

## Module: Introduction

## Page: Introduction

## 0.1

**Introduction****Please give a general description and introduction to your organization**

The Westpac Group is a financial services company with operations in Australia, New Zealand and the near Pacific and maintains offices in key financial centres around the world. We are ranked in the top 5 listed companies by market capitalisation on the Australian Securities Exchange (ASX). Market capitalisation was \$69.5 billion (AUD) as at 30 September 2010. The Group has five key customer facing divisions serving around 12.8 million customers in institutional, business and retail banking, wealth management and insurance. These are: Westpac Institutional Bank (WIB), St.George Bank (STG), Westpac Retail and Business Banking (WRBB), Westpac New Zealand (WNZ) and BT Financial Group (BTFG) and are referred to throughout this submission. Sustainability is a core component of Westpac's vision 'to be one of the world's great companies helping our customers, communities and people to prosper and grow'. It recognises the links between healthy societies and sustainable businesses. A crucial part of this is managing our direct and indirect environmental impacts - and dealing with the critical issue of climate change. Climate change will have significant economic, social and environmental impacts in the regions in which we operate. This means that our investment, lending and operational decisions must take these impacts into account - but we also expect to drive shareholder value through our response. We were amongst the first Australian companies to take action on climate change; publicly reporting our emissions since 1996; responding to the CDP each year since it began; and have a strong history of calling for early action on climate change from government and the broader business community. In 2008, we launched a five-year climate change strategy building on our existing activities, together with our position statement 'Transitioning to a low carbon economy'. Our work takes a value chain approach, focusing on five key areas: (1) Managing our own environmental footprint. Building on the 40% emissions reduction achieved between 1996 and 2008 to target a further 30% reduction by 2013 and to account for more of our indirect impacts. (2) Employee engagement. Raise awareness of climate change issues and support employees in developing local and personal responses. (3) Risk and capacity building. Equipping our people with the knowledge and tools to explicitly incorporate climate change into business decision making and modify our credit, underwriting and related standards to reflect climate risks. (4) Products and services. Develop products and services to support positive environmental outcomes and engage with customers to help them reduce their climate impacts. (5) Communication and advocacy. More broadly we seek to drive awareness and action in the community and amongst business and policymakers to help in the transition to a low carbon economy. Ultimately all parts of the economy will need to collaborate to effectively address climate change. For further information on the Group see "<http://www.westpac.com.au/corporateresponsibility>"

## 0.2

**Reporting Year**

**Please state the start and end date of the year for which you are reporting data.**

**The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.**

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We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year. Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

**Enter Periods that will be disclosed**

Wed 01 Jul 2009 - Wed 30 Jun 2010

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**0.3**

### Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

**Select country**

Australia
New Zealand
United Kingdom
Rest of world

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**0.4**

### Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD (\$)

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**0.5**

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Please select if you wish to complete a shorter information request

0.6

#### Modules

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire. If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will be marked as default options to your information request. If you want to query your classification, please email [respond@cdproject.net](mailto:respond@cdproject.net).

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

#### Further Information

Rest of the world refers to our operations throughout the near Pacific.

**Module: Management [Investor]**

**Page: 1. Governance**

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1.1

**Where is the highest level of direct responsibility for climate change within your company?**

Individual/Sub-set of the Board or other committee appointed by the Board

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1.1a

**Please identify the position of the individual or name of the committee with this responsibility**

Board Sustainability Committee

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1.2

**Do you provide incentives for the management of climate change issues, including the attainment of targets?**

Yes

**1.2a**

**Please complete the table**

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
Corporate executive team	Monetary reward	Our emissions reduction target is included in the performance objectives of a number of our corporate executive team directly influencing at risk remuneration.
Chief Operating Officer (COO)	Monetary reward	Our emissions reduction target is included in the performance objectives for the COO directly influencing at risk remuneration.
Business unit managers	Monetary reward	Our emissions reduction target is included in the performance objectives of relevant Business Unit Managers directly influencing at risk remuneration.
Energy managers	Monetary reward	Delivery of climate strategy can account for up to 40% of at risk remuneration for Energy Managers.
Environment/sustainability managers	Monetary reward	Delivery of climate strategy can account for up to 40% of at risk remuneration for Sustainability Managers.
Facility managers	Monetary reward	Our emissions reduction target is included in the performance objectives of Facility Managers directly influencing at risk remuneration.
Public affairs managers	Monetary reward	Climate change advocacy and perception scores form a component of objectives linked to at risk remuneration for public affairs managers as does internal engagement in sustainability issues, including climate change.
Risk managers	Recognition (non-monetary)	Risk managers are expected to complete climate change training, which contributes to their annual required training hours. For relevant risk managers the development and implementation of climate change related policy may also influence at risk remuneration.
All employees	Monetary reward	All employees across the Group have a component of their performance scorecard linked to sustainability objectives. For many employees this item is related to climate change activities, for instance energy saving activities, adherence to environmental policies or advocacy activities. For eligible employees performance against this objectives contributes to their at risk remuneration.
All employees	Recognition (non-monetary)	CEO Environment Awards are awarded annually to an individual and team working outside of their mandated responsibilities on environmental issues. Recipients are invited to an annual gala dinner and are given \$10,000AUD to donate to the environmental charity of their choice.
All employees	Other non-	All employees are able to access interest free loans to take advantage of season travel pass discounts for public

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
	monetary reward	transport to encourage greater use of public transport. Interest free loans are also available up to the value of \$4,0000AUD for water and energy saving products, for instance water tanks, energy efficient appliances or solar hot water or electricity. Free bike parking and shower facilities are available at our corporate centres.

**Page: 2. Strategy**

**2.1**

**Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities**

Integrated into multi-disciplinary company wide risk management processes

**2.1a**

**Please provide further details (see guidance)**

Climate change risks and opportunities are identified and prioritised via both traditional risk mechanisms and specialised processes detailed below. High risk and opportunity items are reported to the relevant Board committee and managed by the relevant divisional governance forum. Westpac has viewed climate change as a material issue using these processes for more than a decade.

Strategy planning Group strategy manage the development of organisational strategy and conduct environmental scanning both internally externally drawing on the risk frameworks described below. In Nov 2007, it led a strategic offsite that confirmed our commitment to sustainability leadership as part of business strategy and a subsequent strategy review in 2008 included climate change as a key issue for our operations, endorsed by both the Executive Team and the Board. Performance against our sustainability strategy, including climate change priorities and objectives are reported to the Board Sustainability Committee three times a year.

As part of the annual project funding process managed by Group Strategy submissions must outline the environmental impacts of the project (both positive and negative).

**ESG risk policy**

Risk policy is managed by Group Risk and endorsed by the Enterprise Risk Leadership Team that consists of divisional and functional risk general managers and the Board Risk Management Committee. In 2010 a formal Environmental, Social and Governance (ESG) Risk framework was developed consistent with those for credit, operational and other forms of risk. This policy is to be formally reviewed at least every two years, with the underlying ESG risk dimensions assessed as part of usual business processes, for instance at the individual transaction level and annual sector reviews for lending decisions and throughout each tender process for assessing ESG risk in the supply chain.

**Credit risk policy**

Beneath this overarching ESG framework an ESG Credit Policy was finalised in Sept 2010. The policy outlines the process for incorporating ESG risk into credit decision making and was endorsed by the Bank's Enterprise Risk Leadership Team and Board Risk Management Committee. This is further supported by more detailed sector or issue specific policy statements approved by the same committees. One of the first statements completed was 'Financing sustainable energy' setting out our approach to managing climate risk in the energy sector. These policies were developed by Group Risk in conjunction with our institutional and business banking areas and sustainability team. This process has been supported by a dedicated client engagement program undertaken with clients identified as high risks across industry sectors. The policy applies to both specific transactions and annual sector reviews.

#### Regulatory risk framework

Regulatory developments within our areas of operations and around the world are monitored by Group Compliance and Regulatory Affairs and are logged in a Regulatory Risk Register on an ongoing basis. Each item is assigned to and managed by a division, including the management of any compliance costs. In relation to climate change this has included mandatory reporting legislation managed by Group Property, proposed carbon trading legislation managed by our institutional bank, carbon farming managed by our agribusiness team and local council approaches to sea level risk managed by our credit risk areas.

#### Business Continuity Planning (BCP)

BCP is reviewed annually by the Group's operational risk area and includes planning for the impacts of natural disasters. Supporting this are systems to ensure the continuation of essential operations, continuity of service for impacted customers and compulsory training for employees on what to do in the event of a major storm or other climate event.

#### Sustainable Supply Chain Management (SSCM)

Westpac's risk assessment process for supplier selection includes a mandatory sustainability assessment component for all contracts managed by Group Sourcing. It is undertaken during the tender process and updated during the life of the contract. It includes a number of dimensions related to climate change including business continuity planning and information related to environment compliance and management systems. Where a supplier's performance is deemed to be inadequate they are required to submit a Remedial Action Plan (RAP) and provide annual updates on progress against implementing the items identified within the RAP.

#### Reputation Risk Framework

Our reputation risk framework identifies key risks, their underlying drivers/causes and materiality, and the effectiveness of risk mitigation and management. This includes carbon and water. Whilst issues can be identified and escalated at any time, risks are formally reported, discussed and agreed quarterly with the Group Operational Risk and Compliance Committee consisting of the Executive Team.

#### Stakeholder engagement framework and strategic partnerships

Engagement with external stakeholders, and the application of the AA1000 inclusivity principle, has been key to our understanding of climate impacts. Specific stakeholder engagement sessions are held with leading NGOs, impacted customers and government to improve our understanding of highlighted issues. Most recently this has included engagement to assist in the development of our 'Financing Sustainable Energy' statement as well as scoping our adaptation planning.

Participation in collaborative research has also enhanced our understanding of climate risks and opportunities and their potential impact for Westpac. This has included the 'Business Case for Early Action on Climate Change', 'The Future of Energy in Australia' and 'Stepping Up' reports which included assessment of macro economic impacts and investment opportunities. Globally, our continued involvement with UNEP FI and the UN Global Compact helps us connect with like-minded organisations. In 2010 we launched a 3 year partnership with Australian based think tank, the Climate Institute to explore emerging issues, including a Bloomberg/NEF study into new energy financing in (see attached copy).

#### Materiality process

Westpac has used the AA1000 Assurance Standard across its operations since 2001, including the principle of materiality. A number of internal and external data sources feed into the identification and prioritisation of material issues both to Westpac's business and to its stakeholders. The draft is then subject to an internal governance process and endorsed by the Board Sustainability Committee. The matrix is publicly reported in our Annual Review and Sustainability Report.

#### Environmental Management System

Our EMS, consistent with ISO14001, has been in place since 2001. It has been independently verified to test its effectiveness in capturing emerging business risks & opportunities and the development of resulting action plans.

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## 2.2

### Is climate change integrated into your business strategy?

Yes

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### 2.2a

#### Please describe the process and outcomes (see guidance)

i) The development of Westpac's sustainability strategy, including our approach to climate change, has been led by Group Strategy with input from Group Sustainability and is linked to our overall business strategy in two ways:

1. Explicit inclusion of sustainability leadership, including our response to climate change, as a strategic goal for the business in order to deliver its vision "to be one of the world's great companies, helping our customers, communities and people to prosper and grow".
2. Aligning our climate change response to our overall customer centric strategy. Helping customers, employees and communities transition to a low carbon economy and adapt to changes in our climate will be important in helping these stakeholders prosper and grow.

How this is being implemented is outlined in our Board approved climate change strategy, which focuses on:

- reducing our own footprint, to build credibility and develop insight into the needs of our customers
- risk management and capacity building within our organisation to help identify and engage with high risk customers
- develop products and services to help customers in their own climate change strategies
- engaging employees
- advocacy within the community for action on climate change

Key items reported to the Board include emissions data, market share in climate change related segments, progress in incorporating carbon considerations into credit and risk processes and in product development, our advocacy position, responses to emerging regulation and external perceptions of our performance.

ii) Our strategy acknowledges that our major climate change risks and opportunities are indirect via our customer base, consistent with our broader customer centric approach.

The specific risks and opportunities are further articulated in the business strategies of individual operating areas as they relate to specific customer segments. For instance, within our institutional bank risks associated with carbon legislation have resulted in changes to our credit and underwriting policies for both high risk and emerging markets, and inform our sector level strategies and risk appetites. It has also led to the development of new products and services designed to help customers manage their carbon trading requirements and to support emerging sectors, particularly in renewable energy and energy efficiency. This is evidenced by our participation in the New Zealand Emissions Trading Scheme and the development of specific offerings for the needs of the renewable energy sector.

This has been supported internally by a program of awareness raising and training. To date, more than 1000 employees across the Westpac Group have been trained in climate related risk.

This is also true within our business banking segments, with a specific focus on the agricultural sector where helping customers respond to climate risks and opportunities is a key component of our customer segment strategy. This has seen the appointment of carbon champions within the agribusiness segment to help advise farming clients on a range of climate issues including the potential impact of carbon farming activities on land valuations.

Our management of direct impacts has also presented important learning opportunities, which have informed customer engagement and product development. By reducing our own footprint by 40% between 1996 and 2008 we have a greater understanding of the difficulties associated with effective carbon management, particularly when some of the early opportunities have been implemented.

More broadly, our climate change strategy is used as a strategic alignment piece in project approval and funding. Project approval documentation has been updated to ensure that major funding decisions align with the Group's sustainability strategy and objectives. An example of this is the Group's data centre strategy which was required to demonstrate the relative carbon efficiency of the options proposed and impact on our emissions reduction target.

iii) The most important short-term components of our strategy influenced by climate change have been:

- changes to our risk appetite and risk management and underwriting practices to account for ongoing regulatory uncertainty and risks
- training to build capacity amongst employees required to make these risk assessments and those who engage with customers in high risk sectors
- proactive client engagement to understand their risk mitigation activities and potential product and service needs
- refining our existing carbon management processes to comply with mandatory reporting legislation
- the identification of emerging customer segments well positioned to grow in a carbon constrained environment and resource allocations to build relationships in these sectors
- integrating environmental management requirements into supplier screening

iv) The most important components of the long-term strategy influenced by climate change include:

- the integration of adaptation considerations into credit and investment policies, processes and decisions, including for both sector reviews and individual transactions
- the development of new products including energy efficiency financing products, insurance and investment products for a range of market segments
- work to engage with retail customers on how to minimise their exposure to rising energy costs and encourage greener behaviour
- more detailed strategic responses to the related issues of water scarcity and biodiversity

v) Aligning our climate response with our customer centric business model has led to a number of areas of competitive advantage as a first mover.

This has seen us well placed locally in relation to trading markets, for instance we are the only bank currently participating on behalf of clients in the New Zealand emissions trading scheme. In addition has been our leading role in financing the renewable sector. These activities were recognised by Environmental Finance magazine in December 2010 which named Westpac Best Trading Company in Australasia and 'Runner Up' Best Finance House Asia Pacific – Renewable Energy Finance.

Our commitment to public advocacy, led by our CEO, and transparency in reporting is seeing us positioned as the 'go to bank' for carbon in our local markets. This has been further enhanced by our focus on developing climate fluency across our core business to enhance our reach and customer contact.

vi) The most significant business decisions during the reporting year have been:

- our approach to financing the energy sector, outlined in a public statement responding to reputation, regulatory and market risks in the sector
- an integrated business and institutional banking strategy identifying key customers likely to expand their activities in response to regulatory and market opportunities presented by climate change
- first to enter the New Zealand ETS on behalf of clients, playing a key role in promoting price transparency in response to the regulatory risks and opportunities for our customers
- to engage in the recent policy debate in Australia surrounding the introduction of a market based carbon pricing mechanism

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## 2.3

**Do you engage with policy makers to encourage further action on mitigation and/or adaptation?**

Yes

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### 2.3a

**Please explain (i) the engagement process and (ii) actions you are advocating**

i) Our engagement strategy is multifaceted and includes direct engagement with policymakers and government agencies as well as in conjunction with industry associations, including the Australian Bankers Associations (ABA) and the Australian Financial Markets Association (AFMA).

We have also made public calls for action via the media and through involvement in research reports. This included our involvement in the Australian Business Roundtable on Climate Change, together with the Australian Conservation Foundation and six other Australian businesses which presented the Business Case for Early Action on Climate Change in 2006. More recently has been our involvement as the Lead Partner in the Climate Leaders Network, led by the Climate Institute, a local not-for-profit which promotes policy, market and business solutions to climate change.

Topics of engagement have included:

- the economic case for early action on climate change
- the design of emission trading schemes in Australia and New Zealand
- the design of carbon farming initiatives within the agricultural and forestry sectors
- green marketing claims
- the operation of a mandatory renewable energy target
- mandatory emissions reporting legislation
- the development of interest free green loans to help householders fund energy and water saving initiatives

This engagement may be in the form of written submissions in response to government enquiries and comment periods, appearances as part of formal Senate Enquiry proceedings and ongoing engagement meetings with relevant policymakers. In addition we commission specific research pieces to explore dimensions of the policy debate to proactively engage on these issues.

ii) Westpac has publicly accepted the science of climate change and the need for action for over a decade. In support of this position we have publicly advocated for a range of policy actions, these centre around:

- the establishment of a long-term aspirational goal to reduce greenhouse gas emissions supported by a short term binding target
- a national emissions trading scheme, incorporating appropriate international linkages and protections
- a practical strategy supporting the development and deployment of low emission technology
- demand management and behavioural change, facilitated through appropriate education and awareness raising
- a strategic response to adaptation requirements across impacted communities, natural habitats and industry sectors

As a financial institution our contribution to the policy debate has focused on our investment, risk assessment and financial markets expertise aimed at ensuring that any legislation promotes a deep, liquid and effective market environment in which Australian business can adapt efficiently to a carbon constrained economy. Accordingly, we have been heavily involved in consultation over proposed emissions trading legislation in our region.

Specific examples of recent policy engagement related activities follow:

2011

- Submission to the Australian Government's Multi Party Climate Change Committee (MPCCC)
- Submission on the Australian Government's Discussion Paper on the proposed Carbon Farming Initiative
- Participant in discussions with the Dept of Climate Change during a review of the Energy Efficiency Opportunities Act

2010

- Submission on the Government's Discussion Paper on proposed amendments to the Renewable Energy Target (RET) framework
- Submission on the adoption of the New Zealand Government's review of the national emission reduction target.

2009

- Release of ISDA trading documents for carbon credits through our work with AFMA
- Member of the NSW Govt Carbon Markets Taskforce
- Submission provided and participated in the Govt working group on deferred payment options for the CPRS Auction process
- Submission provided and participated in the Govt working group on the treatment of eligible units as financial products
- Submission on the tax treatment of carbon credits under the CPRS
- Submission on the Senate Economics Committee Inquiry on the Exposure Draft of the Carbon Pollution Reduction Scheme Bill and appeared before the Committee to give evidence
- Submission and additional feedback provided directly to the Government on the draft CPRS legislation
- Submissions also provided via the ABA and AFMA Carbon Markets Committee
- Submission provided and provided evidence before the New Zealand Emission Trading Scheme Review Committee

2008

- Member of the Govt Insurance and Finance Industry Partnership on Climate Change, focusing on adaptation issues
- Instigated and hosted the inaugural meeting of the Climate Change - Banking and Financial Markets Working Group with the Department of Climate change

- Met with the Minister for Climate Change prior to the release of the Green paper to discuss scheme design implications for financial markets
- Submission to the Senate Inquiry on climate change and the agricultural sector

## Attachments

[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/2.Strategy/Bloomberg\\_report\\_on\\_renewable\\_energy.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/2.Strategy/Bloomberg_report_on_renewable_energy.pdf)

## Page: 3. Targets and Initiatives

### 3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute target

### 3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
01	Scope 1+2	100%	12.50%	2008	199603	2010	Significant business growth has occurred since the baseline, including a large corporate merger. Whilst we have rebased for these additions to portfolio the associated emissions reduction work has increased and will require more time.
02	Scope 1+2	100%	30%	2008	199603	2013	Significant business growth has occurred since the baseline, including a large corporate merger. Whilst we have rebased for these additions to portfolio the associated emissions reduction work has increased and will require more time.

### 3.1d

Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
01	100%	32%	We did not meet the year 2 milestone for our five-year emissions reduction target. This is in part due to growth in the business, in the form of new branch openings and increased load on data centres. However it was due to the amount of additional work required to achieve this target across a baseline that has been adjusted to account for our merger with St.George Bank. This saw significant increase on our overall property and emissions footprint and therefore will require the rollout of additional projects to achieve the required emissions across a larger portfolio. We have signalled in our public reporting that this is likely to require more time than the initial five year target period.
02	40%	13%	Although the abatement curve is not smooth, ie we anticipate that large reductions will be achieved in single years of the program rather than consistently over the life of the target, we signalled in our annual reporting that due to portfolio changes following a major corporate merger in 2008 we are likely to need more time to achieve this target across the entire portfolio. Proposed activities that will bring with them large single reductions are, the installation of tri-generation at suitable facilities, and an office consolidation strategy in the Sydney CBD.

### 3.2

**Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?**

Yes

### 3.2a

**Please provide details (see guidance)**

Across all Westpac's retail brands more than 1 million customers have elected to receive their statements electronically by the end of the reporting period, resulting in paper savings of over 600 tonnes.

Applying the emission factor for paper waste (2.5 tonnes CO2 per tonne of paper) issued by the Australian Federal Government this has contributed to an emissions saving of 1,200 tonnes. This emission factor does not include emissions associated with paper production nor does it take into account any printing or computer use by the end user, nor does it take into consideration data storage by Westpac as it assumed that this would need to occur anyway.

In addition during the reporting period we released a position statement on Financing Sustainable Energy including principles to:

- avoid involvement in transaction which support the establishment or long term continuation of inefficient and high carbon emitting assets into the future; and
- finance the development of clean energy solutions and best practice pollution controls.

This policy has been coupled with changes to underwriting standards for financing renewable energy, which has facilitated a greater volume of transactions in this area and helped customers in this sector to develop and deliver renewable energy projects.

In addition, our subsidiary Ascalon Capital Managers has a 30% stake in Arkx Investment Management. Its clean energy fund invests in global, listed clean energy companies that are benefiting from the transition to a low-carbon economy. Ascalon is currently in the process of releasing a retail investment product that will offer exposure to the Arkx Clean Energy Fund enabling customers to make low carbon investment decisions.

We do not seek to generate CERs or ERUs as a result of any of these activities.

### 3.3

**Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)**

Yes

### 3.3a

**Please provide details in the table below**

Activity type	Description of activity	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Energy efficiency: building fabric	Lighting upgrades, replacement with LEDs, controls, sensors, etc	267557	1097589	>3 years
Energy efficiency: building services	HVAC - Controls, timers, variable speed drives (VSDs), etc	498204	460122	<1 year
Energy efficiency: building services	Timers on hot water units, decommissioning redundant equipment	173455	86600	<1 year

### 3.3b

**What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Compliance with regulatory requirements/standards	The Group is required to have developed Energy Saving Action Plans for two of our Sydney sites under local state-based legislation. In addition we are required to identify energy efficiency opportunities for 80% of our Australian Corporate Group over 4 years as part of the Energy Efficiency Opportunities Act.
Other	Compliance with voluntary programs. Three of our corporate tenancies participate in CitySwitch, a tenancy based energy efficiency

Method	Comment
Marginal abatement cost curve	program. Westpac has committed to achieving 5 star ratings for all tenancies participating in the program. We have developed a marginal abatement cost curve (MACC) to guide investment in large scale energy efficiency and carbon reduction projects
Employee engagement	Employees are engaged through the 'Our Tomorrow Champions' program, Employee Week, Sustainability Expo, presentations / workshops, Earth Hour and ad hoc environmental events as well as building specific and general information posted on the intranet and on site.
Internal price of carbon	Westpac includes a \$25 price on Carbon for all property-related energy efficiency business cases. This price increases each year to \$40 in FY15.
Dedicated budget for energy efficiency	Westpac has a dedicated budget for energy efficiency for Australian Properties, accounting for over 90% of total emissions.
Internal incentives/recognition programs,	Westpac's CEO Environmental Award recognises an individual and a team for their contribution to environmental sustainability either within Westpac or within the broader community. Individual business units also offer recognition and incentive programs inline with the Group's vision and values (which includes the environment).

## Page: 4. Communication

### 4.1

**Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in other places than in your CDP response? If so, please attach the publication(s)**

Publication	Page/Section Reference	Identify the attachment
In annual reports (complete)	Pages 2, 13, 15, 16, 28-30, 33-34, 39, 41, 44	Sustainability Matters 2010 Annual Review and Sustainability Report
In annual reports (complete)	Pages 5, 12, 13, 23, 27, 29, 33, 49, 113, 118	Financial Matters 2010 Annual Report
In other regulatory filings (complete)	Pages 54 & 55	2010 Full Year Profit Announcement
In other regulatory filings (complete)	pages 51-53	2011 Interim Profit Announcement
In annual reports (complete)	see attachment for additional online content	Additional online content ('Sustainability matters' 2010 Annual Review and Sustainability Report
In voluntary communications (underway) – previous year attached	see example attachment	Carbon Update_ Example customer communication outlining our view on carbon pricing and regulation

## Attachments

[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/2011 Interim Results ASX.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/2011%20Interim%20Results%20ASX.pdf)  
[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/WBC2010 Annual Review and Sustainability Report BKM.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/WBC2010%20Annual%20Review%20and%20Sustainability%20Report%20BKM.pdf)  
[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/2010 FY10 ASX Doc V21.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/2010%20FY10%20ASX%20Doc%20V21.pdf)  
[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/Additional online content 3 - GRI table and assurance statement.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/Additional%20online%20content%203%20-%20GRI%20table%20and%20assurance%20statement.pdf)  
[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/Additional online content 1 - env factpac.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/Additional%20online%20content%201%20-%20env%20factpac.pdf)  
[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/Carbon Update - Australian edition - 13 May 2011.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/Carbon%20Update%20-%20Australian%20edition%20-%2013%20May%202011.pdf)  
[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/Additional online content 2 - customer factpac.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/Additional%20online%20content%202%20-%20customer%20factpac.pdf)  
[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/WBC2010 Annual Report ASX.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/WBC2010%20Annual%20Report%20ASX.pdf)

## Module: Risks and Opportunities [Investor]

### Page: 5. Climate Change Risks

#### 5.1

**Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply**

Risks driven by changes in regulation  
Risks driven by changes in physical climate parameters  
Risks driven by changes in other climate-related developments

#### 5.1a

**Please describe your risks driven by changes in regulation**

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
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ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
1RR	International agreements	There is a risk that failure to finalise a post-Kyoto agreement will lead to uncertainty and has the potential to impact forward pricing before the current scheduled close.	Inability to do business	Current	Direct	About as likely as not	Low-medium
2RR	Cap and trade schemes	There remains uncertainty in regards to the current proposal for an Emissions Trading Scheme in Australia, namely the length of a fixed price component at start up, what that price will be, and the details of any transitional assistance.	Inability to do business	1-5 years	Indirect (Client)	Very likely	Medium-high
3RR	Cap and trade schemes	The New Zealand Emission Trading Scheme has been in operation since FY10 and will be subject to a review over the current period.	Reduced demand for goods/services	1-5 years	Indirect (Client)	More likely than not	Low
4RR	Emission reporting obligations	There are a number of mandatory reporting schemes in relation to emissions and energy efficiency administered at state and national levels with which we are required to comply. The key schemes are the National Greenhouse and Energy Reporting Scheme (NGERs), Energy Efficiency Opportunity Act and Energy And Water Savings Initiatives.	Other: Non compliance and associated reputation risk	Current	Direct	Exceptionally unlikely	Low
5RR	Fuel/energy taxes and regulations	There is a proposal currently within the Australian market around Fringe Benefit Tax and vehicles, namely minimum mileage requirements.	Reduced demand for goods/services	1-5 years	Indirect (Client)	More likely than not	Low-medium
6RR	Product efficiency regulations and standards	This includes proposed minimum efficiency standards for electricity generators.	Other: Increased in financial exposure resulting from asset value impairment	1-5 years	Indirect (Client)	Very likely	Low
7RR	Product labeling regulations and standards	Environmental claims considered under the Trade Practices Act. During the reporting year the Australian Federal Government endorsed a framework for labelling for carbon neutrality claims under the National Carbon Offset Standard (NCOS).	Other: Reputation risk	Current	Direct	Virtually certain	Low
8RR	General environmental regulations, including planning	Changes to planning laws have the potential to impact major property or infrastructure projects in addition to mortgage valuations & insurance portfolios at the residential level.	Inability to do business	Current	Indirect (Client)	Virtually certain	Unknown

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
9RR	Uncertainty surrounding new regulation	Details of the proposed Australian emissions trading scheme are not yet available, including the length of fixed pricing and transitional support so we are therefore unable to quantify exact levels of risk	Reduced demand for goods/services	Current	Indirect (Client)	Virtually certain	Low-medium
10RR	Other regulatory drivers	Proposed introduction of a Carbon Farming Initiative and potential impacts on land valuation and revenue streams for agribusiness customers.	Other: Potential impact on land valuations serving as underlying mortgage security and compliance related costs	Current	Direct	Virtually certain	Low-medium

### 5.1b

**Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions**

Westpac has an organic business strategy in place to accommodate regulatory uncertainty & embed carbon management into business as usual (BAU) practices.

**International agreements & carbon markets** (i) International & national policy decisions around carbon market design have direct financial implications on 3 fronts: understanding client exposure; pricing risk in transactions; & through financial markets trading carbon. (ii) Our focus is on assisting clients to transition to a carbon constrained operating environment & meeting the carbon requirements of our customer base. Westpac trades the EUETS, international credits, is the largest financial intermediary in the NZ ETS & will trade the proposed Australian market. (iii) Regulatory uncertainty on key scheme implementation or review mechanisms has financial implications for our business, particularly in Australia & New Zealand. Around 72 companies have compliance obligations in the NZ market while around 1000 companies will be covered by the Australian scheme, most of whom are Westpac customers.

**Carbon markets/fuel energy polices** (i) Regulatory uncertainty around the commencement of a carbon price is significantly hindering investment in energy generation and creating price volatility & inhibiting forward trading in the National Electricity Market (NEM). Westpac is the largest financial intermediary in the NEM and trades Renewable Energy Certificates (RECs). Recent changes to the Renewable Energy Target (RET) framework also have implications for our business. Of total infrastructure and utilities financing (A\$2467m as at 30 Sept 2010) more than 50% is hydro & renewables. (ii) Westpac has a renewable energy strategy targeting the anticipated \$20bn in new investment required to meet the RET target. Our involvement in the renewable energy market includes:

Financial relationships with energy retailers likely to have significant liabilities to acquit Small-Scale Renewable Energy Certificates (SRECs) and Large-Scale Renewable Energy Certificates (RECs)

- Financial relationships with Energy Intensive Trade Exposed entities (EITEs) with residual liability to acquit SRECs & RECs
- Financing for large scale renewable energy projects
- Financing for small business involved in the installation of small generation and solar hot water units that benefit from SRECs
- Portfolio trading in related electricity, RECs, commodities & carbon markets.

(iii) Consistent with our organic growth strategy the key costs have been the development & training of employees & salary costs associated with proportion of time spent by a range of roles on strategy development as well as the completion of support tools & adjustments to existing policies & processes, eg changes to underwriting standards.

(i) **Regulatory uncertainty** around the introduction of a carbon price is also creating significant investment uncertainty for fossil fuel based energy generation & the Government has also signalled that it is investigating the introduction of mandatory Emissions Performance Standards for new coal fired energy generation. (ii) Westpac has published a position statement on financing in the energy sector addressing both these issues and outlining our approach (see attached).

**General environmental regulations/carbon markets** (i) Westpac has client exposure to land use and forestry sequestration activities aimed at generating carbon offset credits, particularly via the Australian & New Zealand markets. Around NZ\$400m of New Zealand Units (NZUs) have been allocated to forestry, trade exposed and associated industries since NZETS commencement while annual liabilities are worth approximately NZ\$17m p.a. The Carbon Farming Initiative being legislated in Australia is expected to yield around 15m t/offsets p.a by 2020 for sale into international & domestic carbon markets. Around 10% of Westpac business lending & 4% of business lending from St.George Bank was directed towards forestry and agribusiness as at 30 September 2010 as reported in our Annual Review. Carbon risk considerations for Westpac include certainty of cash flow for carbon project origination, certainty around security implications for landowners and certainty of liability for all eligible interests (including lenders). International uncertainty around the post-2012 market makes it difficult for Governments to clarify the post-2012 credit issuance regime inhibiting investment and abatement opportunities in the immediate term. (ii) To address this we have adjusted key risk frameworks and credit policies and established a carbon champion in each state to provide advice to impacted farming clients as well as our active participation in the NZ ETS to help facilitate price transparency. (iii) Again the primary costs associated with these actions have been FTE & training & development costs.

**Emissions reporting** (i) Westpac faces compliance costs arising from measurement and reporting obligations under the Australian National Greenhouse & Energy Reporting (NGER) scheme as well as related energy efficiency & environmental compliance obligations at both the state & national levels. (ii) We have in place documented procedures for compliance, reviewed by both internal & external auditors supported by an EMS & online reporting tool. (iii) Westpac manages compliance obligations within existing resources, including FTE and assurance budgets (equivalent to approx \$150,000 pa for the emissions regulation component) while failure to comply carries a \$220,000 fine, daily penalties and potential brand damage.

**Product efficiency/labelling** There is increasing regulation around mandatory minimum emissions performance standards across a number of areas impacting Westpac's business as well as agreed national frameworks for carbon neutrality labelling in Australia and New Zealand. (i) This impacts via supply chain management and procurement standards and credit decisions in investment and lending as well as giving rise to potential reputation risk as Westpac's approach is on direct action rather than offsetting, an approach for which there is not a specific label available for promotional purposes. (ii) Westpac has in place a Sustainable Supply Chain Management framework covering all suppliers and specific procurement guidelines for paper and IT products and services. Credit risk is being addressed via the Group ESG Risk policy framework (attached). (iii) The main potential costs are associated with ongoing external validation of suppliers as well as associated FTE to manage the process & changes to credit standards.

**Planning zones** (i) Changes to planning laws has the potential to impact major property or infrastructure projects in addition to mortgage & insurance portfolios at the residential level. (ii) (iii) Work is underway through the risk teams to examine potential associated operational & credit risks to help determine financial impacts.

## 5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
1PR	Change in mean (average) temperature	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The	Other: Indirect impacts on customer viability,	Current	Direct	Virtually certain	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The short and long-term physical impacts for Australia have most recently been summarised in a report released by the CSIRO and Bureau of Meteorology. The report charts temperature and rainfall changes already observed as well as likely trends. It projects that on current trajectories average temperatures will increase by 0.6 to 1.5 degrees by 2030 and 2.2 to 5 degrees Celsius by 2070.	increase in operating costs				
2PR	Change in temperature extremes	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The short and long-term physical impacts for Australia have most recently been summarised in a report released by the CSIRO and Bureau of Meteorology. The report charts temperature and rainfall changes already observed as well as likely trends and shows that all areas in Australia have shown some warming over the past 50 years, the highest increases occurring in central and eastern Australia.	Other: Indirect impacts on customer viability, business continuity planning	>10 years	Indirect (Client)	Virtually certain	Low-medium
3PR	Change in mean (average) precipitation	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The report charts temperature and rainfall changes already observed as well as likely trends. It shows that rainfall has increased in the north and decreased in the south and east - sea surface temperatures have increased by about 0.4 degrees.	Other: Indirect impacts on customer viability, business continuity planning	1-5 years	Indirect (Client)	Virtually certain	Low-medium
4PR	Change in precipitation	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant	Other: Indirect impacts on	Current	Indirect (Client)	Virtually certain	Low-medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
	pattern	changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The short and long-term physical impacts for Australia have most recently been summarised in a report released by the CSIRO and Bureau of Meteorology. The report charts temperature and rainfall changes already observed as well as likely trends. It shows that rainfall has increased in the north and decreased in the south and east - sea surface temperatures have increased by about 0.4 degrees.	customer viability				
5PR	Change in precipitation extremes and droughts	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The short and long-term physical impacts for Australia have most recently been summarised in a report released by the CSIRO and Bureau of Meteorology. The report charts temperature and rainfall changes already observed as well as likely trends and shows that rainfall has increased in the north and decreased in the south and east - sea surface temperatures have increased by about 0.4 degrees. It also predicts further decreases in rainfall are likely in the south with an increase in intense rainfall events in many areas.	Other: Indirect impacts on customer viability, business continuity planning	Current	Indirect (Client)	Virtually certain	Medium
6PR	Sea level rise	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. Populations in our key markets are densely concentrated in a relatively small number of larger coastal cities or coastal areas which are potentially exposed to rising sea levels and storm surges. For instance around 85% of Australia's population live in coastal areas	Other: Indirect impacts on customer viability, business continuity planning	>10 years	Indirect (Client)	Very likely	Medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		while research by the Australian Department of Climate Change & Energy Efficiency has found that up to \$63bn (replacement value) of existing residential buildings are potentially at risk. This is also of concern within the Pacific Islands where sea level rise will lead to increased salination of coastal plains.					
7PR	Tropical cyclones	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The number and intensity of cyclones is predicted to increase in northern Australia and throughout the Pacific Islands.	Other: Indirect impacts on customer viability, business continuity planning	Current	Indirect (Client)	Virtually certain	Low
8PR	Induced changes in natural resources	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The Australian and New Zealand climates are already highly variable and pre-disposed towards extreme weather events, whilst their ecosystems are finely balanced and often unique making them particularly vulnerable to impacts on biodiversity and natural resources.	Other: Indirect impacts on customer viability	>10 years	Indirect (Client)	Very likely	Low-medium
9PR	Uncertainty of physical risks	Typically information on the physical risks is at a regional or national level, which can make it difficult to determine the likelihood of events in specific locations where we may have physical premises, dependencies on infrastructure (for instance power or water supply) or the location of major lending and investment holdings.	Other: Indirect impacts on customer viability, business continuity planning	Current	Indirect (Client)	Virtually certain	Medium

5.1d

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**Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions**

Adaptation risk, incorporating the identified climate change physical risks for Australia, New Zealand and the Pacific, has direct and indirect financial implications for Westpac (note the primary impact of this risk has been listed in the table above as direct or indirect although both exist). These risks includes operational risk impacting business continuity, credit risk, insurance risk as well as reputation risk associated with our response.

**Own operations (direct impacts)**

(i) As a bank we need to maintain an efficient capital base. As a result we are not a big holder of physical property assets. For instance as at March 2011 of Westpac's \$622 bn in assets only \$1 bn is in property, plant and equipment. This means that the main financial implications for the Group occurring directly from physicals risks are in the form of disruptions to business continuity and employee wellbeing. These may be caused by sea level inundations, increasing frequency of extreme weather conditions and changing precipitation patterns.

(ii) Westpac has in place business continuity plans for all its operations, including the operations of key suppliers. BCP is a criteria in all supplier screening and within the Operational Risk framework includes regular scenario testing. In addition compulsory employee training modules in occupational, health and safety include a section on what to do in the event of a major storm or other weather event. This year, crisis management plans were actioned including the roll out of emergency response teams during recent natural disasters in Australia and New Zealand.

Westpac is currently implementing an adaptation strategy that will identify key components of emerging physical risk to Westpac operations as a result of climate change and integrate any additional responses into current planning and processes. This will apply across Australia, NZ and Pacific operations in the first phase.

In addition there are potential impacts to employee well being, for instance from heat stress, an increase in tropical disease and potential impacts to personal property and health as a result of climate events. We have information available on our intranet on diagnosing and treating heat stress as well as disaster management in OHS training and specific programs for tropical disease, particularly throughout our operations in the Pacific. Westpac's Community Volunteering Policy contains specific provisions for employees involved in the State Emergency Services, Rural Fire Service or other emergency organisations to support extended leave of absence for natural disasters.

(iii) As much of our response is embedded into existing compliance, training and wellbeing functions it is difficult to isolate specific climate change related costs for these activities. During the reporting period employee volunteering was valued at over \$1.6 m, a portion of which would be allocated to employees taking time under the special provisions within our Community Volunteering policy.

**Lending and Investment (indirect impacts)**

(i) Physical risk impacts will increasingly impact return on investment (ROI) in longer term investment and lending decision making, such as for large fixed infrastructure and utilities assets and across Westpac's mortgage portfolio. For instance, around 85% of Australia's population live in coastal areas while research by the Australian Department of Climate Change & Energy Efficiency has found that up to \$63bn (replacement value) of existing residential buildings are potentially at risk. Westpac's current mortgage exposure in Australia is valued at \$295 m (as at 31 March 2011). In addition, many of the economies where we operate are dominated by industries that are particularly vulnerable to changes in climate, for instance agriculture, tourism and carbon intense export industries such as coal and other minerals and resources.

(ii) Westpac is currently addressing adaptation/physical risk implications within our ESG risk framework and will incorporate assessment of physical risk implications into credit risk assessment policies and processes, where appropriate. Westpac is aiming to conduct a preliminary assessment of exposure across our home loan portfolio (particularly to coastal inundation) and implement an appropriate response.

In addition there have been a number of client sessions focusing on their adaptation challenges and planning to help us understand sectoral level implications. In relation to our agribusiness which is impacted by water trading due to scarcity issues we have an established carbon champion in each state to provide advice on water and carbon related impacts.

In order to better understand the incremental nature of physical risk implications for the financial services sector, Westpac is working through the UNEPFI Australasian Working group to increase understanding and build an effective cross-industry response. This includes working with science, government and industry research and advocacy organisations to identify and mitigate emerging risks for credit and lending processes. This work is focusing particularly on the aggregate impact on retail, corporate, business and SME customers.

(iii) Significant natural disasters were experienced in both Australia and New Zealand during the first half of the current reporting period impacting the bank's infrastructure and across our customer base. As reported in our interim results the financial impact of these events was around \$140 million in pre-tax earnings, which includes direct costs, additional insurance claims and higher provisions for estimated impairment losses, this included a provision of \$68m for natural disasters, \$36m of which was related to recent floods and cyclones in Queensland. While it is not possible to directly attribute these occurrences to climate change, they provide an important indication of the cost of extreme natural disasters.

#### 5.1e

##### Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
100	Reputation	In many of our major markets of operation, but most notably in Australia, climate change remains a divisive issue. This brings with it potential reputational risks from both sides of the debate, ie concerns that the organisation is doing too much or too little. In particular has been a rise in campaigning by NGOs in relation to the financing of coal fired power stations and related industries.	Reduced demand for goods/services	Current	Direct	Very likely	Low
200	Changing consumer behaviour	Whilst there is evidence of consumers making 'green' purchasing decisions in some product categories, most notably energy, household goods and lower emission vehicles, take up of 'green' retail banking products remains low, without significant discounting as evidenced by an interest free loan program run by the Federal Government in 2009/2010. What we are seeing is environmental credentials being factored into brand selection for some customers. This can, but is not always, linked to a specific issue or public campaign, for instance energy financing activities.	Reduced demand for goods/services	1-5 years	Direct	Very likely	Low-medium
300	Increasing	As the incidence of natural disasters increase there are increasing	Increased	Current	Direct	Very likely	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
	humanitarian demands	obligations on companies to provide both direct and indirect support to impacted communities. Over the long-term this will place pressure on governments in relation to the potential relocation of communities, which will have flow on risk and opportunities for companies.	operational cost				
400	Other drivers	Employee engagement, attraction and retention. Related to reputation, sustainability performance (including an organisation's response to climate change) can influence employee engagement as well as attraction and retention of employees.	Other: Ability to attract and retain talent	Current	Direct	Very likely	Low

### 5.1f

**Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions**

**Reputation risk** (i) Reputational risks associated with climate change are evident through our retail banking business via customer and NGO correspondence and campaigning but also apply across all business and institutional banking divisions as well as investment management. Within Australia in particular, climate change is a high profile debate at the political level, and it remains challenging for financial institutions to play a constructive role in the public debate while balancing sometimes competing customer interests. Westpac's public position is managed in accordance with our public Climate Change Position Statement and Reputation Risk and ESG Risk frameworks.

There is heightened scrutiny on the role of banks in supporting emerging clean energy or technology and/or high emitting industrial activities. For instance, throughout 2010/2011, all major financial institutions in Australia were scrutinised as part of a Greenpeace campaign against the financing of new coal fired energy generation.

(ii) Consistent with our approach to developing other aspects of our organisational response to climate change Westpac engaged constructively with Greenpeace, and other stakeholders, to finalise a public position statement clarifying Westpac's principles for financing in the energy sector (see attached). Of Westpac's total infrastructure and utilities financing (A\$2467m as at 30 September 2010) more than 50% is hydro and renewables.

Client engagement tools have also been developed, supported by carbon and climate change training, to help relationship managers engage with their clients to understand their position, levels of preparedness and concerns as well as communicate the context for Westpac's view and activities. We have also worked to promptly to respond to correspondence received in relation to climate change campaigning.

(iii) As previously stated the major items of cost associated with our response are FTE allocation and training and development costs.

**Changing consumer behaviour** (i) Linked to reputational issues is the risk that consumers will select brands based on environmental credentials that could lead to losses in market share for perceived underperformance. (ii) Westpac continues to monitor and respond to customer interest in the provision of products and services which promote positive environmental outcomes. This includes financing energy efficiency in the SME and property sector, the provision of more environmentally friendly service delivery

options (e.g e-statements) or lending for bio-sequestration projects in the forestry sector for example. We have also undertaken brand campaigns highlighting our strong performance in this area and provide transparent and consistent reporting on our indirect and direct impacts through our Annual Review and Sustainability Report.

**Increasing humanitarian demands** (i) As the physical effects of climate change intensify it is expected that the impacts on individual communities will increase and in addition to costs associated with provisioning and ensuring business continuity companies will be expected to contribute to the broader rebuilding or relocation of the communities in which they operate.

(ii) Currently Westpac provides financial and in kind support when an area has been declared a natural disaster zone. This includes financial contributions to charitable funds as well as direct support to impacted employees, customers and communities. Employees are also actively involved via pre-existing volunteering relationships, for instance in the State Emergency Services, or as volunteers providing banking and other services in emergency evacuation centres. We also offer disaster relief packages to customers, both personal and business, impacted by natural disasters, including floods, bushfires, cyclones and drought. This includes early access to term deposits without penalty and repayment holidays on lending products.

(iii) In the most recent response to disasters in Australia and New Zealand over the 2009/10 summer we donated over \$3 million dollars.

**Other/employee engagement, attraction and retention** (i) In a similar fashion to changing consumer behaviour, environmental performance is also becoming a component of the selection criteria of potential employees. As labour markets tighten organisations which underperform in this area may find their talent pool restricted. (ii) Westpac regularly tracks employee engagement and employee satisfaction metrics linked to the bank's performance on sustainability and environmental factors as well as within the wider community. Westpac is seeking to differentiate itself from its competitors as a company with a reputation for leadership in sustainability and climate change. Internal tracking on these issues has found that a reputation for leadership around climate change has positive implications for the banks employment proposition. Important to this has been the ability to actively engage on climate and other sustainability issues via an internal champions program run across the Group in all locations, known as 'Our tomorrow'. Almost two years after launch over 10% of employees are now active members of the program. (iii) Investment in this program since commencement has been approximately \$150,000 across all our countries of operation.

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## Attachments

[https://www.cdproject.net/Sites/2011/51/19051/Investor\\_CDP\\_2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Position\\_statement\\_on\\_sustainable\\_finance.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor_CDP_2011/Shared_Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Position_statement_on_sustainable_finance.pdf)

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[https://www.cdproject.net/Sites/2011/51/19051/Investor\\_CDP\\_2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Westpac climate change strategy 12 06 09.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor_CDP_2011/Shared_Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Westpac_climate_change_strategy_12_06_09.pdf)

## Page: 6. Climate Change Opportunities

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### 6.1

**Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply**

Opportunities driven by changes in regulation  
 Opportunities driven by changes in physical climate parameters  
 Opportunities driven by changes in other climate-related developments

### 6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
1RR	International agreements	Should a post-Kyoto agreement be finalised it will bring with it opportunities to increase market participation, design financial products to service the new arrangements and have greater certainty around forward pricing before the current scheduled close.	New products/business services	Current	Indirect (Client)	About as likely as not	Low-medium
2RR	Cap and trade schemes	The finalisation of the current proposal and approval of an Emissions Trading Scheme in Australia, including the length of a fixed price component at start up, the starting price and final details of the transitional assistance will bring potential opportunities. These include opportunities to provide financial solutions for customers involved directly in the scheme as well as the new businesses and industries it will give rise to and greater opportunities for areas such as the financing of energy efficiency activities for which investment returns will be facilitated by the scheme.	New products/business services	1-5 years	Indirect (Client)	Very likely	Medium-high
3RR	Cap and trade schemes	Westpac is the only bank currently active in the cap and trade scheme operating in New Zealand, acting as an intermediary and helping facilitate price discovery. This has provided opportunities to develop products and services to assist customers impacted by the scheme and to develop insights that can be incorporated into our preparations for the impending approval of a scheme in Australia.	New products/business services	Current	Indirect (Client)	Virtually certain	Low
4RR	Emission reporting obligations	Our Australian operations are subject to mandatory reporting under a range of Federal and State frameworks. These require us to report Scope 1 and 2 emissions, energy consumption and production and energy efficiency opportunities. This has provided opportunities for improved	Reduced operational costs	Current	Direct	Virtually certain	Low

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		benchmarking and identification of cost savings associated with identified opportunities to reduce energy consumption. In addition, it has provided more robust data on large clients to be able to assist in credit and investment decisions.					
6RR	Product efficiency regulations and standards	The Australian Federal Government is proposing minimum efficiency standards for energy production. The additional clarity this will provide has the potential to create additional investment opportunities as the appetite to complete new infrastructure increases.	Investment opportunities	1-5 years	Indirect (Client)	Very likely	Low
8RR	General environmental regulations, including planning	Increased planning regulation reflecting climate change issues, for instance sea level rise provides the financial sector with greater investment certainty and the opportunity to reduce related risks.	Other: Improved credit risk	1-5 years	Indirect (Client)	Very likely	Medium
9RR	Other regulatory drivers	Proposed introduction of a Carbon Farming Initiative within the Australian market brings with it additional revenue streams for agribusiness clients that can lead to greater diversification of activities and the potential to reduce risk as well as additional financing opportunities within this market segment.	New products/business services	1-5 years	Indirect (Client)	Very likely	Low
10RR	Other regulatory drivers	The Mandatory Renewable Energy Target introduced in Australia, together with subsequent clarifications and changes has provided greater investment certainty for renewable energy projects bringing with it improved opportunities to finance this growing market.	Investment opportunities	Current	Indirect (Client)	Virtually certain	Low-medium

### 6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

#### International agreements/Cap and trade schemes/Carbon Forestry Initiative

(i) International and national policy decisions around carbon market design have direct financial implications on three fronts: understanding client exposure; pricing risk in transactions; and, through financial markets trading carbon. When managed well, all bring potential opportunities to the organisation, including enhanced risk management, new products and services and potential revenue streams.

(ii) Our response focuses on assisting our clients to transition to a carbon constrained operating environment and meeting the carbon requirements of our customer base. To build skills and capacity across the business, Westpac has delivered education and training to over 1,000 employees over the last 12 months, focusing on the latest developments internationally and domestically, anticipated client impacts and emerging opportunities.

Westpac trades the EUETS, international credits, is the largest financial intermediary in the NZ ETS and will trade the proposed Australian market. Regulatory certainty on key scheme implementation or review mechanisms has financial implications for our business, particularly in Australian and New Zealand markets.

Around NZ\$400m of New Zealand Units (NZUs) have been allocated to forestry, trade exposed and associated industries since NZETS commencement while annual liabilities are worth approximately NZ\$17m p.a. In 2010, Westpac wrote to over 600 forestry customers in New Zealand to discuss carbon opportunities for their business. Westpac has client exposure to land use and forestry sequestration activities aimed at generating carbon offset credits, particularly via the Australian and New Zealand markets. The Carbon Farming Initiative currently being legislated in Australia is expected to yield an expected 15m t/offsets p.a by 2020 for sale into international and domestic carbon markets. Carbon risk considerations for Westpac include certainty of cash flow for carbon project origination, certainty around security implications for landowners and certainty of liability for all eligible interests (including lenders).

(iii) Westpac is currently finalising a new strategy to support increased investment and lending in the forestry and carbon farming sector in carbon origination projects following the finalisation of regulatory frameworks. Around 10% of Westpac business lending and 4% of business lending from St.George Bank was directed towards forestry and agribusiness as at 30 September 2010.

**Emissions reporting** (i) Westpac is covered by measurement and reporting obligations under the Australian National Greenhouse and Energy Reporting (NGER) framework as well as related energy efficiency and environmental compliance obligations. Failure to comply carries a \$220,000 fine and daily penalties.

(ii) The use of uniform and consistent standards across all states and territories creates improved opportunities to identify, cost and invest in operational upgrades to improve energy efficiency across the property portfolio and data centres and thereby reduce ongoing operational costs. We have developed a marginal abatement cost curve (MACC) to guide investment in large scale energy efficiency and carbon reduction projects applying an internal carbon price of \$25 per tonne. Westpac has a dedicated budget for energy efficiency for Australian Properties, accounting for over 90% of total Group emissions.

The introduction of the Mandatory Disclosure requirements for the property sector and related State-based regulations supporting Environmental Upgrade Levy financing are also generating new investment opportunities in the property sector, aimed at identifying investment and funding models which support increased investment in energy efficiency and technological upgrades which reduce ongoing emissions reductions. Westpac is working with clients in impacted sectors, local government authorities and the Australian Carbon Trust to pursue emerging funding models to support greater investment.

(iii) During FY10 \$1.6 bn in was invested energy efficiency capital works.

**Renewable energy targets** (i) Regulatory uncertainty around the commencement of a carbon price is significantly hindering investment in energy generation across all generation activities and creating price volatility and inhibiting forward trading in the National Electricity Market (NEM). However the finalisation of the revised Renewable Energy Target (RET) framework to pursue 20% renewable energy by 2020 in Australia has positive implications for our business. Of total infrastructure and utilities financing (A\$2467m) more than 50% is hydro and renewables.

(ii) Westpac has a specific renewable energy strategy targeting the anticipated \$20bn worth of new investment required to meet the RET target and has published a position statement on financing in the energy sector addressing these issues. Westpac's involvement in the renewable energy market includes:

- Financial relationships with energy retailers likely to have significant liabilities to acquit Small-Scale Renewable Energy Certificates (SRECs)
- and Large-Scale Renewable Energy Certificates (RECs)
- Financial relationships with Energy Intensive Trade Exposed entities (EITEs) with residual liability to acquit SRECs and RECs
- Financing for large scale renewable energy projects
- Financing for small business involved in the installation of small generation and solar hot water units that benefit from SRECs
- Portfolio trading in related electricity, RECs, commodities and carbon markets.

Westpac also anticipates that the introduction of a carbon price framework within Australia will support further new finance opportunities in investment in natural gas exploration, extraction and gas-fired energy generation.

(iii) Consistent with our organic growth strategy the key costs associated with this have been the development and training of employees and salary costs associated with proportion of time spent by a range of roles on strategy development as well as the completion of support tools and adjustments to existing policies and processes, for instance changes to underwriting standards.

**Product efficiency/labelling** (i) There is increasing regulation around mandatory minimum emissions performance standards across a number of areas impacting Westpac's business. This impacts via supply chain management and procurement standards and credit decisions in investment and lending. The main area of opportunity is through the provision of greater investment certainty within the energy market.

(ii) Westpac has in place a Sustainable Supply Chain Management framework & specific procurement guidelines for paper & IT. Westpac's total spend on suppliers was \$4.8bn as at 30 Sept 2010. Credit impacts are being addressed via the Group ESG Risk policy framework as emerging opportunities in clean technology, energy efficiency or clean energy are more able to be priced correctly and investment opportunities subsequently supported.

## 6.1c

Please describe the opportunities that are driven by changes in physical climate parameters

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
1PO	Change in mean (average) temperature	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The short and long-term physical impacts for Australia have most recently been summarised in a report released by the CSIRO and Bureau of Meteorology. The report charts temperature and rainfall changes already observed as well as likely trends and projects that on current trajectories average temperatures will increase by 0.6 to 1.5 degrees by 2030 and 2.2 to 5 degrees Celsius by 2070. The primary opportunities for the financial services sector are to fund adaptation investments and industries and to manage business continuity and credit risk implications from the physical impacts in a superior fashion to peer organisations.	Investment opportunities	Current	Indirect (Client)	Virtually certain	Low
2PO	Change in temperature extremes	As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement	Investment opportunities	>10 years	Indirect (Client)	Virtually certain	Low-medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		<p>draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The short and long-term physical impacts for Australia have most recently been summarised in a report released by the CSIRO and Bureau of Meteorology. The report charts temperature and rainfall changes already observed as well as likely trends and shows that all areas in Australia have shown some warming over the past 50 years, the highest increases occurring in central and eastern Australia. The primary opportunities for the financial services sector are to fund adaptation investments and industries and to manage business continuity and credit risk implications from the physical impacts in a superior fashion to peer organisations.</p>					
3PO	Change in mean (average) precipitation	<p>As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The report charts temperature and rainfall changes already observed as well as likely trends and shows that rainfall has increased in the north and decreased in the south and east - sea surface temperatures have increased by about 0.4 degrees. The primary opportunities for the financial services sector are to fund adaptation investments and industries and to manage business continuity and credit risk implications from the physical impacts in a superior fashion to peer organisations.</p>	Investment opportunities	1-5 years	Indirect (Client)	Virtually certain	Low-medium
4PO	Change in precipitation pattern	<p>As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The short and long-term physical impacts for Australia have most recently been summarised in a report released by the CSIRO and Bureau of Meteorology. The report charts temperature and rainfall changes already observed as well as likely</p>	Investment opportunities	Current	Indirect (Client)	Virtually certain	Low-medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		<p>trends and shows that rainfall has increased in the north and decreased in the south and east - sea surface temperatures have increased by about 0.4 degrees. The primary opportunities for the financial services sector are to fund adaptation investments and industries and to manage business continuity and credit risk implications from the physical impacts in a superior fashion to peer organisations.</p>					
5PO	Change in precipitation extremes and droughts	<p>As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The short and long-term physical impacts for Australia have most recently been summarised in a report released by the CSIRO and Bureau of Meteorology. The report charts temperature and rainfall changes already observed as well as likely trends and shows that rainfall has increased in the north and decreased in the south and east - sea surface temperatures have increased by about 0.4 degrees. It also predicts further decreases in rainfall are likely in the south with an increase in intense rainfall events in many areas. The primary opportunities for the financial services sector are to fund adaptation investments and industries and to manage business continuity and credit risk implications from the physical impacts in a superior fashion to peer organisations.</p>	Investment opportunities	Current	Indirect (Client)	Virtually certain	Medium
6PO	Induced changes in natural resources	<p>As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. The Australian and New Zealand climates are already highly variable and pre-disposed towards extreme weather events, whilst their ecosystems are finely balanced and often unique making them particularly vulnerable to impacts on biodiversity and natural resources. The primary opportunities for the financial services sector are to fund adaptation investments and industries and to manage business continuity and credit risk implications from the</p>	Investment opportunities	>10 years	Indirect (Client)	Very likely	Low-medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
7PO	Other physical climate drivers	physical impacts in a superior fashion to peer organisations. As outlined in our position statement on climate change released in 2008 and in previous responses to CDP, we anticipate significant changes within our areas of operation over the near and long-term. The statement draws upon the work of the Intergovernmental Panel on Climate Change (IPCC), as well as domestic research undertaken within Australia, New Zealand and the Pacific, to identify projected impacts and emerging physical risks for the jurisdictions in which we operate. Populations in our key markets are densely concentrated in a relatively small number of larger coastal cities or coastal areas which are potentially exposed to rising sea levels and storm surges. For instance around 85% of Australia's population live in coastal areas while research by the Australian Department of Climate Change & Energy Efficiency has found that up to \$63bn (replacement value) of existing residential buildings are potentially at risk. This is also of concern within the Pacific Islands where sea level rise will lead to increased salination of coastal plains. The primary opportunities for the financial services sector are to fund adaptation investments and industries and to manage business continuity and credit risk implications from the physical impacts in a superior fashion to peer organisations.	Investment opportunities	1-5 years	Indirect (Client)	Virtually certain	Low-medium

#### 6.1d

**Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions**

(i) Adaptation risk, incorporating the identified climate change physical risks for Australia, New Zealand and the Pacific outlined in 6.1c has direct and indirect financial implications for Westpac. Superior business continuity planning and environmental credit risk practices that take into account the physical implication of climate change provide opportunities to deliver superior service levels during times of need and reduce the credit risks associated with climate events. In addition, it is anticipated that the structural shifts in economies associated with the transition to a low carbon environment will see the rise of new industries that provide technologies and services that help companies not only reduce their own emissions but also to adapt to the physical impacts of climate change. This in turn creates new industry sectors for lending and investment.

(ii) Westpac is currently implementing an adaptation strategy which will identify key components of physical risk to Westpac operations as a result of climate change and integrate a response in BAU operational risk and business continuity management planning and procedure. This will apply across our Australian, NZ and Pacific operations in the first phase.

Physical risk impacts will increasingly impact return on investment (ROI) in longer-term investment and lending decision making, such as for large fixed infrastructure and utilities assets and across Westpac's mortgage portfolio. Westpac is currently addressing adaptation/physical risk implications within our ESG risk framework and will incorporate assessment of physical risk implications into credit risk assessment policies and processes, where appropriate. Westpac is aiming to conduct a preliminary assessment of exposure across our home loan portfolio (particularly to coastal inundation and implement an appropriate response).

In order to better understand the incremental nature of physical risk implications for the financial services sector, Westpac is working through the UNEPFI Australasian Working group to increase understanding and build an effective cross-industry response. This includes working with science, government and industry research and advocacy organisations to identify and mitigate emerging risks for credit and lending processes. This work is focusing particularly on the aggregate impact on retail, corporate, business and SME customers.

An area of significant opportunity already evident lies in the impact of changing precipitation patterns within Australia and the impact this will have on pre-existing freshwater water constraints. Desalination plants have already emerged as a key component of the State and Federal Government response and this has subsequently emerged as a new opportunity for financing within our utilities and infrastructure investment portfolio. Westpac has already supported a number of projects, where they meet the Environment, Social and Governance provisions of the Equator Principles.

In addition is the opportunity to develop new insurance products designed to insure customers for the specific physical risks of climate change.

(iii) The primary implementation costs associated with these activities relate to the reallocation of existing resources to exploring this issue. This has included the development of training materials and ongoing information sessions for current employees. This includes a combination of bespoke sessions in house and external training sessions (typically ranging between \$600 and \$3,000 per employee)

## 6.1e

### Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
OO1	Reputation	In many of our major markets of operation, but most notably in Australia, climate change remains a divisive issue. This brings with it potential reputation risks from both sides of the debate, ie concerns that the organisation is doing too much or too little. In particular has been a rise in campaigning by NGOs in relation to the financing of coal fired power stations and related industries.	Increased demand for existing products/services	Current	Indirect (Client)	Likely	Low
OO2	Changing consumer behaviour	Whilst there is evidence of consumers making 'green' purchasing decisions in some product categories, most notably energy, household goods and lower emission vehicles, take up of 'green' retail banking products remains low without significant discounting, as evidenced by an interest free loan program run by the Federal	Increased demand for existing products/services	Current	Indirect (Client)	About as likely as not	Low

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		Government in 2009/2010. What we are seeing is environmental credentials being factored into brand selection for some customers. This can but is not always linked to a specific issue or public campaign, for instance energy financing activities. As stated in our 2009 Annual Review and Sustainability Report we do see this changing over time. "Customer support for our sustainability stance is not yet equalled with strong take-up of our specific sustainability offerings, but we see this as an important time to refine our offerings as this market emerges. Research currently being undertaken in partnership with Macquarie University has confirmed there is often a gap between intent and action by consumers.					
OO3	Other drivers	Employee engagement, attraction and retention. Related to reputation, sustainability performance (including an organisation's response to climate change) can influence employee engagement as well as attraction and retention of employees.	Other: Greater access to talent	Current	Direct	About as likely as not	Low

#### 6.1f

**Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions**

**Reputation** (i) Reputation risks and opportunities for brand differentiation associated with climate change are evident through our retail banking business via customer and NGO correspondence and campaigning but also apply across all business and institutional banking divisions as well as investment management. Within Australia in particular, climate change is a high profile debate at the political level, and it remains challenging for financial institutions to play a constructive role in the public debate while balancing sometimes competing customer interests.

There is heightened scrutiny on the role of banks in supporting emerging clean energy or technology and/or high emitting industrial activities. Throughout 2010/2011, all major financial institutions in Australia were scrutinised as part of a Greenpeace campaign against the financing of new coal fired energy generation.

(ii) Westpac's public position is managed in accordance with our public Climate Change Position Statement and Reputation Risk and ESG Risk frameworks which are approved by the Board and Executive Team.

We engage with a range of stakeholders, including customers and NGOs to continue to monitor the reputation impacts associated with climate change. This year we engaged constructively with these stakeholders, including Greenpeace, over the finalisation of a public position statement clarifying Westpac's principles for financing in the energy sector (see attached). Westpac was not the primary financial institution featured in the Greenpeace campaign. Of Westpac's total infrastructure and utilities financing (A\$2467m as at 30 September 2010) more than 50% is in hydro and renewables.

Client engagement tools have been developed supported by carbon and climate change training to help relationship managers engage with their clients to understand their position, levels of preparedness and concerns as well as communicate the context for Westpac's view and activities.

(iii) As previously stated the major item of cost associated in this response is FTE allocation and training and development expenses.

**Changing consumer behaviour** (i) Linked to reputation issues is the potential opportunity that consumers will reward brands with strong environmental credentials leading to increased market share and brand loyalty. (ii) Westpac continues to monitor and respond to customer interest in the provision of products and services that promote positive environmental outcomes. This includes financing energy efficiency in the SME or property sector, the provision of more environmentally friendly service delivery options (e.g e-statements) or lending for bio-sequestration projects in the forestry sector for example. We have also undertaken brand campaigns highlighting our strong performance in this area and provide transparent and consistent reporting on our indirect and direct inputs through our Annual Review and Sustainability Report.

**Other/employee engagement, attraction and retention** (i) In a similar fashion to changing consumer behaviour, environmental performance is also becoming a component of the selection criteria of potential employees. As labour markets tighten this has the potential to enhance an organisation's ability to attract and retain talented employees as a source of competitive advantage. (ii) Westpac regularly tracks employee engagement and employee satisfaction metrics linked to the bank's performance on sustainability and environmental factors as well as within the wider community. Westpac is seeking to differentiate itself from its competitors as a company with a reputation for leadership in sustainability and climate change. Internal tracking on these issues has found that a reputation for leadership around climate change has positive implications for the bank's employment proposition. Important to this has been the ability to actively engage on climate and other sustainability issues via an internal champions program run across the Group in all locations, known as 'Our tomorrow'. Almost two years after launch over 10% of employees are now active members of the program. (iii) Investment in this program since commencement has been approximately \$150,000 across all our countries of operation.

## Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]

### Page: 7. Emissions Methodology

#### 7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Sun 01 Jul 2007 - Mon 30 Jun 2008	10823	188780

#### 7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
Australia - National Greenhouse and Energy Reporting Act
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

**Please select the published methodologies that you use**

New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
Other

**7.2a**

**If you have selected "Other", please provide details below**

Certified Emissions Measurement and Reduction Scheme (CEMARS) New Zealand

**7.3**

**Please give the source for the global warming potentials you have used**

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
HFCs	IPCC Second Assessment Report (SAR - 100 year)

**7.4**

**Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data**

Fuel/Material/Energy	Emission Factor	Unit	Reference
Natural gas	51.33	Other: kgCO2e/GJ	NGER Calculator
Natural gas	0.19	Other: kgCO2e/kWh	CEMARS e-manage
Liquefied petroleum gas (LPG)	60.8	Other: kgCO2e/kWh	NGER Calculator
Liquefied petroleum gas (LPG)	1.6	kg CO2e per litre	CEMARS e-manage
Motor gasoline	69.6	Other: kgCO2e/GJ	NGER Calculator
Motor gasoline	2.3	Other: kgCO2e/kL	GHG Protocol
Other: Unleaded petrol - regular	2.28	kg CO2e per litre	CEMARS e-manage

Fuel/Material/Energy	Emission Factor	Unit	Reference
Other: Unleaded petrol - premium	2.54	kg CO2e per litre	CEMARS e-manage
Other: Diesel (transport)	2.63	Other: kgCO2e/kL	GHG Protocol
Other: Diesel (Stationary)	69.5	Other: kgCO2e/GJ	NGER calculator
Other: Electricity - NSW & ACT	0.89	Other: kg CO2e/GWh	NGER calculator
Other: Electricity - Qld	0.89	Other: kg CO2e/GWh	NGER calculator
Other: Electricity - Vic	1.22	Other: kg CO2e/GWh	NGER calculator
Other: Electricity - Tas	0.23	Other: kg CO2e/GWh	NGER calculator
Other: Electricity - WA	0.84	Other: kg CO2e/GWh	NGER calculator
Other: Electricity - NT	0.68	Other: kg CO2e/GWh	NGER calculator
Other: Electricity - SA	0.77	Other: kg CO2e/GWh	NGER calculator
Other: Electricity - NZ	0.02	Other: kg CO2e/kWh	CEMARS e-manage

**Page: 8. Emissions Data - (1 Jul 2009 - 30 Jun 2010)**

**8.1**

**Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory**

Operational control

**8.2a**

**Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e**

9573

**8.3a**

**Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e**

190592

#### 8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

#### 8.4a

Please complete the table

Source	Scope	Explain why the source is excluded
Various small sites throughout Asia and in the US	Scope 1 and 2	Data is not currently available from landlords and is not deemed be of material size.
Refrigerant gases in Australia	Scope 1	This is not reportable to the Australian government under mandatory reporting legislation and is excluded to maintain a single set of figures.
Incidentals at all sites - fire suppressants, fuel for lawn mowers etc	Scope 1	These are deemed to be of immaterial volumes in all Westpac geographies.
Residences, InStores, sub-leased, licensed facilities, novated leases	Scope 1 and 2	These facilities are outside Westpac's operational control and therefore excluded from Westpac's mandatory reporting legislation. In some instances, a third party reports energy use.

#### 8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

Scope	Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Assumptions Extrapolation Data Management	Assumptions 1. All fuel purchased is captured by accounts and correctly coded 2. Invoices from energy provider are an accurate reflection of gas used. 3. A site audit of all Westpac owned HVAC systems in New Zealand has been undertaken. From the Maintenance Audit information there is 3136 kgs of HFC on Westpac property. The amount of top-ups and therefore leakages is estimated at 245 kgs. We have not included chillers, as there are very few that are the responsibility of Westpac. We have not included sites that are not within the HVAC audit scope, landlord care or the new head office building in Auckland (Takutai Square). 4. Delivery dockets and receipts from diesel suppliers are an accurate reflection of diesel use.

Scope	Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 2	More than 2% but less than or equal to 5%	Data Gaps Extrapolation Metering/ Measurement Constraints	New Zealand Westpac accounts and where no information available assumptions. Invoices from energy providers are an accurate reflection of electricity used. However some gaps in documentation existed. Where this was the case Westpac staff made the following assumptions • After hours air conditioning costs have been established by converting costs paid to kWh at a rate of 10c/kWh. • Where there are sites that Westpac are subtenants in, the energy consumption is unknown and a separate energy invoice is not provided. Energy is paid for via rent (OPEX). In these cases 170 kWh / m2 has been used to estimate electricity use for all those sites, (This will be reviewed prior to next years report). • If consumption data is missing then an assessment has been made for that period. ATMs - Where ATMs are part of a gross Lease ATM's assumed 292 ATM's at 3,000 kWh per annum. Australia Invoices from energy providers are assumed to be an accurate reflection of consumption. Where site data is not available a kWh/m2 is applied based on state averages for that building type. Where consumption data is not provided in time for year end an average is applied based on historical use.

## 8.6

### Please indicate the verification/assurance status that applies to your Scope 1 emissions

Verification or assurance complete

## 8.6a

### Please indicate the proportion of your Scope 1 emissions that are verified/assured

More than 90% but less than or equal to 100%

## 8.6b

### Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Relevant statement attached
Limited assurance	ISAE 3000	see attached file Independent Assurance Report_Australia
Reasonable assurance	ISO14064-3	see attached file Independent Assurance Report_New Zealand

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**8.7**

**Please indicate the verification/assurance status that applies to your Scope 2 emissions**

Verification or assurance complete

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**8.7a**

**Please indicate the proportion of your Scope 2 emissions that are verified/assured**

More than 90% but less than or equal to 100%

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**8.7b**

**Please provide further details of the verification/assurance undertaken, and attach the relevant statements**

Type of verification or assurance	Relevant standard	Relevant statement attached
Limited assurance	ISAE 3000	see attached file Independent Assurance Report_Australia
Reasonable assurance	ISO14064-3	see attached file Independent Assurance Report_New Zealand

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**8.8**

**Are carbon dioxide emissions from the combustion of biologically sequestered carbon (i.e. carbon dioxide emissions from burning biomass/biofuels) relevant to your company?**

No

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**Attachments**

[https://www.cdproject.net/Sites/2011/51/19051/Investor\\_CDP\\_2011/Shared\\_Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Jul2009-30Jun2010\)/Independent\\_Assurance\\_Report\\_New\\_Zealand.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor_CDP_2011/Shared_Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Jul2009-30Jun2010)/Independent_Assurance_Report_New_Zealand.pdf)

[https://www.cdproject.net/Sites/2011/51/19051/Investor\\_CDP\\_2011/Shared\\_Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Jul2009-30Jun2010\)/Independent\\_Assurance\\_Report\\_Australia.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor_CDP_2011/Shared_Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Jul2009-30Jun2010)/Independent_Assurance_Report_Australia.pdf)

9.1

Do you have Scope 1 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

9.1a

Please complete the table below

Country	Scope 1 metric tonnes CO2e
Australia	7429
New Zealand	2077
United Kingdom	67

9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By business division  
By facility  
By GHG type

9.2a

Please break down your total gross global Scope 1 emissions by business division

Business Division	Scope 1 metric tonnes CO2e
Westpac Australia	4529
St.George Bank	2624

Business Division	Scope 1 metric tonnes CO2e
Property Trusts	276
Westpac New Zealand	2077
UK	67

## 9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 metric tonnes CO2e
Retail (Australia)	111
Corporate (Australia)	982
Data centres (Australia)	0
Fleet (Australia)	6060
Property Trusts (Australia)	276
United Kingdom	67
New Zealand	2077

## 9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 metric tonnes CO2e
CO2	8917
CH4	61
HFCs	404
N2O	191

## 10.1

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**Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?**

Yes

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**10.1a**

**Please complete the table below**

<b>Country</b>	<b>Scope 2 metric tonnes CO2e</b>
Australia	186869
New Zealand	3217
United Kingdom	506

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**10.2**

**Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)**

By business division  
By facility

---

**10.2a**

**Please break down your total gross global Scope 2 emissions by business division**

<b>Business division</b>	<b>Scope 2 metric tonnes CO2e</b>
Westpac Australia	119214
St.George Bank	57764
Property Trusts	9891
Westpac New Zealand	3217
United Kingdom	506

---

**10.2b**

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 metric tonnes CO2e
Retail (Aust)	72216
Commercial (Aust)	72528
Offsite ATMs (Aust)	4215
Data Centres	24937
Industrial (Aust)	591
RAMS	1441
Child Care - Developmental Learning	189
BTIM	539
QValent	322
Property Trusts	9891
Commercial UK	506
New Zealand facilities	3217

**Page: 11. Emissions Scope 2 Contractual**

**11.1**

**Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?**

No

**11.1a**

**You may report a total contractual Scope 2 figure in response to this question. Please provide your total global contractual Scope 2 GHG emissions figure in metric tonnes CO2e**

179125

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**11.1b****Explain the basis of the alternative figure (see guidance)**

The figure reported is based on applying the emissions factor for electricity consumed in the Australian state of NSW, VIC and SA (carbon emission conversion factors of 0.89, 1.22 and 0.77 kgCO<sub>2</sub>e / kWh respectively). It is based on our current energy contracts which includes 12,891 MWh purchase of accredited Greenpower (<http://www.greenpower.gov.au/home.aspx>) purchased for our operations in south-eastern Australia. This is equivalent to an emissions reduction of 11,467 tonnes above our reported figure for the 2010FY. We do not count this figure in our reduction target in line with best practice local reporting but as a separate line item in our reporting of electricity consumption. There is no green electricity option available in New Zealand and emissions factors are based on a grid average that takes into consideration the high proportion of renewable energy in the New Zealand electricity system

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**11.2**

**Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?**

No

**Page: 12. Energy**

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**12.1**

**What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

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**12.2**

**Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year**

Energy type	MWh
Fuel	35446
Electricity	223131

Energy type	MWh
Heat	0
Steam	0
Cooling	0

### 12.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Liquefied petroleum gas (LPG)	4445
Other: Diesel (Transport)	7790
Other: Diesel (Stationary)	3209
Motor gasoline	20002

## Page: 13. Emissions Performance

### 13.1

How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Increased

#### 13.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Other: Organic growth	7	Increase	Additional 4 commercial and 40 retail sites in the portfolio. There was also an increase in diesel used due to blackouts and planned maintenance works.
Emissions reduction	31	Decrease	More energy efficient ATMs being rolled out as part of an ATM replacement program and the

Reason	Emissions value (percentage)	Direction of change	Comment
activities			relocation of a subsidiary into a more energy efficient building
Change in output	4	Increase	Expansion and intensification of data centres
Divestment	10	Decrease	Sales of one subsidiary and properties held within property trusts
Emissions reduction activities	16	Decrease	Continued rollout of more fuel efficient vehicles

### 13.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
4.8	metric tonnes CO2e	unit total revenue	12	Decrease	Total revenue is measured as total segment revenue. The increase between 2009 and 2010 can be attributed to both a decrease in emissions and an increase in revenue.

### 13.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
5.4	metric tonnes CO2e	FTE Employee	5	Decrease	Emissions abatement projects increased the efficiency of our operations. At the same time business growth saw us add both sites and employees

### 13.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
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Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
0.2	metric tonnes CO2e	square meter	33	Decrease	Emissions abatement projects increased the efficiency of our operations, additional sites were added to portfolio increasing the overall square meterage

**Page: 14. Emissions Trading**

**14.1**

**Do you participate in any emission trading schemes?**

No, and we do not currently anticipate doing so in the next two years

**14.2**

**Has your company originated any project-based carbon credits or purchased any within the reporting period?**

Yes

**14.2a**

**Please complete the following table**

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
Credit Purchase	Wind	GS347	Gold Standard	7	7	Yes	Voluntary Offsetting

**Page: 15. Scope 3 Emissions**

**15.1**

Please provide data on sources of Scope 3 emissions that are relevant to your organization

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Fuel- and energy-related activities (not included in Scope 1 or 2)	9919	Base building emissions calculated using the Scope 1 and 2 responses for electricity, gas and diesel generator methodologies for base buildings over which we do not have operational control but are the main tenant	
Fuel- and energy-related activities (not included in Scope 1 or 2)	30923	Transmission line losses- Calculated using Scope 3 emissions factors under the CEMARS methodology in NZ and the NGERs calculation tool in Australia. Emissions factors for the calculation of transmission line losses are: NSW/ACT – 0.17 VIC – 0.14 QLD – 0.13 SA – 0.13 WA – 0.10 TAS – 0.03 NT – 0.09 NZ – 0.02	
Waste generated in operations	9585	Paper - Total tonnes purchased less recycled (Total tonnes includes stationery and other paper office products (eg paper towel, copying paper, marketing materials). Recycling includes office recycling and archive recycling. An emission factor of 2.5 is applied in Australia and 1.09 in New Zealand.	
Waste generated in operations	2786	Waste to landfill - Emissions factor of 2.5 is applied to total waste net of recycling for corporate centres as provided by third party suppliers. This emission factor is applied based on advice from the Dept of Climate Change. Due to a lack of waste audit data at Westpac New Zealand a generic carboNZero programme office waste emissions factor has been used. This is based on an estimate of food waste and paper waste sent to landfill by each FTE.	
Business travel	15805	Air travel - In the absence of national standards the GHG Protocol Standards are applied in Australia. An emissions factor of 0.12 for domestic and 0.11 for international are used. Domestic flights include all internal and trans Tasman flights. All international flights are assumed to be business class. The same methodology is applied for our UK operations. New Zealand emissions are calculated using CarboNZero methodology and Emanage tool -. Data on passenger kilometres travelled is provided from our travel provider in both countries. Distances (kms) were supplied by the provider and are assumed to be an accurate reflection of the direct distance between flight points. For New Zealand domestic travel is within New Zealand and flights to Australia are classified as International. The emission factors used are sourced from the New Zealand MfE. Guidance for voluntary, corporate greenhouse gas reporting. An aviation multiplier of 1.9 is applied to reflect the global warming potential of oxides of nitrogen that are emitted into the lower and upper atmospheres. Emission factor for Domestic – 0.336748219 International -0.222293425	
Business travel	472	Based on fuel consumption by type as provided by our outsourced fleet manager applying the Scope 3 emission factor outlined in the National Greenhouse Factors.	
Business travel	355	Rental cars and use of personal vehicles - Calculated using CarboNZero methodology and Emanage tool - emissions factors were based on engine size/distance travelled.	
Business travel	676	Taxis - Calculated using a methodology developed in house based on the average flag fall and mileage	

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
		rates in each state and applying the National Greenhouse Factors for vehicle type according to the fleet proportions for each provider within Australia and the CEMARS proprietary model in New Zealand.	
Business travel	125	Domestic hotel stays (New Zealand) - Accommodation is recorded by the travel provider. Calculated using CarboNZero methodology.	

## 15.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

Verification or assurance complete

## 15.2a

Please indicate the proportion of your Scope 3 emissions that are verified/assured

More than 90% but less than or equal to 100%

## 15.2b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Relevant statement attached
Limited assurance	ISAE 3000	see attachment Independent Assurance Report_Australia
Reasonable assurance	ISO14064-3	see attachment Independent Assurance Report_New Zealand

## 15.3

How do your absolute Scope 3 emissions for the reporting year compare to the previous year?

Increased

15.3a

Please complete the table

Reason	Emissions value (percentage)	Direction of Change	Comment
Change in boundary	44	Increase	Inclusion of emissions associated with waste from the St.George banking business included for the first time.
Other: Increased consumption	38	Increase	Increase in air travel, in part due to the roll out of a major training program and an easing in approval delegations implemented during the financial crisis. In addition was the application of business class emissions factor for all international flights not previously available.

Attachments

[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/15.Scope3Emissions/Independent Assurance Report New Zealand.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/15.Scope3Emissions/Independent%20Assurance%20Report%20New%20Zealand.pdf)

[https://www.cdproject.net/Sites/2011/51/19051/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/15.Scope3Emissions/Independent Assurance Report Australia.pdf](https://www.cdproject.net/Sites/2011/51/19051/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/15.Scope3Emissions/Independent%20Assurance%20Report%20Australia.pdf)

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

David Bell, General Manager Corporate Affairs and Sustainability  
Carbon Disclosure Project