

Westpac Group Conflicts of Interest Policy Summary

H2 2023

1. Overview

Conflicts of Interest ('Conflicts') are a risk that can be present across a wide range of activities. Conflicts may arise where the interests or duties of a party are inconsistent with the obligations or duties they owe to another party. When not sufficiently addressed, Conflicts can lead to poor conduct and culture in an organisation, bring about customer harm or result in breaches of regulatory requirements.

The Westpac Group ('the Group') is committed to conducting our business with honesty, fairness, and integrity. Managing Conflicts adequately is integral to the way we do business, treat our customers fairly and deliver value to our shareholders. It is also a fundamental licensing requirement for the Group to continue its operations.

The Westpac Group Conflicts of Interest Policy ('Policy') sets out the high-level principles of Conflicts management that are applicable across the Group and prescribes the minimum requirements to be met by all Employees and all business or function units ('Business Units') at the Group. The Policy is supported by other policies, standards, procedures and guidance materials that set out how specific Conflicts are to be managed. This document is designed to provide Westpac customers with a high-level summary of the Policy.

2. Policy Principles

The following principles underlie the Group's general approach to Conflicts management:

- Conflicts must be promptly identified, declared, assessed, managed and recorded appropriately.
- Every Employee must discharge their duties concerning Conflicts with integrity, fairness, honesty and due skill, care and diligence.
- Each Business Unit is accountable for the activities they engage in, and for managing any Conflict that may arise out of those activities.
- Where a Conflict cannot be effectively managed, it must be avoided.
- Where doubt arises as to whether a Conflict exists, the matter must be escalated to the People Leader, or Compliance for guidance.
- Appropriate governance, organisational and administrative arrangements must be established for identifying, documenting, assessing, and managing Conflicts.

3. Conflicts Management Process

The Group's Conflict management process involves the identification, declaration, assessment, management and recording of Conflicts. More detailed requirements on how to manage specific types of Conflict are provided in the relevant policies or procedures dealing with those activities.

3.1. Identifying Potential Conflicts

The responsibility to manage Conflict starts with employees' ongoing active consideration of whether a Conflict exists, whenever presented with a situation. In identifying Conflicts, employees are required to consider both:

- Conflicts that arise through organisational structure and Business Unit activities, and
 - Conflicts that arise through an individual's circumstances, decisions and conduct.
- Conflicts can arise out of numerous contexts within the Group's activities, and between the interests of different parties. For example, a Conflict may arise between:
- An Employee and the Group
 - An Employee and a customer
 - The Group and a customer
 - The Group and the market
 - Different parts of the Group
 - Multiple customers of the Group

- A third party and a customer
- A third party and the Group
- A non-exhaustive list of common Conflicts scenarios is set out in the Group Conflicts of Interest Taxonomy and Scenarios.

Declaring Conflicts

If a Conflict is identified – whether actual, potential or perceived – employees must promptly declare it to their People Leader, so that steps can be taken to manage or avoid the Conflict. Details of this Conflict declaration, along with its assessment and management, must be recorded by the relevant Business Unit. Depending on the type of Conflict, further action may be required to manage the Conflict appropriately.

3.2. Assessing Conflicts

Once a potential Conflict has been identified and declared, its potential impact must be assessed. Among other things, an assessment must evaluate the scope and significance of the Conflict, its potential ramification and the existence of extenuating circumstances (if any).

3.3. Managing Conflicts

Once a Conflict has been identified, declared and assessed, steps must be taken to manage the Conflict or avoid it. A Conflict will only be effectively managed where, having considered the full nature of the Conflict and its potential negative impact, the Group can be satisfied on a reasonable basis that it will not give rise to any harm or detriment.

- Controlling Conflicts
- Depending on the nature and circumstances of the Conflict, effective controls may be implemented to remove or lessen the risk of a Conflict resulting in improper conduct or poor stakeholder outcomes. It should not be assumed that any one or combination of those controls will be effective in managing a Conflict. Business Units must establish and maintain control measures that are appropriate to control the relevant Conflict(s) in their respective areas.
- Disclosing Conflicts
- Disclosure in itself is often not an adequate control for managing Conflicts. Where internal measures are not adequate to remove a Conflict risk, the Conflict needs to be disclosed to the relevant party. The disclosure must be sufficiently detailed to articulate the true nature of the Conflict, and made in a timely and meaningful manner to allow a customer or other relevant party to take an informed decision regarding the product, service or transaction in question.
- Avoiding Conflicts
- Some situations may present a very significant impact such that it is not possible to manage the Conflict effectively other than to limit or cease an operation, or to decline acting in a particular transaction, or reasonably request that the affected party accept the Conflict risk. Nothing in this Policy authorises the management of a Conflict if the general law requires that it be avoided.

3.4. Recording Conflicts

Every Business Unit is responsible for keeping a record to evidence their active identification and management of Conflicts, including any disclosures given to customers or the public generally. Business Units must review their Conflict records annually or more frequently as may be necessary.

3.5. Specific Conflicts Management Arrangements

Where a specific process or system has been established by the Group for identifying, declaring, assessing, managing and recording a particular type of Conflict, actual instances of such Conflicts must be managed through that particular system. Examples of these arrangements include:


- Pre-approval of personal account dealings on securities for Designated Employees under the Westpac Group Personal Account Dealing Policy.
- Notification or pre-approval of personal account dealings on Westpac securities for Prescribed Employees or Key Prescribed Employees under the Westpac Group Securities Trading Policy.
- Pre-approval and recording of gifts and hospitality activities under the Group Gifts and Hospitality Policy and Standard.
- Pre-approval and recording of corporate charitable donations under the Group Charitable Donations Policy and Standard.

3.6. Conflicts Escalation



Where a Conflict exists between Business Units, decisions on managing the Conflict must be escalated to the individual with the authority to oversee or make decisions for all impacted Business Units.

Appendix – Group Conflicts of Interest Taxonomy and Scenarios


Group Conflicts of Interest Taxonomy and Scenarios

Personal or Organisational COI	Conflict Category	Conflict Scenario	Parties to COI	Examples
 Personal	1.1. Personal Investments	1.1.1. Employee using information gained through their employment to benefit their personal financial interests	Employee vs Customer Employee vs Firm Employee vs Market	<ul style="list-style-type: none"> Using non-public sensitive information for personal trading Using confidential customer or employer information to advance personal interests (e.g. Relationship Managers trading in their customers' company equities)
		1.1.2. Employee manipulating the timing/sequencing of workplace activities (including those performed for customers) to benefit their personal financial interests	Employee vs Customer Employee vs Firm Employee vs Market	<ul style="list-style-type: none"> Frontrunning of customer orders (dealing on advance information before customers receive the information) or the Group's principal trades
	1.2. Personal or Financial Relationships	1.2.1. Employee using their role at the Group to make decisions or solicit benefit to further the interests of their personal or financial relationships	Employee vs Customer Employee vs Employee Employee vs Firm Employee vs Market	<ul style="list-style-type: none"> Hiring/managing a spouse/partner/family member/acquaintance (e.g. children of important customers) Making business decisions (e.g. giving preferential rates or treatment) for products/services provided to friends/family members Processing own transactions or those of friends/family members Decisions on Credit Restructure/management of non-performing loans being made by senior employees with strong relationships with the borrower Providing more timely or favourable access to information to favoured parties/other connections Employee influencing a supplier selection process to favour their personal or financial relationships Quid pro quo with customer/counterparty/vendor for potential employment, internship or work experience to friends/family members Employee inappropriately sharing sensitive Group information with a 3rd party involved in M&A activity
				1.3. Inducement


Group Conflicts of Interest Taxonomy and Scenarios

Personal or Organisational COI	Conflict Category	Conflict Scenario	Parties to COI	Examples
 <p>Personal</p>	1.4. External business interests	1.4.1. Employee prioritising their own external business interest over their responsibilities owed to customers or the Group	Employee vs Customer Employee vs Firm	<ul style="list-style-type: none"> Employee influencing decision making process which lead to the Group acquiring from/providing services to the employee's external business interests Employee being involved in a decision-making process impacting their external business interests (e.g. where RSE Responsible Person is also a member of the superfund, thus may be affected by the decision made by RSE) Using confidential customer or employer information to advance personal business interests Time and resources paid for by the Group used on employee's own external business interests, the latter may affect work performance (inadequate time, quality of work) Group acquiring an employee's external business interest (whole or part)
		1.4.2. Employee's duties from external business interest (including those held on behalf of the Group) conflict with the interest of the Group	Employee vs Firm Firm vs Market	<ul style="list-style-type: none"> Holding a directorship (including Nominee Directorship on behalf of the Group) or other position of influence (be it remunerated or voluntary), and needing to prioritise the entity's interest - which may diverge from the Group's interest
 <p>Organisational</p>	2.1. Related party arrangements	2.1.1. Preferring related party services or relationships, including where better options (or better terms) are available	Firm vs Customer Employee vs Firm Firm vs Firm	<ul style="list-style-type: none"> Non arm's length selection (including terms) of Group entities to provide products/services involving customer funds Non arm's length transactions/preferred terms products/services or treatments offered to Group directors that are not otherwise available Appointing employees or directors to a Board solely on the basis of the person's pre-existing strong affiliation with the Group, without appropriately considering the necessary skills and experience.
	2.2. Role responsibilities	2.2.1. Employee undertakes two or more roles at the Group, where the performance / responsibilities in one role may conflict or lead to sub-optimal outcome for the other role	Employee vs Customer Employee vs Firm Firm vs Customer	<ul style="list-style-type: none"> Role straddles both public and private side businesses Roles involving a combination of 1st and 2nd/3rd line responsibilities Employee who holds directorship at a subsidiary uses subsidiary decisions to improve outcomes for other role Employee takes on specific statutory role while undertaking other responsibilities (including other statutory roles) that are incompatible


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 Organisational		2.2.2. Lack of segregation of duties, system access or physical location in critical roles may lead to an abuse of process to the detriment of the Group or customers	Firm vs Customer Employee vs Firm	<ul style="list-style-type: none"> Employees who are involved in deal sourcing/origination process are also responsible for due diligence/approval process Employee having front office and back office access to a trading system Compliance or internal Audit employee reporting to a Business Unit; Private Side role reporting to a Public Side role Private Side and Public Side roles sharing an office floor without sufficient information barriers
		2.2.3. Employee misusing confidential information acquired in current or previous roles	Employee vs Customer	<ul style="list-style-type: none"> Public Side employee wall crossed into a Private Side deal team Graduate/Secondment rotations Retaining access to systems, shared drives, chats, distribution lists
	2.3. Intra-Group arrangements	2.3.1. An arrangement involves the existence of both proprietary interests and duties owed to 3 rd party	Firm vs Firm Firm vs Customer Third Party vs Firm	<ul style="list-style-type: none"> As a Responsible Entity, Westpac holds a dual role of trustee and manager of an investment scheme Group invests in funds which it also manages In acting for the benefit of customers, one Group entity seeks to influence another's administration of products provided to those customers (e.g. insurance payments).
		2.3.2. Different Business Units at the Group may have differing interests in relation to a customer/vendor/third party	Firm vs Firm Firm vs Customer	<ul style="list-style-type: none"> Business Units (DCM, Credit Restructuring) providing finance to a customer while the Group (via Legal team) is litigating against the same customer
		2.3.3. In acting for multiple customers, Group's action for one customer could adversely affect the other customer	Firm vs Customer Customer vs Customer	<ul style="list-style-type: none"> Providing finance to multiple competing bidders Supporting customers on both sides of a transaction (e.g. having a banking relationship with a customer which is the target of a takeover bid by another customer funded the Group) Sequencing/allocation of customers' order to favour one customer over another


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 Organisational	2.4. Remuneration	2.4.1. Employee or Group prioritising products or services that offer better remuneration/meet other performance measures, over those that better meet a customer's needs	Employee vs Customer Employee vs Firm Employee vs Market	<ul style="list-style-type: none"> Remuneration structures that are impacted by volumes Remuneration influenced by the sale of specific products which may not be suitable for some customers Remuneration structures that change depending on specific product characteristics (e.g. encouraging longer term lending or higher number of transactions)
		2.4.2. Employee or Group may inappropriately influence an internal process or breach laws/regulations in order to improve their own performance scorecards	Employee vs Firm	<ul style="list-style-type: none"> Influencing loan application process for their customers Waiving applicant requirements that would otherwise apply
		2.4.3. Payment structures to third parties may incentivise misconduct or poor customer outcomes	Third Party vs Customer	<ul style="list-style-type: none"> Volume-based payment structures (e.g. number or size of loans, debt collected, accounts opened etc) to intermediaries, distributors and other 3rd parties
	2.5. Inducement	2.5.1. Incentives given to, or received from, customer /counterparty/vendor may influence Group's decision-making process	Firm vs Customer Firm vs Market	<ul style="list-style-type: none"> Routing customer orders to a particular trading/execution venue for an undisclosed benefit to the business Receiving from persons other than a customer an incentive for services provided to the customer, other than a reasonable fee for that service
	2.6 Inappropriate use or sharing of information	2.6.1. Group misusing confidential customer information to their own advantage	Firm vs Customer Employee vs Firm	<ul style="list-style-type: none"> While managing customer orders, the Group executes a principal trade ahead of customer orders in the underlying market or cross-markets to influence the market price or benefit from anticipated price movements The Group services a customer who is also a competitor competing in the same market (either directly or via companies in which the Group is a principal investor) and uses confidential customer information obtained through banker-customer relationship to gain competitive advantage for the Group's product/service Employee or Group shares pending customer orders (confidential customer information) with a 3rd party to coordinate trading activities (e.g. for 3rd party to trade ahead of customer) or otherwise collude


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 <p>Organisational</p>		2.6.2. Group uses customer data for purposes other than what the customers originally provide their consent to	Firm vs Customer	<ul style="list-style-type: none"> Targeted marketing campaign for a new product Targeted customer contact using existing customer data to identify applicability of additional products / features
	2.7 Research or Investment Recommendations	2.7.1. Research and Product Business may not remain independent of each other, compromising their respective duties to customers	Firm vs Customer	<ul style="list-style-type: none"> The Group is a lead manager for a product issuance while also producing research reports on the product
		2.7.2. Group's research recommendations may be influenced to support the Group's business or relationships rather than guided by investment fundamentals	Firm vs Customer	<ul style="list-style-type: none"> DCM origination team asks Research team to provide an optimistic view on an issuer they are considering to underwrite a bond issuance for
		2.7.3. Group may recommend one course of action to customers but take a contrary course of action itself	Firm vs Customer	<ul style="list-style-type: none"> Group takes a trading strategy which contradicts the recommendation it provides to customers, in order to benefit itself
	2.8. Products or services	2.8.1. Group may design or offer a product/service to align with a strategy/risk appetite/internal policies, which may not be consistent with the customer's interests	Firm vs Customer	<ul style="list-style-type: none"> Recommending or offering products with unnecessary complexity (and associated costs) with the aim of improving revenue rather than meeting customer needs Adding assets into portfolios that deviate from customer's agreements, in order to maximise Bank's returns
		2.8.2. Group may design or offer a product/service to meet customer's needs which may not be consistent with the Group's interests	Firm vs Customer	<ul style="list-style-type: none"> Offering products which carry high regulatory risk, in order to provide broader customer offerings.
		2.8.3. Group may cross-sell or offer product/service which is tied to the customer taking up other Group product/service which the customer may not need	Firm vs Customer	<ul style="list-style-type: none"> Product bundling Making discounts available only when customers take up multiple products

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 <p>Organisational</p>		2.8.4. Group may choose partnerships with vendors that favours its interests over those of the customer/market	Firm vs Customer Firm vs Market	<ul style="list-style-type: none"> Choosing a strategic partner who can provide more benefits/cost savings to the Group, when the outcome for customers of that partnership is inferior compared to if another provider was selected Group's interest in a third party service provider (via equity holding/lending/trading exposure) may bias the contractual relationship for that service Using rating agencies based on expected favourable outcomes
		2.8.5. Group may influence a benchmark rate to manage risk positions, generate revenue to its benefit	Firm vs Customer Firm vs Market	<ul style="list-style-type: none"> Manipulating benchmark interest rates/market reference rates/indices, which may form the basis of pricing for an asset/transaction in which the Group may have an interest.
		2.8.6. Group's own interest in a customer or a transaction may influence the way in which it delivers a service or product	Firm vs Customer	<ul style="list-style-type: none"> Group's interest in a customer (via equity holding/lending/trading exposure) may bias its provision of a product or service to the customer Group is bidding for a stake in an asset while financing a customer's bid for a stake in the same asset
	2.9. Use of auditor or consultants	2.9.1 Auditor or 'independent' consultant may be incentivised or have incentive such that the independence of their role is compromised	Firm vs Firm Firm vs Customer Firm vs Market	<ul style="list-style-type: none"> Auditor/consultant promoting or agreeable to Group's favoured position in their advice/recommendations, to encourage future works flowing from the Group Using the same auditor/consultant to review Group's implementation of their previous work/recommendations Using auditor on non-audit services Selection of consultant for regulatory-required reviews based on perceived favourable relationship rather than necessary knowledge and expertise.
	2.10 Customer categorisation	2.10.1 Group may inappropriately influence the categorisation of customer to benefit the business, to the detriment of the customer	Firm vs Customer Firm vs Firm	<ul style="list-style-type: none"> Customers receiving less disclosure or protection when classified as wholesale customers Retail customers being charged higher costs compared with wholesale customers Delaying the transfer of distressed account to Credit Restructuring to keep their revenue at the expense of increasing credit risk for the Group

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 Organisational				<ul style="list-style-type: none"> Inadequate customer suitability/appropriateness assessment to expedite onboarding
		2.10.2 Group may give preferential treatment to customer whose relationships are considered to be more beneficial to the Group	Firm vs Customer	<ul style="list-style-type: none"> The treatment of customer complaints being influenced by the degree of financial opportunities/costs represented by the customer relationship at stake In servicing customers who are also Politically Exposed Persons of influence in areas of interest to the Group
	2.11 Voting rights	2.11.1 Group may use its voting rights to prioritise its own interests or puts one customer's interest ahead of others	Firm vs Customer	<ul style="list-style-type: none"> Group holds customers' money in insurance, mutual funds - and is registered as shareholder for investments bought with customer's money. Group may use the funds to invest in companies, and use its voting rights to influence strategic/operational decisions to further its interests e.g. cross-sell products from the companies within the Group, when it may not necessarily be the best product for customers.
	2.12. Political engagement	2.12.1 Group engages in activities which may incentivise undue influence on a public office's decision making	Firm vs Market	<ul style="list-style-type: none"> A political donation may exert influence on holders of a public office to act in a particular way in return for the financial support.

