The framework includes best practice hiring techniques, escalation pathways to assist team members when interacting with customers, processes around appropriate support between team members and leaders, and specialist training so that team members can serve our customers and maintain their own mental health</li> <li>– Participated in a vaccination and rapid antigen test roll-out, with careful consideration of privacy risk balanced against our employees' human rights and government policy and workforce management</li> <li>– Refreshed the Group's Inclusion and Diversity plan with an increased focus on gender, cultural diversity and Indigenous representation. This led to the launch of the Accelerating Women and Gender Equality plan that sets out a structured approach to deliver on our aspiration of 50% women across all role levels</li> <li>– Launched HelpLine to support reporting of sexual harassment, accompanied with training</li> <li>– Rolled out cultural competency training to enable our people to better support Indigenous customers</li> <li>– Launched our <b>Access and Inclusion Plan 2021-2024</b>. This includes a focus on supporting our people through workplace adjustments, career development and retention.</li> </ul>
<b>Purchaser of goods and services</b>	<ul style="list-style-type: none"> <li>– Manufactured products or components with offshore supply chains in high-risk categories sourced from higher risk countries for human rights risks, including modern slavery.</li> </ul>	<ul style="list-style-type: none"> <li>– Updated our Responsible Sourcing Program, including stronger management and monitoring processes, to take a greater risk-based approach. This included third party validation of industry risk profiles, refreshed Supplier Assessment tool and development of action plans for suppliers</li> <li>– Took action to raise awareness in our supply chain of Speaking Up channels.</li> </ul>



### TAKING ACTION ON MODERN SLAVERY

We published our **first statement** under the *Modern Slavery Act 2018* (Cth) in March 2021. This statement was also in accordance with the *Modern Slavery Act 2015* (UK). This was recognised by the Monash University Centre for Financial Studies as among the strongest for disclosure quality amongst the S&P/ASX 100.

Our focus for action this year was the continued uplift in management of modern slavery risk across our operations and supply chain. Key actions included:

- Developed an integrated plan to uplift our ESG risk management with a focus on our customer engagements. This includes a focus on building capability through training and tools that include human rights and modern slavery subject matter
- Continued focus on uplifting ESG risk management in our supply chain. We implemented an updated Responsible Sourcing Program, including stronger management and monitoring processes, to take a greater risk-based approach. We also took action to raise awareness in our supply chain of Speaking Up channels
- Conducted a review into the risk of forced labour arising out of a specific higher risk region. We undertook targeted due diligence and proactively engaged with clients and suppliers in order to investigate links to allegations of forced labour
- Worked with financial services industry peers, industry experts and community partners, to explore ways that we can address modern slavery in a coordinated, collective way.

### CROSS INDUSTRY COLLABORATION TO HELP ADDRESS SEXUAL EXPLOITATION OF CHILDREN

Modern slavery is a challenge that no one organisation can solve alone. Cross industry collaboration through sharing of information and resources can help to drive effective change and reduce instances of modern slavery across industries.

As part of our Safer Children, Safer Communities program, this year we partnered with the International Centre for Missing and Exploited Children (ICMEC). ICMEC's work focuses on the development of capability and technology tools across and within jurisdictions, working with diverse stakeholders across the area of child protection – law enforcement and regulatory partners, private industry, the education community, primary healthcare and the medical profession and civil society partners.

Our partnership, which builds on scoping and discovery work conducted in FY20, aims to drive cross-industry data and knowledge sharing to better detect, monitor, report and seek to prevent the use of the Australian payments platforms from being used to process payments that relate to Child Sexual Exploitation (CSE). Modern slavery includes the worst forms of child labour, including the commercial sexual exploitation of children. The three-year \$25 million data-sharing and innovation grant, managed by ICMEC, will be used to design, build, deploy and maintain a platform and analytic tools to aggregate insights and data from multiple industry participants to help identify perpetrators of Online Sexual Exploitation of Children (OSEC).

This is one way that we may provide for or cooperate in remedy. Access to 'remedy' is one of the key principles guiding our approach and commitment to respecting human rights. Our Human Rights Action Plan notes that remedy may take many forms, depending on how we identify our role in causing or contributing to human rights harm.



## Independent Assurance Report to the Board of Directors of Westpac Banking Corporation

### What we found

Based on the work described below, nothing has come to our attention that causes us to believe that the selected subject matter for the year ended 30 September 2021 has not been prepared, in all material respects, in accordance with the reporting criteria.

### What we did

Westpac Banking Corporation ('Westpac') engaged us to perform limited assurance on selected subject matter within its 2021 Sustainability Supplement, 2021 Sustainability Appendix and 2021 Sustainability Datasheet (together, the 'Westpac Group 2021 Sustainability Reporting').

### Selected subject matter

- Westpac's assertion that the Westpac Group 2021 Sustainability Reporting has been prepared in line with the Global Reporting Initiatives' GRI Standards (2016) (the 'GRI Standards').
- Westpac's self-assessments/assertions of its fulfilment of its commitments as a signatory of the Principles for Responsible Banking for the following areas:
  - 2.1 Impact Analysis
  - 2.2 Target Setting
  - 2.3 Plans for Target Implementation and Monitoring
  - 2.4 Progress on Implementing Targets
  - 5.3 Governance Structure for Implementation of the Principles
  - 6.1 Progress on Implementing the Principles for Responsible Banking.

- Selected performance indicators listed in Table 1 for the year ended 30 September 2021 (the 'selected performance indicators').

The selected subject matter did not include:

- data sets, statements, information, systems or approaches other than the selected performance indicators and related disclosures;
- forward looking statements; or
- any comparisons made against historical data.

### Reporting criteria

The selected subject matter has been assessed against the following criteria (the 'reporting criteria'):

- Westpac's own definitions for each of the selected performance indicators, contained in the Glossary section of its 2021 Sustainability Appendix, which will be presented at [westpac.com.au/about-westpac/sustainability/performance-reports](http://westpac.com.au/about-westpac/sustainability/performance-reports) as at 1 November 2021;
- the Principles for Responsible Banking; and
- the GRI Standards.

Table 1	Selected performance indicators
Customers	<ul style="list-style-type: none"> <li>• Change in customer complaints from prior year (%)               <ul style="list-style-type: none"> <li>- Australia</li> <li>- New Zealand</li> </ul> </li> <li>• Complaints resolved within 5 days (%)               <ul style="list-style-type: none"> <li>- Australia</li> </ul> </li> <li>• Number of cases escalated through our specialist vulnerability teams</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Women in leadership – Group total (%)</li> <li>• Whistleblower reporting - total number of new concerns by reportable conduct categories</li> <li>• Percentage of basic salary - female to male (% by category)</li> <li>• Total Reportable Injury Frequency Rate – Group</li> <li>• Average hours of training per employee – Group</li> <li>• Aboriginal and Torres Strait Islanders new-to-bank hires - Australia (%)</li> </ul>
Lending and Investment	<ul style="list-style-type: none"> <li>• Sector specific lending profiles (total committed exposure)               <ul style="list-style-type: none"> <li>- Climate change solutions – Australia and New Zealand                   <ul style="list-style-type: none"> <li>o total attributable financing (\$m)</li> <li>o new lending (\$m)</li> <li>o distribution by taxonomy (%)</li> </ul> </li> <li>- Electricity Generation – Australia and New Zealand                   <ul style="list-style-type: none"> <li>o total attributable financing (\$m)</li> <li>o distribution by fuel type (%)</li> </ul> </li> <li>- Westpac electricity generation portfolio emissions intensity (tCO<sub>2</sub>e/MWh)</li> <li>- Energy Sector Focus                   <ul style="list-style-type: none"> <li>o Thermal coal (\$b)</li> <li>o Metallurgical coal (\$b)</li> </ul> </li> </ul> </li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Spend with diverse suppliers (\$m)</li> </ul>
Social and economic impact	<ul style="list-style-type: none"> <li>• Community investment including commercial sponsorships (\$m)</li> <li>• Number of customers provided with natural disaster relief packages</li> </ul>

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### Responsibilities

#### PwC

Our responsibility is to express a conclusion based on the work we performed.

#### Westpac

Westpac management ('management') is responsible for the preparation and presentation of the selected subject matter in accordance with the reporting criteria and is also responsible for the selection of methods used in the reporting criteria.

Further, management is responsible for establishing and maintaining internal controls relevant to:

- the preparation and presentation of the selected subject matter, such that it is free from material misstatement, whether due to fraud or error;
- maintaining adequate records; and
- making estimates that are reasonable in the circumstances.

### What our work involved

We conducted our work in accordance with the Australian Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (Revised).

This Standard requires that we comply with independence and ethical requirements and plan the engagement so that it will be performed effectively.

### Main procedures performed

The main procedures we performed were:

- obtaining an understanding of Westpac's materiality process and assessing it against the GRI Standards requirements;
- reviewing a sample of supporting documentation and conducting interviews with management to assess whether the outputs of Westpac's materiality process fairly represent the material issues identified by stakeholders;
- reviewing the Westpac Group 2021 Sustainability Performance Reporting to assess whether it meets the disclosure requirements of the GRI Standards;
- interviewing selected members of the Westpac Executive team, business unit personnel and group level management to understand the key sustainability matters relevant to Westpac;
- making enquiries regarding the processes and controls for capturing, collating and reporting the performance data within the selected subject matter;
- reconciling the selected performance indicators to underlying data sources;
- testing the arithmetic accuracy of a sample of calculations of the selected performance indicators;
- reviewing a sample of relevant management information and documentation supporting the selected subject matter;
- undertaking analytical procedures over a sample of the selected performance indicators; and
- reviewing the selected subject matter to assess whether it has been prepared as described in the reporting criteria.

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Yours sincerely,

**Liza Maimone**  
Managing Partner

**PricewaterhouseCoopers**  
Melbourne  
1 November 2021

### Our Independence and Quality Control

We have complied with relevant ethical requirements related to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies the Auditing Standard on Quality Control *ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Limited assurance

This engagement is aimed at obtaining limited assurance for our conclusions. As a limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement.

### Restriction on use

This report has been prepared in accordance with our engagement terms to assist Westpac in reporting its sustainable development performance. We do not accept or assume responsibility for the consequences of any reliance on this report for any other purpose or to any other person or organisation. Any reliance on this report by any third party is entirely at its own risk.

To assist Westpac's members in assessing whether the directors have discharged their responsibilities by commissioning an independent assurance report in connection with the selected subject matter, we consent to the inclusion of this report in its 2021 Sustainability Supplement.

### Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.



## Contact us



### Westpac Group Sustainability

For further information on Westpac Group's sustainability approach, policies and performance, or to subscribe to our newsletter, please visit [www.westpac.com.au/sustainability](http://www.westpac.com.au/sustainability)

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