

# Sustainable Supply Chain Management Policy V2.2

May 2009

<b>Policy owner:</b>	Chief Operating Officer, Product and Operations
<b>Policy location:</b>	Sourcing
<b>Date updated:</b>	May 2009 - effective May 2009

# Sustainable Supply Chain Management

This policy applies to the sourcing of products or services for the Westpac Group<sup>1</sup>, including whether products or services are sourced from: local or international suppliers; by tender (Request for Proposal); or by negotiation with a targeted or strategic supplier or a joint venture partner.

In New Zealand and Westpac Pacific Banking, the application of this policy is targeted to sourcing activities with 'key suppliers' (as determined by Westpac New Zealand and Westpac Pacific Banking)<sup>2</sup>.

## Our commitment

Westpac's commitment to corporate responsibility is demonstrated by fully integrating corporate social responsibility into the way we do and report upon our business objectives and performance. We recognise Westpac's social, ethical and environmental responsibility extends to our supplier relationships.

Our SSCM processes are transparent to our shareholders, suppliers, and stakeholders. This policy and associated procedural information and documentation are published on the Westpac website ([www.westpac.com.au](http://www.westpac.com.au)).

## Our objectives

Westpac aims to:

- Engage suppliers that demonstrate a commitment to take account of their own corporate social responsibilities, and with an overall philosophy, approach and specific policies complementary to our own. Suppliers must share our commitment to best practice, continuous improvement, and collaborative approaches
- Deal in good faith, ethically and responsibly with suppliers, and build trusting, co-operative and long-term relationships
- Set a clear and unambiguous minimum standard of supplier behaviour for key business practices, via an *SSCM Code of Conduct* as part of Westpac Australia contracts with suppliers.

---

<sup>1</sup> **The Group** as a whole including: Westpac Retail and Business Banking, RAMS, St.George Retail and Business Banking, BankSA, Westpac New Zealand, Westpac Bank PNG Ltd, Bank of Tonga, Westpac Bank Samoa, BT Financial Group, Advance, Asgard, Magnitude, Securitor, St.George Financial Planning, Insurance and Private Clients, Westpac Financial Planning, Insurance and Private Bank, Westpac Institutional Bank (incl Hastings).

■ 2 The SSCM Code of Conduct will apply to Westpac Pacific Banking suppliers including those managed in the Pacific with a spend cumulative total spend or annual spend of over \$AUD 100,000r.

- Seek higher standards of performance from high spend and higher risk suppliers and ‘key suppliers’, via our *SSCM Questionnaire* and, where necessary, Sustainability Action Plans
- Adopt an approach that makes efficient use of Westpac and supplier resources
- Deliver social and environmental benefits for Westpac, our suppliers and the broader community, by encouraging practical and effective social, ethical and environmental responsibility by our suppliers
- Encourage our suppliers to make available cost-effective, environmentally and socially responsible products and services
- Create other benefits for our company, such as reduced costs, improved risk management, enhanced quality, and product or service innovation
- Ensure SSCM does not discriminate against SME or local vendors (where such vendors could meet the needs of Westpac)
- Ensure both the accuracy of the information provided by suppliers and improvement of the underlying performance, through the use of audits, third party verification and similar processes.

## Sourcing within Westpac

As part of evaluating potential suppliers, Westpac assigns weightings to the social, ethical and environmental performance of suppliers within the sourcing process, and through our *SSCM Code of Conduct* sets minimum standards for all suppliers. In addition we undertake detailed assessment of high spend and higher risk suppliers to ensure a more in-depth understanding of the social, ethical and environmental business practices of those suppliers. This assessment process is comprehensive, uses unambiguous criteria and is designed to apply to all business units across Westpac.

In addition to our assessment processes we offer to work with our suppliers, to assist them in improving their SSCM performance and reporting, Where there is a failure to meet Westpac’s SSCM performance standards and a supplier is unwilling to agree to remedy the issue, Westpac will take action to address the situation including contract termination.

## How we assess responsible business practice

Westpac draws on the overarching principles of the United Nations Global Compact<sup>3</sup> (to which Westpac is a signatory) to determine it’s SSCM policy and, acknowledges the Global Reporting Initiative (GRI), (including GRI reporting indicators<sup>4</sup>) as providing the framework for reporting on environmental, social and economic impacts. .

## ATTACHMENT

See the SSCM Code of Conduct Brochure, available at [www.westpac.com.au](http://www.westpac.com.au) (‘About Westpac Info’ tab).

---

<sup>3</sup> <http://www.unglobalcompact.org>

<sup>4</sup> <http://www.globalreporting.org>

END.

Policy version control				
Change no.	Date	Version	Author	Description
1	September 2003	1.0	Tim Williams, Corporate Responsibility and Sustainability, Stakeholder Communications Charles Jobson, Group Procurement	Document creation
2	January 2005	1.1	Susan Clark, Sustainable Supply Chain Management, Sourcing	Text updates, inclusion of New Zealand
3	10/12/07	2.0	Susan Clark, Sustainable Supply Chain Management, Sourcing	Updated to reflect introduction of SSCM Code of Conduct, reference material moved to other documents
4	07/08/08	2.1	Susan Clark, Sustainable Supply Chain Management, Sourcing	Minor amendments to correct inadvertent removal of references to Westpac New Zealand.
5	19/05/09	2.2	Yvonne Vasquez and Marissa Zamora, Sustainable Supply Chain Management, Sourcing	Minor amendments to clarify SSCM references for the merged entity and Pacific Bank.