

# MESSAGE FROM THE CEO

We are dedicated to supporting customers in their transition to net-zero.



Westpac has long been committed to addressing the risks of climate change and supporting the opportunities from transition.

We were a founding member of the UN's Environment Programme Finance Initiative (UNEP FI) over 30 years ago, we started measuring our direct greenhouse gas emissions in 2006, signed the Equator Principles in 2003 and were the first Australian bank to release a climate change position statement 15 years ago.

We are increasingly seeing the impacts of climate change, including from major floods and wildfires in Australia and around the world. Our teams saw this in Lismore, Australia, and Hawkes Bay, New Zealand, witnessing first-hand the immediate and longer-term impacts climate change is having.

For Westpac to deliver its purpose of *Creating better futures together*, it is important we continue to support the transition to a net-zero economy by 2050 for our planet, customers, employees and the community. This is a global challenge, and we are committed to being part of the solution.

Through this Climate Report, we set out our plans and progress in a clearer way, as we work towards our ambition of becoming a net-zero climate resilient bank.

Within this report, we outline our climate strategy which is underpinned by the three areas of focus.

## 1. Net-zero, climate resilient operations

We have continued to reduce our scope 1 and 2 emissions and our scope 3 upstream emissions, keeping us on track to meet our 2030 operational emissions targets.

We also reached an important milestone with the equivalent of 100% of our Australian operational electricity demand now sourced from renewables from April this year.

To achieve this, we worked with suppliers, to support the development of new electricity generation capacity such as the Berri Solar Farm and Battery (SA) and Bomen Solar Farm in Wagga Wagga (NSW), rather than purchase existing renewable energy supply.

The purchase of electricity from these facilities as well as from Ararat Wind Farm, along with our plans to source renewable electricity for our international offices, puts us on track to reach our global goal of sourcing the equivalent of all our direct global electricity demand from renewable sources by 2025<sup>1</sup>.

## 2. Supporting customers' transition to net-zero and to build their climate resilience

As a bank, we believe one of the largest impacts we can have is by working with customers to support their transition to a net-zero economy, as we shift our financed emissions to become net-zero by 2050, consistent with a 1.5°C aligned pathway.

In line with our commitment to the Net-Zero Banking Alliance (NZBA), we set further sector-level 2030 targets, and we now have targets set in eight of the nine NZBA carbon intensive sectors. The FY22 absolute financed emissions tied to these targets account for as much as 48% of the Group's total scope 1 and 2 financed emissions. Subject to data availability and a valid science-based pathway, we plan to set a target for the remaining NZBA<sup>2</sup> carbon intensive sector, Aluminium, in 2025.

We are also here to partner with customers on the opportunities that a transition of this magnitude presents. Decarbonising the economy requires significant investment, and we have a big role to play helping customers as they implement their transition plans – such as developing new products and services, and through the provision of targeted funding.

This year we participated in 58<sup>3</sup> sustainable finance transactions<sup>4</sup>, launched a carbon footprint tracker in our Westpac app for retail customers to better understand their estimated carbon footprint, enhanced our electric vehicles (EV) loan in Australia and launched a new Sustainable Farm Loan and Sustainable Business Loan in New Zealand. The opportunities are there and growing.

1 On track to source over 95% from within the markets the electricity is consumed. Will continue to pursue achievement of 100% under RE100/CDP standards.

2 NZBA Guidelines require sector-level targets be set for all, or a substantial majority of, carbon intensive sectors (where data and methodologies allow) that include agriculture, aluminium, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation and transport.

3 These include green, social, sustainability, sustainability-linked and re-linked loans and bonds and have not been assessed under our new Sustainable Finance Framework.

4 Refer to Glossary.

## LEADING BY EXAMPLE, WE ARE REDUCING THE IMPACT OF OUR DIRECT OPERATIONS

▼ 66%

**SCOPE 1 AND 2 EMISSIONS**

Relative to 2021 baseline

### 3. Collaborating for impact

Climate change can only be solved by all stakeholders working together. Our third area of focus is therefore collaborating for positive impact with stakeholders both in Australia and globally. This includes governments, non-governmental organisations, communities and industry peak bodies.

Collaboration is particularly important because we know the effects of climate change and impacts of the transition will be unevenly distributed across different parts of society. Our aim is to support a just and inclusive transition, that does not leave people behind. This will only be achieved if we are connected, listen and work together.

As the climate agenda evolves, we are working to shape the outcomes by participating in a range of initiatives and involvement in key standard setting bodies including as a founding member of the Australian Sustainable Finance Institute (ASFI), as co-Chair of the UNEP FI's Banking Board which oversees the Principles for Responsible Banking (PRBs), and as a member of the steering and principals groups that govern the NZBA.

### Emerging focus

Recognising the links between climate change and nature, we have also released our first Natural Capital Position Statement. The position statement recognises the importance of protecting nature and defines our ambition to become a nature positive bank. This is our first step in what is an emerging area, and more work is underway to understand our role and identify, measure and manage nature-related risks and opportunities.

Throughout this Climate Report, we also acknowledge the relationship with human rights and nature – key pillars of our refreshed sustainability strategy.

Transparency and accountability are vital to our sustainability efforts. Having completed significant sector target-setting, our focus is on continuing to operationalise our plans and work with customers on their transition. We are committed to sharing our progress, challenges, and achievements in this report. We value your feedback and partnership as we collectively work towards a more sustainable future.

Sincerely,



**Peter King**  
CEO



At Bomen Solar farm located on Wiradjuri land, 10km north-east of Wagga Wagga.